

**From vision to strategy,
annual report**

2000



Six-year overview of consolidated key figures

	2000		1999		1998		1997		1996		1995	
	DEM 000	€ 000	DEM 000	€ 000	DEM 000	€ 000	DEM 000	€ 000	DEM 000	€ 000	DEM 000	€ 000
¹ yearly average without apprentices												
² thereof DEM 0.80/EUR 0.41 current dividend and DEM 0.40/EUR 0.20 anniversary bonus												
³ proposal												
Net sales	446,117	228,096	422,247	215,891	446,371	228,226	385,011	196,853	367,763	188,034	329,003	168,217
Foreign share (in %)	59.4 %		57.8 %		60.0 %		57.5 %		55.1 %		46.7 %	
EBIT	17,056	8,721	15,395	7,871	25,208	12,889	22,285	11,394	16,372	8,371	7,548	3,859
EV/S	15,429	7,889	15,139	7,740	25,683	13,132	21,390	10,937	13,396	6,849	3,977	2,033
Taxes on income	6,301	3,222	5,121	2,618	8,546	4,370	6,897	3,526	297	152	3,231	1,652
Net income for the year	9,128	4,667	10,018	5,122	17,137	8,762	14,493	7,410	13,099	6,697	746	381
Capex on tangible and intangible assets	23,390	11,959	16,343	8,356	29,377	15,020	10,978	5,613	9,938	5,081	7,785	3,980
Regular depreciation & amortisation on tangible and intangible assets	13,452	6,878	13,040	6,667	12,395	6,338	10,276	5,254	9,070	4,637	8,337	4,263
Special depreciation on tangible assets	123	63	0	0	10,749	5,496	0	0	0	0	0	0
Balance sheet total	275,002	140,606	271,032	138,577	268,703	137,386	263,000	134,470	215,169	110,014	193,886	99,132
Equity	97,766	49,987	95,314	48,733	96,598	49,390	105,678	54,032	44,873	22,943	31,973	16,348
Equity ratio (in %)	35.6 %		35.2 %		35.9 %		40.2 %		20.9 %		16.5 %	
Return on equity (in %)	9.3 %		10.5 %		17.7 %		13.7 %		29.2 %		2.3 %	
Employees ¹	1,972		1,956		1,967		1,810		1,801		1,823	
thereof abroad	474		436		408		274		233		223	
Sales per employee	226	116	216	110	227	116	213	109	204	104	180	92
Number of shares (in 000)	6,276		6,302		6,380		6,440		5,040		5,040	
DVFA/SG earnings	5,132	2,624	8,435	4,313	13,851	7,082	12,453	6,367	9,537	4,876	824	421
DVFA/SG earnings per share (in DEM/EUR)	0.82	0.42	1.34	0.69	2.17	1.11	1.93	0.99	1.89	0.97	0.16	0.08
DVFA/SG cash earnings	22,460	11,484	27,708	14,167	28,806	14,728	28,577	14,611	21,057	10,766	10,818	5,531
DVFA/SG cash earnings per share (in DEM/EUR)	3.58	1.83	4.40	2.25	4.51	2.31	4.44	2.27	4.18	2.14	2.15	1.10
Working Capital	125,407	64,120	139,343	71,245	118,633	60,656	105,049	53,711	92,818	47,457	75,126	38,411
Net dividend per share (in DEM/EUR)	1.20 ^{2/3}	0.61 ^{2/3}	1.20	0.61	1.20	0.61	1.00	0.51	0.77	0.39	0.00	0.00
Gross dividend per share (in DEM/EUR)	1.71 ³	0.87 ³	1.71	0.87	1.71	0.87	1.37	0.70	1.09	0.56	0.00	0.00

At a glance: consolidated key figures for 2000

	DEM 000	€ 000
¹ proposal		
Net sales	446,117	228,096
Order intake	446,545	228,315
EBIT	17,056	8,721
EBT	15,429	7,889
Net income for the year	9,128	4,667
DVFA/SG earnings per share (in DEM/EUR)	0.82	0.42
Dividend per share (in DEM/EUR) ¹	0.80	0.41
Anniversary bonus per share (in DEM/EUR) ¹	0.40	0.20
Total tax credit (in DEM/EUR) ¹	0.51	0.26
Staff (31.12., incl. apprentices)	2,088	



Frankfurt, 8.30 a.m. CET. Flight no. LH 3254 takes off for the U.S. The captain presents his plane: Boeing 747. Seating capacity 416, radius 14,240 km, air speed 910 km/h. Last refuelling: Via underground pipeline at Frankfurt Airport. Explosion protected control panels by R. STAHL. Last check-up: At Lufthansa hangar Hamburg using explosion protected rope hoists from R. STAHL.

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The 1999 oil price slump had greater repercussions than initially expected. We assumed for fiscal 2000 that capital spending on petroleum and natural gas exploration would cause a significant rise in order intake from the third quarter onward. This assumption proved correct. However, particularly in the second quarter, the slump was considerably more pronounced than anticipated. For the year as a whole, our Explosion Protection Division managed to grow 8.8 % although some products and systems could not be delivered before year's end due to delayed Letters of Credit or client inspections.

Material Handling sales rose 4.8 % in the year under review. The mechanical engineering sector in general, and thus also our Material Handling Division, is experiencing a cyclical upturn, which we expect to firm.

Our IT division, altro consult GmbH, had to struggle at two fronts. After the Y2k

changeover, the entire sector faced a lull with corresponding under-utilisation of consultant capacities. We used these capacity overhangs for building up e-commerce competence and products. Another item on our agenda was switching our outsourcing activities from a mainframe to client server solutions. This switch caused 2000 division sales to fall to DEM 17.9m (1999: DEM 20.8m).

Bottom-line group growth came to 5.7 % in the year under review after a 5.4 % net decrease in fiscal 1999. As planned, we thus brought the group back on a growth track, albeit some more work still needs to be done.

We made progress in building up our international organisation within the framework of implementing our tri-part concept. Our goal is to appreciably reinforce our positioning in Asia and the Americas.

The Explosion Protection Division was



Managing Board
Lothar Wettengel, CEO
Martin Schomaker, CFO

contractually bound to its partner Hubbell Inc. of Orange, CT, for marketing our explosion protected switchgear and light fittings. After the U.S. market opened to new standards, we aspired to considerably accelerate our growth here. Yet, our goals were not always the same as our partner's emphases. As such, we agreed to rearrange the partnership. Hubbell Inc. will remain the primary contact for the bulk of the American market, but we will now serve key regions on our own and will greatly expand customer service there. However, we will continue to use Hubbell Inc.'s distribution network.

Our Material Handling Division had a year of outstanding American success in 2000.

Our American group earnings grew 26.6 % to a total of DEM 46.5m in the year under review.

Asian activities are making great advances with our Chinese subsidiary in Shanghai finally commencing operations. We are also establishing structures in Singapore with the appointment of positions for Asian marketing and distribution. Unfortunately, project business slowed down somewhat causing sales to fall DEM 1m short of last year's excellent result.

In Asia, our Singapore-based Material Handling Division focuses on OEM business.

We also founded a marketing subsidiary for our explosion protection and material handling products in Dubai.

We launched several new products last year and in Explosion Protection this can be a lengthy process. For each product

we need a type examination from a notified testing agency, which can take months particularly for innovative products. Thus we normally first apply for a type examination at a German testing agency and in parallel start negotiating product tests at corresponding American agencies. This virtually always entails staggered launches for the European, American, and Asian markets.

One important new product is our remote I/O system, I.S.1. This system collects all process data in hazardous industrial plants, transfers them to a DCS, and from there settings to the plant's actuators. We had fabulous success with this system in Europe and will launch it in the Americas and Asia this year. Type examination certificates by both German and American authorities have been issued.

Another major innovation launched last year are our explosion protected portable lights for fire departments and disaster assistance. This product greatly improves rescue worker safety considering that one never knows if there may be explosive gases at a given site. We already launched these lights in Germany and plan to introduce them internationally this year.

Our Material Handling Division began revamping its chain hoist range with very positive initial market feedback. The division also put great emphasis on installing a supply chain management since this is crucial for reducing vertical depth of production.

In the year under review, we continued to set up risk management and integrate it into our controlling as required by the German Corporate Control and Transparency Act.

Last year saw the move of our Explosion Protection Division to its brand new factory at Waldenburg, about 11km from our main premises. The new site features 25,000 sqm of production space plus 6,800 sqm of office and social rooms spread over a total area of 14ha. The site design reflects our Centre-of-Competence structure and its total cost of DEM 90m were largely financed with sale proceeds from the division's previous location.

The new site was designed with major improvements in mind. Paramount amongst these are: 20 % increase in efficiency, as measured in gross income per man hour and net sales per employee; 30 % average reduction of throughput time; 30 % reduction of inventory procurement time; honouring promised delivery for more than 90 % of orders medium term. The move started in mid-February and was completed by mid-April.

Operating earnings development is still not satisfactory. A highly volatile order intake over the entire year posed workload and hence productivity problems for the Explosion Protection Division.

An important customer of our French Material Handling service provider went bankrupt. We were unable to adjust structures to the new situation quickly enough.

Our Austrian Material Handling company had technical problems in plant construction entailing substantial remedial work. These problems have been overcome and the company may now prove its profitability.

At our Indian Explosion Protection company, project shortfalls and a sluggish start of electronic components manufacture led to under-utilised production capacities.

Restructuring and under-utilisation at the beginning of the reporting period came at a high cost to our IT division, altro consult GmbH. Now the situation has turned around and capacities are fully booked until the end of 3Q 2001.

Our bottom-line earnings before taxes were slightly above last year's with extraordinary income offsetting extraordinary expenses. Based on operating earnings, we deem a dividend of DEM 0.80 per share appropriate and would request your understanding for our situation last year.

R. STAHL was founded in 1876 by Rafael Stahl and thus celebrates its 125th anniversary this year. We would like you, dear shareholder, to rejoice with us and will therefore propose to the AGM an anniversary bonus of DEM 0.40 per share in addition to the dividend.

So-called "Old Economy" – or rather "Real Economy" – stocks found little grace in the eyes of the financial community last year, particularly if they were small caps. New Economy titles were all the rage – even if their business depended on old-economy products. Our company is suffused with new economy products and applications from e-marketing, customer service, online procurement, production control and planning, product development, payment transaction, know-how management, human resources, finances

and accounting to our products and systems. Yet even e-market places and Internet portals need real products to sell. Both economies are complementary and together make the markets work.

We started our Jubilee year 2001 with great optimism. As expected, order intake is at healthy levels in all divisions. Our new products will help us attain our goals. At the beginning of the new fiscal year, we will release our European product launches of last year for export. This month we will begin marketing our explosion protected PC for process visualisation and control as well as an innovative highly economical lighting system. For Material Handling our goal is to expand services and near-customer trouble shooting as well as further modernising and economising components.

We take a favourable view of economic developments in our major markets.

We will continue to build our company in the interest of our shareholders, staff, and customers and would appreciate any constructive criticism.

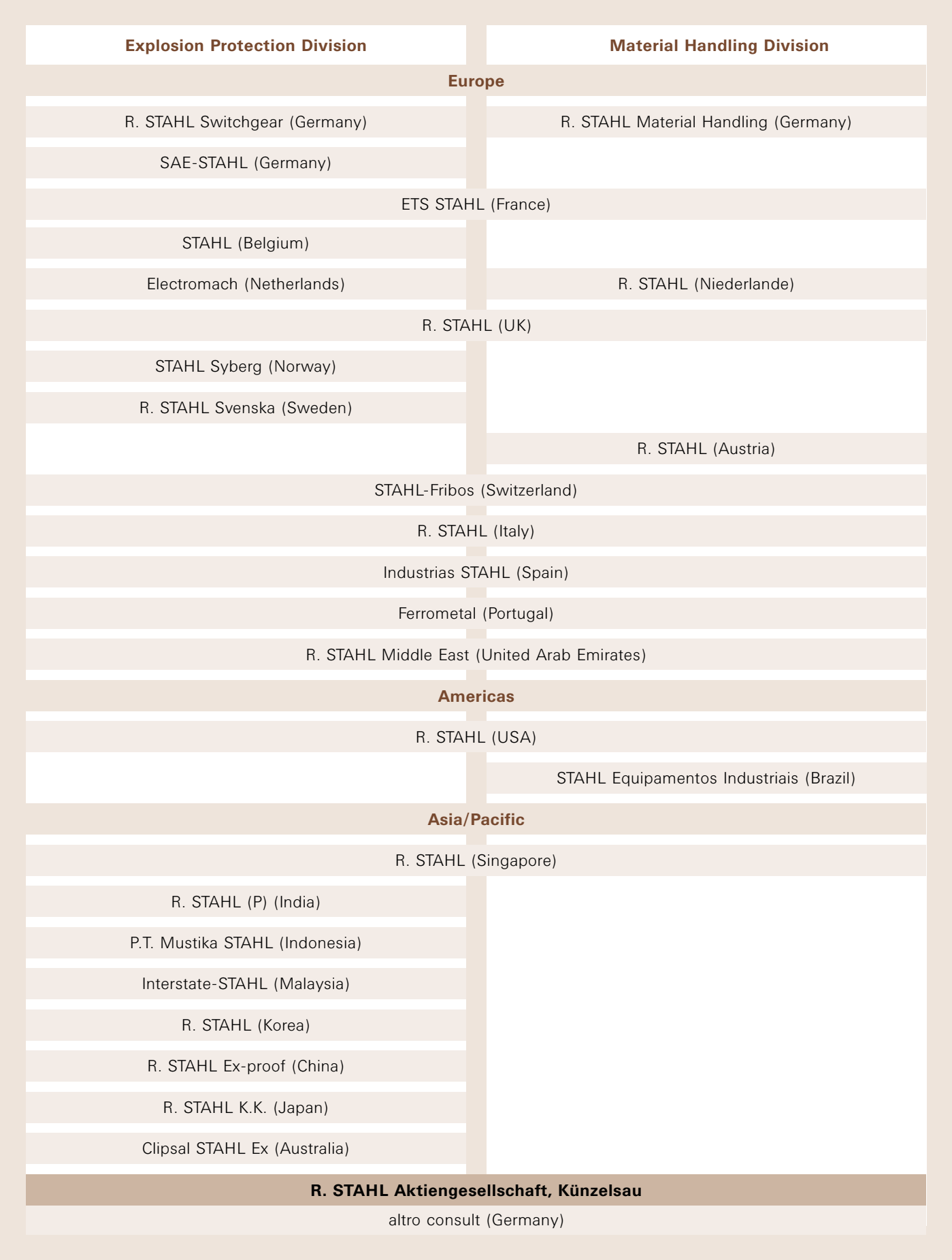
So far, R. STAHL succeeded in celebrating all its anniversaries in excellent economic shape. May this be a good omen for our 125th anniversary, too.

Künzelsau, March 2001

Lothar Wettengel, CEO

Martin Schomaker, CFO

Structure of R. STAHL Technologies



Flight no. LH 3254 reaches the North Sea shore passing Germany's largest and most powerful windmill generators. East Friesland's windpark Utgast II alone operates 41 generators with a total capacity of 24.6 Megawatts. Again R. STAHL plays its parts: Half of the domestic suppliers use chain hoists from Künzelsau for their maintenance needs.



Dear shareholder,

In the year under review, the supervisory board monitored and provided guidance for management's actions based on its oral and written reports. Whenever decisions required Supervisory Board approval we gave the matter due consideration. Furthermore, the Supervisory Board chairman was in regular contact and dialog with management.



Based on management reports, the Supervisory Board discussed plans for the current year and beyond up to 2003. Our company's economic position and future prospects of the individual divisions were both key issues at the four board meetings in the year under review. Management kept the Supervisory Board up-to-date on order intake, sales, and earnings and also extensively reported on the new risk management system.

In the year under review, our company relocated the Explosion Protection Division. The Supervisory Board counselled management on this large-scale project with a capital spending volume of DEM 90m. Operation will commence in the first quarter of the new fiscal year.

The Supervisory Board's administrative committee devoted one of its meetings to principles of planning and management appointments for the company.

We prepared the annual and consolidated statements of accounts of R. STAHL Aktiengesellschaft, as last year, according to German commercial law principles. Auditors Ernst & Young Deutsche

Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft of Stuttgart audited these accounts as well as the regular and consolidated management reports and awarded them full certification. All Supervisory Board members were duly furnished copies of the annual and consolidated statements of accounts as well as the regular and consolidated management reports. At the Supervisory Board's financial meeting we extensively discussed the final documents in the presence of the auditors. We examined the statement of accounts, management report, and proposal for balance sheet profit use and raised no objections. The Supervisory Board therefore approves the audit results and accepts the AG statement of accounts as compiled by the Managing Board which is hereby ratified. We agree with the management report and particularly its view of our further corporate evolution.

The company decided to switch reporting to IAS (International Accounting Standards) principles starting with the 2002 financial statement and will begin preparing for it this year.

In the year under review, operating earn-

ings were unsatisfactory, largely due to developments at some subsidiaries. Prudence thus mandates a dividend reduction.

This year, our company celebrates its 125th anniversary, which prompts us to award our shareholders a special treat. After due deliberation, Management and Supervisory Board will propose to the AGM a dividend of DEM 0.80 plus an anniversary bonus of DEM 0.40 per share.

We thank all our employees, the employees' representatives, the Managing Directors and the Managing Board of R. STAHL Technologies for their efforts and performance.

Künzelsau, March 2001
For the Supervisory Board

Hans-Volker Stahl

► Supervisory Board

Hans-Volker Stahl M.B., Ammerland
Chairman
Asset trustee,
Private Asset Management

Hermann Eisele PhD, M.E., Vaihingen/Enz
Vice chairman
Syndicus of Robert Bosch Foundation
Supervisory Board member of
Stuttgarter Bank AG
Supervisory Board member of
REM AG
Supervisory Board member of
hsp AG

Ernst Kern, Braunsbach¹
Power appliance electrician

Eberhard Knoblauch M.B., Böblingen
Supervisory Board member of
Hewlett Packard GmbH
Corporate Board member of
Carl Zeiss Oberkochen
Supervisory Board member of
Carl Zeiss Jena

Josef Kurth M.Ec., Ingelfingen
Managing Director of Berner GmbH

Heinz Grund, Braunsbach¹
Agricultural apprenticeship/mechanic

Günter Müller, Rösraht
Managing Partner of Express-Spedition
Ludwig Müller GmbH + Co. KG

Gerold Schmid M.E., Stuttgart
Managing Director of
Repro Schmid GmbH

Monika Weidmann, Künzelsau¹
Technical draftswoman

¹ Employee representative

Target set for 2001: increase of our stock price.

In the year under review, the R. STAHL share certainly did not perform too well. In the wake of the "Neuer Markt" boom, our shares suffered along with other Old Economy titles. A renaissance of intrinsic-value stock did not emerge until the beginning of 2001. Besides the generally unfavourable stock market environment unsatisfactory earnings development at the end of 1999 and in the first half of 2000 burdened our share.

After the steep decline in early 2000 our share price considerably revived from April. Even without the dividend our share price remained relatively stable at EUR 12. During the summer our share-price dropped to EUR 10-12 and remained at the level until yearend.

Stable ownership structure

Our ownership structure did not fundamentally change in the course of 2000. The Stahl and Zaiser families still hold approximately 54 % of our capital stock. We are also glad to announce that our employees hold around 3 % of the volume since the IPO. The remaining 43 % are free float.

Supervisory Board members hold 5.6 % of our capital stock and management owns 0.2 %.

Focus on investor relations

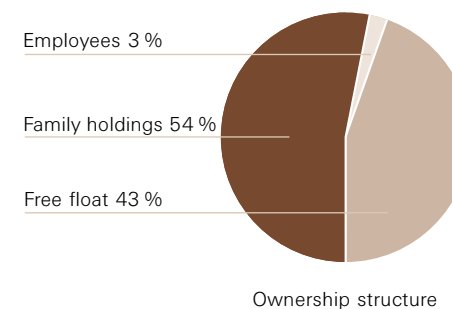
We realise the significance of investor relations and have already begun building our IR activities in years past. In fiscal 2000, we not only hosted our annual financial press conference, but also participated in a bank presentation and the DVFA's GMCC (German Mid Cap Conference). We also stepped up press communication with our company's strategy and vision finding great interest amongst financial journalists as evidenced by R. STAHL management interviews appearing in Wirtschaftswoche and the German Financial Times.

Our new Website is primarily shareholder oriented with sound up-to-date information. Its structure, content, and user-friendliness brought us many favourable responses.

In fiscal 2000, we again maintained constant communication with analysts and investors. We joined the German Investor Relations Network, DIRK (Deutscher Investor Relations Kreis), which allowed us to gather many topical insights from other publicly listed companies.

We will continue to intensify our IR work. In our home state, we co-founded a small cap special interest group, BWSC (Baden Württembergische Small Caps), that allows members joint capital market presentations. Under the motto "Personable. Direct. Transparent." the organisation particularly addresses private investors.

We also arranged local investor presentations with banks in our hometown of Künzelsau, last summer. For this year, we scheduled several road shows.



We approach the arctic circle. Outside temperature: -56° C; 35,000 feet below, ice breakers brave the elements. Our Material Handling Division supplied the hoist systems to load them. In the engine room vibration-proof electronics from our Explosion Protection Division safeguard the voyage. And the deck is illuminated by explosion protected light fittings from R. STAHL, Weimar.



Key ratios of R. STAHL stock

	2000 DEM	2000 EUR	1999 DEM	1999 EUR
¹ 2000: proposal				
² As of the balance sheet date				
DVFA/SG earnings per share	0.82	0.42	1.34	0.69
Net dividend per share ¹	0.80	0.41	1.20	0.61
Anniversary bonus per share ¹	0.40	0.20	-	-
Net distribution per share ¹	1.20	0.61	1.20	0.61
Gross dividend per share ¹	1.71	0.87	1.71	0.87
Net dividend return ² incl. Jubilee bonus (in %) ¹	6.04 %		5.0 %	
Gross dividend return ² incl. Jubilee bonus (in %) ¹	8.61 %		7.1 %	
High		13.34		17.55
Low		9.53		12.20
Year-end price		10.15		12.30
Average daily trading volume (in shares)	2,567		3,656	
Number of shares (in thou.)	6,440		6,440	
Market capitalisation ² (in K€)		65,366		79.212

Trading venues

Xetra
Frankfurt
Stuttgart
Düsseldorf
Munich
Berlin
Hamburg

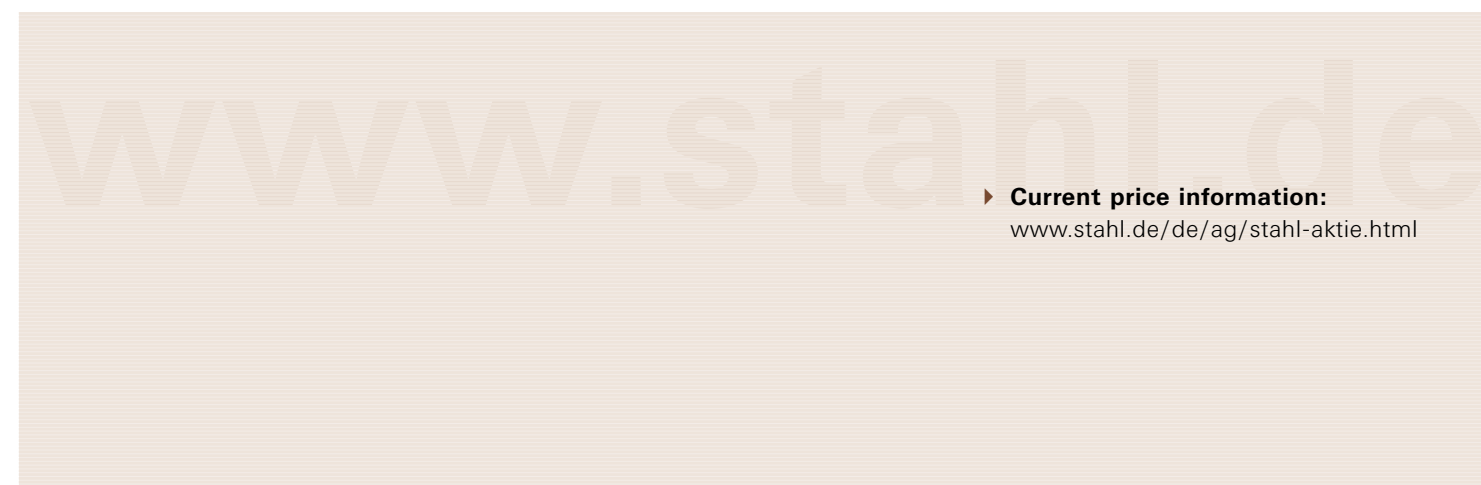
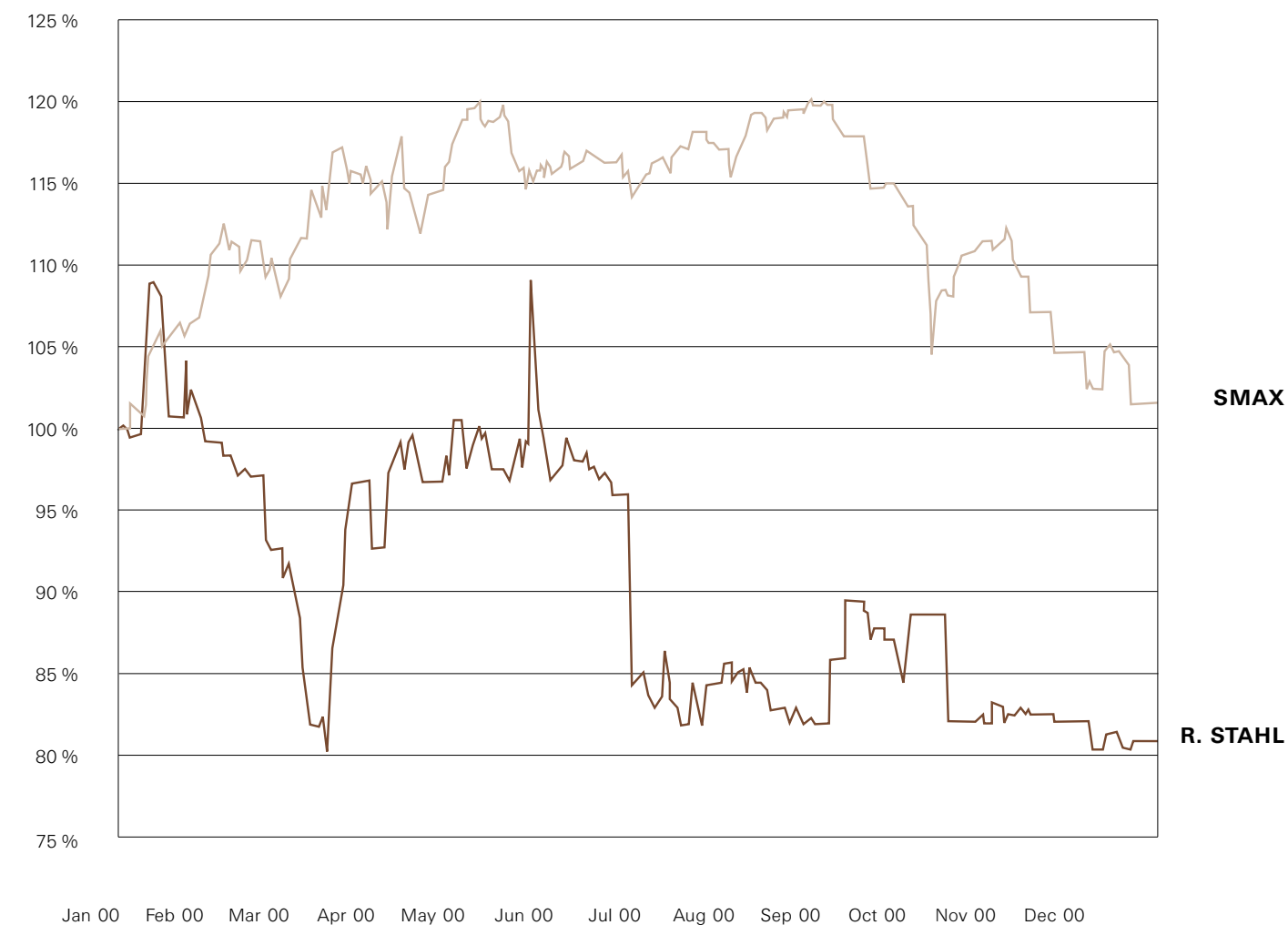
Market segment

C-DAX Technology
SMAX

Sec. ID no.

725772

Development of the R. STAHL share price compared with the SMAX



Vast market opportunities await us thanks to emerging acceptance of European Standards in America.

Favourable capital spending environment

Strong economy and vigorous growth: Over the past fiscal year, American markets continued to expand. R. STAHL Technologies particularly benefited from massive capital spending in the electrical industry. At the same time, recovering oil prices led to a significant rise of petroleum industry capital investments. Thanks to this favourable environment, consistent pursuit of structural improvement, as well as intensive sales work the markets, we were able to raise our Pan-American sales 26.6 % to DEM 46.5m.

Approval process for core products concluded

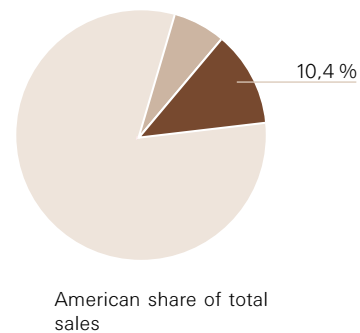
With U.S. authorities approving our new remote I/O system, I.S.1, and awarding full certification for our lighting range, we succeeded in removing the market entry barriers for our core products last year. As such, our starting position for 2001 looks extremely good. Considering the outstanding response to our European I.S.1 launch we expect excellent sales prospects for this system in the Americas, as well.

Joint venture dissolved, sales organisation underway

Dissolving the joint venture with Hubble effective as of this February was a hallmark step for improving our U.S. market position. Opportunities thus gained enable us to cultivate the market on our own more intensively and longer term than before and make optimal use of last year's investments into restructuring activities in this region. We moved the St. Louis operations to Houston in order to be closer to both petroleum industry and international engineering companies. We began building up our sales force with the goal of establishing a nation-wide network of qualified consultants and already have our sights set for a sales agency in high-growth Mexico. All lights are green for substantially growing our business in 2001. We are ready and R. STAHL will soon be synonymous with modern explosion protection in the Americas.

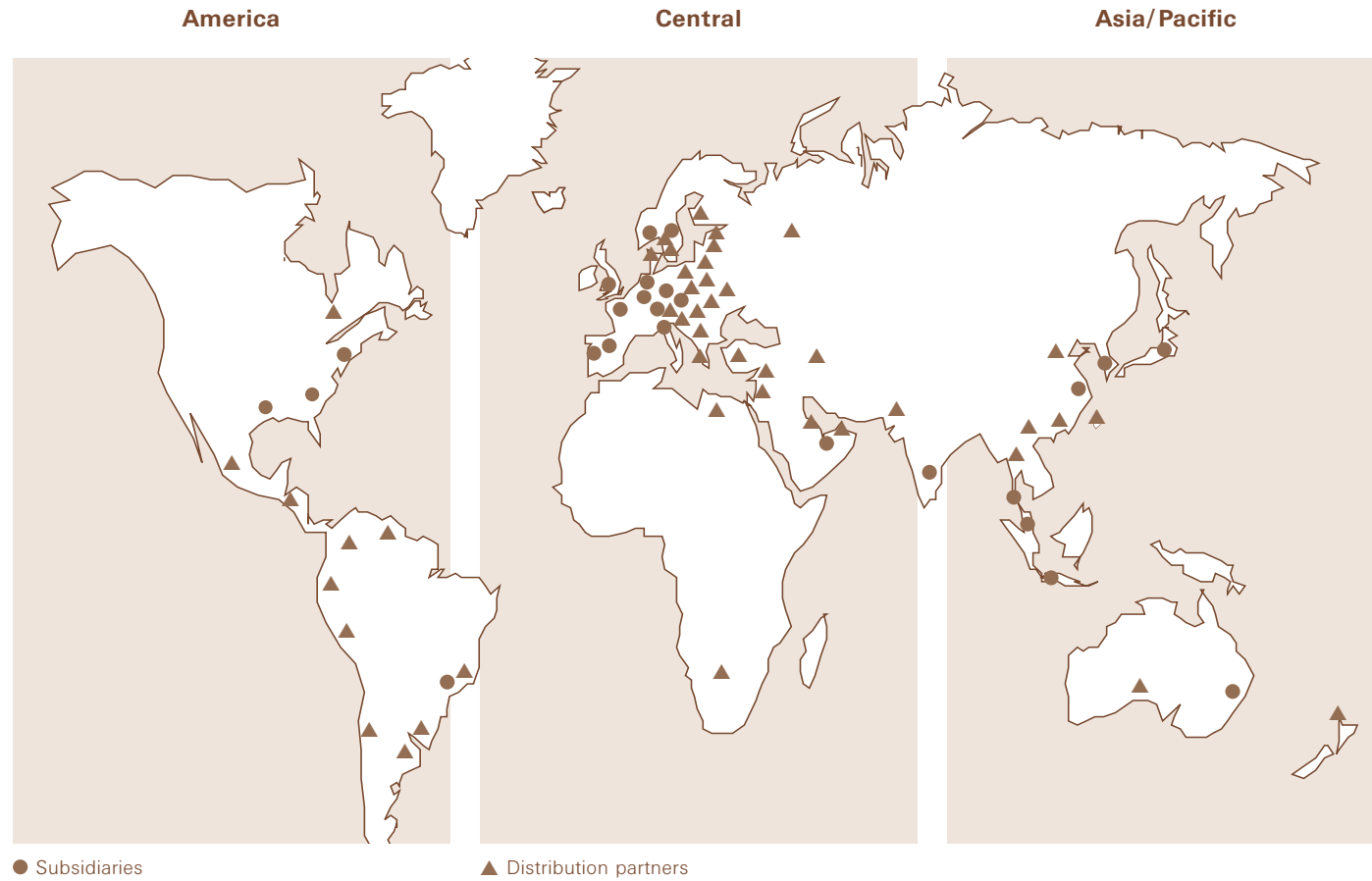
Explosion Protection IEC Technology on the rise

Persistence pays – at least in regard to getting U.S. testing agencies to recognise IEC Technology. Since 1996, U.S. standards for explosion protected plants have been converging to international standards, not least due to our efforts. This is in line with our philosophy that market cultivation means not only adapting products, but also standards, should this be in the interest of our customers. In the long run IEC technology is both qualitatively and economically a clearly superior approach. On the other hand, U.S. approval allows us to tap additional market volume of probably DEM 1.2 bn. The trend to switch technologies is already apparent in rising demand. Our first large-scale project in this area, IEC technology in plants in Alaska's Alpine Oil Field, is well on schedule. This is a true challenge both in terms of technology and climatic conditions as well as an important reference for new customer acquisition and a milestone toward our strategic ambition – remaining the premier IEC supplier in the Americas and further increasing our market share.



On the stretch between the U.K. and Norway we pass several offshore oil platforms fully equipped with the entire range of R. Stahl explosion protection equipment. Over the Alaskan Alpine Oil Field we look down on one of the world's largest petroleum deposits. Climate and geography necessitate strict safety regulations. Previously only U.S. standard equipment was allowed, but R. STAHL finally triumphed and all over the site explosion protected apparatus stamped "Made in Germany is in use."

“Tri-Part Concept”: strategy for a global future



A vision becomes reality

Global growth depends on global strategies. In 1995 R. STAHL Technologies implemented its “Tri-Part Concept”. Our idea: Presence on the world’s leading markets custom tailored to local needs and speeds. The concept differentiates the Americas, Central, and Asia as geographical and distribution, development, and assembly as structural entities. Local group companies are to act quickly and close to customers in their respective regional markets. We want to built our Explosion Protection Division to global market leader and hope to reach the Top 3 in Material Handling. Our goal is to double total sales for the period of 1995–2005. These are ambitious goals that require corresponding infrastructure. We made decisive advances in this direction last year.

► Material Handling 2005 Vision achieved

Highlight and challenge: American results for the Material Handling Division exceeded all expectations already reaching 2005 Vision goals last year. Sales doubled over 1995 at a total of DEM 23.4m. The U.S. and Brazil were key regions with 50.0 % growth against current market trends. The division plans to double sales again over the next five years consistently improving on 2000 earnings.

Superior marketing concept

The secret to our U.S. market success was focussing on components business. This approach, custom tailored to the U.S.

We witness the launch of an Ariane rocket at the space port of Kourou. Exhaust gases may reach temperatures in excess of 3,000° C unless cooled. The launch ramp is fully flooded once. Extreme conditions for the equipment. But no problem for explosion protected electronics and hoists from R. STAHL.

market, proved clearly superior to the competition’s which sidelines in complete systems. Demand from traditionally strong independent system suppliers was largely filled with R. STAHL products overall improving our market share. We also reinforced our logistics position last year by building a major warehouse at our Charleston location which enables us to guarantee delivery within 4 weeks nation-wide. Another important step was commencing hoist controls production in the U.S. In order to continue the division’s outstanding growth in the Americas we will soon take additional infrastructure measures and adapt more products. To further tap Canadian market potential, we will accelerate the process of adapting products to local needs.

Singapore. Vibrant metropolis at the southern tip of the Malay peninsula and melting pot of cultures with four official languages. A population of 3 million living on 618 km². Average temperature 30° C. A city of superlatives. Headquarter of R. STAHL Technologies for the Asia/Pacific Region.

Within reach: turnaround in Asia.

Difficult market environment

The prominent feature of Asian markets is their pronounced heterogeneity. However, they are all slow in recovering from the Asian crisis. Overall, markets did appreciably stabilise last year, but particularly the key market, Japan, remained weak. Despite marked growth in Material Handling R. STAHL Technologies was thus not able to significantly expand in the Asia/Pacific region. Yet, with target capital investments we placed our company in the best possible starting position to substantially benefit from economic revival expected for this year.

structures in order to serve more areas more efficiently. Corresponding projects are underway. If we consistently utilise potential there is a realistic medium-term possibility to double Material Handling sales in Asia.

First forays into India

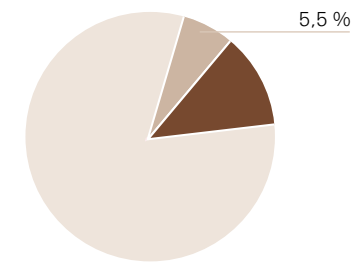
Over the last ten years, India evolved into a major Asian market with impressive technological expertise. This makes a strong presence in India not only desirable but actually indispensable, if one wishes to immediately participate in Asian growth prospects. In fiscal 2000, we began to establish an international sales team at R. STAHL (P) Ltd. in Chennai headed by a local specialist in order to blend expertise with cultural sensibilities and thus facilitate rapid market entry. Thanks to abundant skilled labour in India we also consider other activities beyond sales.

► Growth in Material Handling

With 40 % sales growth over 1999, our Material Handling division registered quite gratifying results in Asia, too, last year. The main reasons for this strong growth were very good relations with existing clients and new customer acquisitions. This development impressively proves the paramount role of an efficient sales organisation in market penetration. We will continue on this path in 2001. After having focussed on the Hong Kong, Thai, and Taiwanese markets in the past, our emphasis now shifts to the equally important markets of Japan, China, and India. We are currently securing and expanding existing

Explosion Protection under new management ◀

For the Explosion Protection Division 2000 was a year of structural renewal, which also applied to Asian operations. In this context further expanding our Singapore headquarters took centre stage. Our objective was reinforcing



Asian share of total sales





home base for market cultivation in the Asia/Pacific region by concentrating management capabilities and technological expertise at this strategic location. We are pleased to report that one of our managers agreed to fill this demanding position and succeeded rather quickly in recruiting a high-calibre management team from various cultural backgrounds. The new regional management is a milestone on our way to be closer to customers as well as achieving higher transparency and clout in the still difficult but highly promising Asian market.

Progress in India

We reached a benchmark goal in India by establishing a development unit and components factory – not least due to the highly qualified labour available there. Last year, our production company received ATEX certification for its quality management system. This allows production also for export to Europe opening up fabulous growth opportunities. After last year's slump, we expect significant growth for fiscal 2001.

Outlook for 2001

Remaining on the leading edge in both production and services is our declared goal and we set the stage well. Under the bottom line, the plan resembles our Pan-American approach: Our Explosion Protection Division is set to serve the market even faster and more efficiently than before. Of course, we also had our share of business. Our Korean company, R. STAHL Co. Ltd., founded in 1999 developed successfully and our joint ventures in Malaysia and Australia now lead their markets. And the best of all is: Incoming orders for our Asia/Pacific operations were 10 % above the previous year's level at the end of 2000. We take this as a promising signal.

Transfer to Taiwan. The sea is calm. A check-up at one of the countries biggest chemical plants shows that R. STAHL explosion protected electrical apparatus and hoists installed at site are all in perfect working order. In the evening return to Europe.

First foothold in China

The People's Republic of China ranks amongst the most coveted sales markets for German industry. Its particular appeal to R. STAHL Technologies are the enormous infrastructural measures ahead including utilities, industrial, and civil engineering projects – all of which are unthinkable without explosion protection. Our Chinese subsidiary in Shanghai began full-scale operations in April and our local sales force already won over thirty projects thanks to their dedicated market activities. In order to further strengthen our presence we commenced production and assembly operations in January 2001.

Still going strong: growth driver Central region.

Lively demand

European markets enjoyed stable growth in 2000 with a firming of the economic upturn in Germany. Both foreign and domestic demand expanded appreciably. For 2001, we expect strong growth impetus from the North Sea and Middle East regions thanks to rising capital spending in the petroleum processing industry. In addition, we will also launch new products in order to secure further market share. We are currently working on over 20 development projects, one of which in the important future market of hydrogen technology.

Dubai subsidiary opened

Founding Dubai-based R. STAHL Middle East FZE was one of the highlights of fiscal 2000. The new location allows us to participate in the high growth of Middle East markets. We already won our first projects here. Current forecasts confirm our growth expectations.

► Material Handling defends its market position

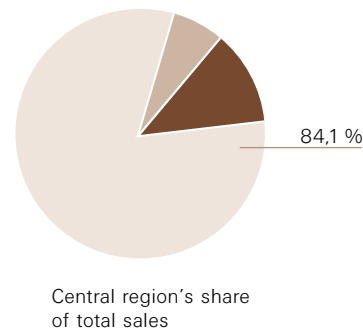
With stable domestic sales and 13 % export growth, Material Handling successfully defended its good market position. After domestic capital spending delays for small and medium sized plants, 2001 shows promise of a turnaround to substantial business revival. Additional growth potential stems from building up our sales organisation in Southern and Eastern Europe.

New crane marketing concept launched successfully

With Spain as our first test market, we successfully launched crane direct marketing in our Central region outside German-speaking countries. The principle: R. STAHL sells the crane and supplies components to a local partner, who assembles and delivers the finished product. The advantage: High flexibility at low cost. Direct marketing opens up several attractive markets without having to invest into proprietary infrastructure. This is an important addition to and relief for our Ettlingen crane production and we will consistently pursue this path.

Continued above-average growth

Business development in 2000 confirms R. STAHL Material Handling as industry outperformer. Division sales rose 65 % since 1994 which is well ahead of the sector average. Our goal is to continue this trend by tapping new market segments like small crane technology, with a quality drive that will propel us to the industry top in the medium term, with innovative component concepts and our trading platform STAHLplus that grew a staggering 46 % in 2000, with modern supply chain management and restructuring our Künzelsau headquarter to raise efficiency, improve promised delivery dates, and, foremost, with plenty of dedication and an iron will to always outdo the competition.



Central region's share of total sales

► Explosion Protection confirmed market leader

With 11.6 % growth Explosion Protection further expanded its market share in our Central region and impressively maintained its lead. In Germany alone business grew in excess of 15.5 %. Lively capital spending in our major customer sectors led to similarly vigorous order intake growth. Especially in engineering and large-scale controls systems handled by our Dutch subsidiary Electromach, lively 2000 order intake will result in correspondingly high 2001 sales.

We also expect positive effects from various product launches, further forays into the Arabian market via our new

Only 41,293 km² total area, but 624 road tunnels. No other country has achieved this number of roads through the mountains. The Swiss Railroad's new Alpine Traverse alone requires a 50 km tunnel through the Gotthart Massif. Transporting the concrete slabs often weighing hundreds of tons would be inconceivable without hoist systems from R. STAHL.

Dubai subsidiary and, most of all, from the move to our new Waldenburg factory with its Centre-of-Competence layout to greatly improve efficiency and the meeting of promised delivery dates. We thus expect another significant sales increase for 2001.

Remote I/O system launched with stunning success

Sales forecast exceeded by 100 %: Already in its first year our remote I/O system, I.S.1, proved to be a winner with lasting potential considering that we already booked 2 new major projects for 2001. We also successfully introduced our new portable lights and the explo-

sion protected tubular light fittings, T-LUX, for heavy-duty applications. This year, the division will also launch two new control and distribution systems for hazardous areas, an explosion protected PC, and a new range of economical light fittings, ECOLUX. These products should not only open up new market opportunities, but also support our claim to being leading innovator in explosion protection.

Development activities expanded

Expanding development activities is one of our primary strategic objectives, because one can only participate in future markets if one consistently seeks innovative solutions. One emphasis is in instrumentation technology. We are currently working on several projects including a joint development with Siemens. Another emphasis is hydrogen power technology which is of particular interest to our Explosion Protection Division. This future power technology is both challenging and motivating for us since it represents both an exciting task and an enormous market whose potential is destined to give fabulous growth impetus to participating enterprises beyond the era of petroleum and natural gas. However, we will also expand service activities. Our service team in Stavanger, Norway, has demonstrated how this can be done profitably.

International project coordination installed

With the implementation of our international project coordination team we will greatly increase our success ratio in pitches for large projects. This should

also appreciably raise earnings contributions from project business.

Information technology altro consult reoriented

Our IT services subsidiary, altro consult GmbH, managed a complete repositioning last year. Its first full fiscal year finished with a decrease in business. However, order intake improved considerably in the second half, creating good growth prospects for 2001. April saw the reorganisation of the company's management with simultaneous consistent service range restructuring and implementation of new sales structures. Its range now focuses on the three areas of application consulting, human resources management, and IT services which are handled from locations in Essen, Stuttgart, and Chemnitz. As a complementary service, altro consult offers mainly B2B e-business solutions at all its locations. Particularly in this area, we expect significant growth in the next few years and thus made corresponding targeted investments in expertise last year. First test runs of our newly developed B2B application for two renowned Blue Chips were rather promising. We are confident that this is a solid basis for altro consult on which to stabilise its business this year enabling healthy future growth.

Munich Airport. Germany's first hydrogen fuelling station. Reality check for the energy concept of the future. Top safety requirements. Cutting-edge technology. Unconditional dependability is an absolute must – e.g. explosion protected electronics and switchgear from R. STAHL.



Combined AG and group management report 2000

Economy

The global economy is and was – with the proviso of uncertain U.S. economic development – on a growth track. In the year under review, the U.S. economy was again for its tenth consecutive year the global growth driver. Experts inside and outside the U.S.A. still disagree whether the U.S. economy will see a soft landing this year and where it will be headed thereafter. Asia and Latin America continue to recover from their late nineties' crises. The situation in Europe is favourable and stable with Germany participating in the 2000 upswing. Export business recovery boosted by the weak Euro and falling unit labour costs is crucial to the German economy. Thanks to these developments, capital goods business revived, albeit at a time lag, and the trend is going strong. Although this spells a generally favourable environment for our divisions, we have to take a look at the details.

The chemical industry and related engineering evolved in line with the general economy. Capital spending in the pharmaceutical sector was strong and correspondingly boosted our output. Business with the petroleum and petrochemical industries remained difficult. The extreme depression of oil prices in the beginning of 1999 caused intense capital spending scrutiny. Project starts were delayed even well into the subsequent oil price rally with petroleum and natural gas exploration and processing projects producing the first significant new orders only in the third quarter of the year under review.

Over the year as a whole, these conditions caused high order intake fluctuations with corresponding effects on productivity and utilisation of our Explosion Protection Division. Flexible working hours helped us adjust to the order situation, but could not really compensate for it. We are trying to improve this. Nonetheless, our Explosion Protection

Division grew 8.8 % to DEM 217.0m (1999: DEM 199.4m).

Germany's machinery sector and thus also our Material Handling Division showed vigorous growth in 2000 (+15 % price adjusted). However, this includes large-scale projects with long time horizons, hence price-adjusted sales only rose 1 % by November 2000. German components and standard crane business probably stagnated last year, while sales were much more gratifying in the U.S., Brazil and Asia.

Our Material Handling Division grew 4.8 % to DEM 215.9m in 2000 (1999: DEM 206.0m). We even managed to expand material handling components business, particularly abroad.

After the Y2k changeover, the entire IT sector faced a pronounced demand slump. Our IT Division, altro consult GmbH, felt this particularly as consulting capacity overhangs burdened earnings.

In the first half, capacities were only 60 % utilised. However, we used this excess capacity to prepare e-commerce activities and restructure our outsourcing business to client server solutions. Overall division sales declined 13.9 % to DEM 17.9m (1999: DEM 20.8m).

In the year under review, R. STAHL Technologies' sales rose 5.7 % to DEM 446.1m (1999: DEM 422.2m).

Explosion protection – a forward-lookin technology

We are currently manufacturing our explosion protected components and systems at two German locations, Künzelsau and Weimar. Our Dutch subsidiary, Electromach B.V. of Hengelo, produces control systems for large-scale projects.

In order to better combine our locations, we built a state-of-the-art factory in

Waldenburg about 11km south of our Künzelsau factory last year. We began relocation in February this year and the move should be complete by mid-April as planned. The architecture reflects the division's new Centre-of-Competence structure which should allow substantial efficiency increases, less hierarchy, and fewer interfaces.

Our subsidiaries and branch offices locally assemble customer specific products. In India and the U.S. we manufacture components for instrumentation. With a 20 % market share our Explosion Protection Division leads the European market. At some 10 % global market share we still rank second after Crouse Hinds/CEAG a subsidiary of U.S. giant Cooper Industries, Houston, TX. However, we are technology leader.

Division growth mainly stemmed from Europe. Our hopes for the Americas and Asia/Pacific did not come about.

In the Americas, re-arrangements with our partner Hubbell Inc. of Orange, CT, took more time than anticipated. Now that negotiations are concluded, we can start tackling the market. Hubbell Inc. remains a contact for our customers and we can still use its nation-wide marketing and distribution structure, even though we are considerably stepping up our own customer services.

In R. STAHL Inc. of Salem, NH, we own a well established U.S. company specialising in explosion protected instrumentation equipment with more than 40 distribution outlets nation-wide. The sales force has been trained on products

previously distributed via the joint venture KILLARK-STAHl Inc. (50 % Hubbell Inc., 50 % R. STAHL AG) and commenced field work. For the most important sales regions we also recruited regional sales managers. R. STAHL Inc. took over the Houston offices and warehouse of KILLARK-STAHl Inc. and organises order processing. KILLARK-STAHl Inc. will be dissolved as a business entity.

In Asia/Pacific we invested into our distribution network. We established Asia/Pacific headquarters at our Singapore subsidiary R. STAHL Pte. Ltd. and filled major positions. We also founded a subsidiary in Shanghai, PR of China.

Particularly in India and Japan, 2000 project business was not as satisfactory as the year before. Bulk business e-

olved nicely. Overall, we registered a slight sales decline of DEM 1.5m for the region.

Our Indian subsidiary R. STAHL Pvt. Ltd. of Chennai suffered earnings burdening utilisation problems due to lacking projects and slow production start for electronic components. Last year, we established a development team for electronic components at the subsidiary which is already bearing fruit.

We generally expanded development activities throughout the group with focus on instrumentation technology.

The remote I/O system, I.S.1, was a stunning success for the division, especially in Germany. We are planning to launch the system in the Americas and

ZANDERS AG, Bergisch Gladbach. Germany's leading manufacturer of fine paper has a daily output of several hundred tons of paper products that have to be moved quickly and smoothly, like turning a page. R. STAHL material handling equipment is the obvious choice.

Asia this year and have already obtained the necessary approvals from authorized test authorities.

The market launch of our explosion protected portable lights provided further growth impetus.

Stahl Material Handling outperforms the sector

We manufacture our material handling components at our location in Künzelsau and standard cranes in Ettlingen. Our recently re-engineered hoist systems propelled us to technological leadership. With 8 % global market share we rank amongst the top suppliers and are particularly strong in Europe with up to 20 % market share depending on product series and market.

Our U.S. activities are handled by the R. STAHL Inc. subsidiary in Charleston, SC. Especially rope hoists were hot sellers in the U.S. last year with sales rising 47 % at great returns.

In Asia we primarily do OEM business under the aegis of our Singapore headquarters.

One of our French service companies had a very hard time last year when a major contracting partner in the crane

sector had to squash hopes based on extensive assembly orders due to bankruptcy. We were unable to adequately adjust company structures to the new situation and the division had to absorb resulting losses.

Our Austrian subsidiary faced technical problems in plant construction when installed components caused malfunctions. Fixing the problem required extensive remedial work causing another year in the red for the company. The problems have been overcome now and the company must prove its profitability this year.

Except for the high loads, we now finished the market launch for our new rope hoists. Revamping the chain hoist range is underway and we already launched first products with gratifying results.

Amongst the division's major projects that extend into the current year are: quality drive, supply chain management and portfolio streamlining.

Information technology repositioned (altro consult GmbH)

Our IT division is headquartered in Essen with branches in Stuttgart and Chemnitz. Its activities include:

Cruising the Autobahn south to Frankfurt/Main. Our Explosion Protection Division achieved one of its most ambitious projects of the new millennium here: Equipping Diabel's new insulin production with our Remote I/O system I.S.1.

- Application consulting focussing on organisation and SAP applications

- Human resources
Introduction and modification of HR systems and management consulting

- IT services including our Outsourcing Service Centre and User Help Desk

After the Y2k changeover, the sector faced a major demand slump that extended into the third quarter of 2000. Consulting capacities were at some time only 60 % utilised.

Since the IT services market underwent drastic changes in the post-Y2k gloom, we totally reorganised altro consult last year to adapt the company to the new market reality. This measure is now completed.

One of altro consult GmbH's consulting emphases is logistics. Significant rationalisation potential is emerging in this segment due to new market places as well as interfacing customer and supplier IT systems (B2B systems). Demand for competent consulting on logistics and e-commerce solutions is already apparent. We used last year's capacity overhang for building e-commerce expertise and programmes.

Earnings level maintained

In the year under review, consolidated pre-tax earnings reached DEM 15.4m (1999: DEM 15.1m).

The earnings impact from unsatisfactory capacity utilisation in the first half mainly concerning our Explosion Protection

and IT Divisions could not be compensated by second half results.

Material Handling, however, showed steady high utilisation yielding consistent earnings contributions. This was supported by process efficiency enhancing measures. Especially the supply chain management and quality drive improved value-added processes.

Extraordinary income offsets extraordinary expenses

In 1998 we sold improved non-operating realty in Stuttgart and Künzelsau including the premises that became redundant with the move to our new Waldenburg factory. We were thus able to finance a major part of the capital expenditure on our new Explosion Protection factory. Part of the sales proceeds was reinvested into the Wal-

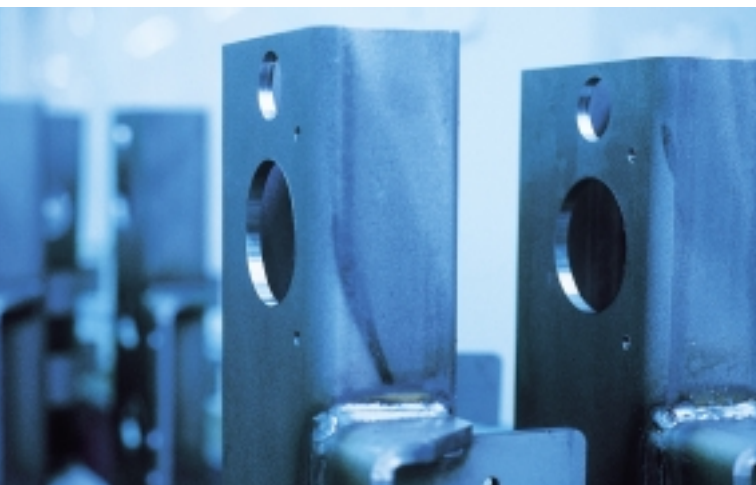
denburg site with corresponding tax benefits, the remaining DEM 8.8m, we allocated to the special item with an equity portion for land and buildings. Since we are not planning any building capex for the reinvestment period, we are writing back this special item with earnings impact in order to avoid tax penalties.

This extraordinary income offsets our extraordinary expenses of 2000.

- As part of our concentration, we are planning to sell a foreign subsidiary. The respective assets have been largely depreciated. Since the company is not consolidated, group earnings include the full depreciation amount (DEM 2.7m).

- R. STAHL Fördertechnik GmbH and R. STAHL AG replaced major IT systems (distribution, human resources and

Künzelsau-Hofratsmühle. Main factory of the R. STAHL Material Handling Division.



accounting) with state-of-the-art client server solutions. This entails phasing out our personnel-intensive mainframe. Total cost amounts to DEM 3.5m. This measure may drastically reduce group IT spending.

- Treasury share depreciation caused charges in the amount of DEM 0.7m.

- Creating e-commerce competence at altro consult GmbH required capital investment of DEM 1.3m.

Earnings per share

DVFA/SG earnings per share came to DEM 0.82 after DEM 1.34 in 1999. Part of the decline is due to the non-recurrent higher tax load following last year's audit. Also new DVFA/SG rules require full elimination of extraordinary income from writing back the special item while only recognising part of the above mentioned extraordinary expenses.

Dividend

We propose a dividend of DEM 0.80 per share for fiscal 2000. Since we are celebrating our 125th anniversary in 2001, we also propose an anniversary bonus of DEM 0.40 per share. This is consistent with new tax regulations and facilitates fair distribution of our carry-forward credit.

Non-recurrent extra taxes

Last year's tax audit and changes in deferred taxes caused a non-recurrent additional tax load in the amount of DEM 1m. This raised the tax ratio from 34 % to 41 %. Consolidated net income amounted to DEM 9.1m after DEM 10.0m in 1999.



Total distribution will therefore come to DEM 1.20 plus a total tax credit of DEM 0.51 per share.

Balance sheet total growth disproportionately low

At DEM 275.0m (+1.4 %) balance sheet total growth was disproportionately lower than the year before (DEM 271.0). Increased inventories led to a significant rise of outside financing. Electronic component bottlenecks became apparent already early on and we successfully pro-acted this with targeted stockpiling. Preparing for our Explosion Protection relocation, we also stockpiled short-order standard inventories to safeguard delivery during the move. Higher receivables resulted from sales growth. Although the above was mainly financed from free cash flow, financial assets

amounted to DEM 33.6m at year's end. Our equity ratio increased again slightly to 35.6 %.

Capital expenditure

Capex on tangible and intangible assets amounted to DEM 23.4m (1999: DEM 16.3m). The lion's share was spent on the new Explosion Protection factory including logistics centre, equipment, and furnishings. Material Handling capex primarily involved process optimising equipment for the Künzelsau main factory.

Risk management

We improved our existing risk management system and integrated it into regular controlling processes to the extend

that this was feasible and sensible. We particularly redesigned standard communication as a crucial leading risk indicator and made it more efficient.

However, we would like to generally point out that even a mature and differentiated risk and control management system cannot pre-empt business developments beyond foreseeability or our power to avert. This includes major political or economic upheavals, changes in business cycles, volatile interest and exchange rates, and market entry of new competitors.

Research and development

Maintaining our standing with international customers in the global marketplace requires leading-edge products. This is why our company gives top priority to innovation.

In Material Handling the emphasis was on completely revamping the hoist range, which will continue in the current year.

Explosion Protection R&D focuses on:

- Improving and optimising switchgear and systems.

It must also be examined how products can be made bus compatible, i.e. how they may be integrated into process control bus systems.

- The lighting range (introduced in 1989) was extended by several new products last year.

We developed a new light fitting monitoring system and a highly robust and tight lighting system for extreme applications as in sewage treatment plants and flood-prone mine shafts. We also launched explosion protected portable lights and a highly economical lighting

system that will hit the market in March 2001.

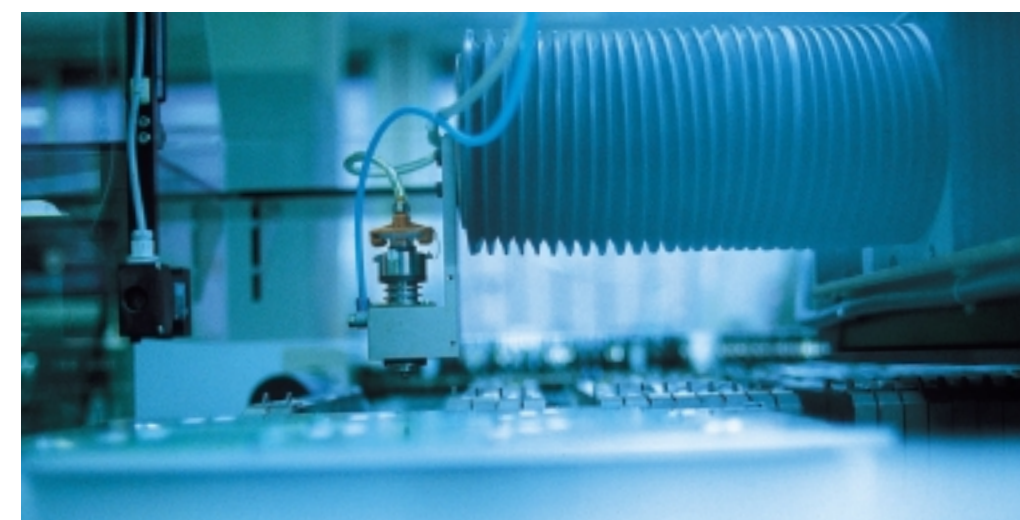
Lighting business is future-proof and important because nothing goes without light, light cannot be substituted and is a necessity for safety and quality especially in hazardous locations.

- Our innovation leader is instrumentation technology directly applicable to distributed control systems. This also entails demanding co-operation with multi-national distributed control system suppliers.

We allocated tremendous resources to further evolve our remote I/O system, I.S.1. We also collaborate with a partner on developing a system that may be finer tuned to individual circumstances in process networking.

Our visualisation developments include an explosion protected PC that will debut on the market in March of this year.

We have 20 more projects in our R&D pipeline that should become ready for market in the next few years. For competitive reasons we will hold our peace on this subject until later.



Total R&D expenditure amounted to DEM 14m in the period under review. Explosion Protection spend 5 % and Material Handling 2 % of their respective sales on R&D.

Last year, for instance, we launched Project TOP-fit to prepare our employees for organisational changes at the new Waldenburg site.

Our employees: motivated and qualified

Employees and products are our company's greatest assets. As of December 31, 2000 R. STAHL employed 2,088 persons including some 100 apprentices and students which represents a slight increase of 0.6 % on year's average.

Our projects and extensive seminar offering helps our employees to stay at the top of their professions. We also offer and promote language courses to take account of our international ambition.

Procurement

Our Material Handling Division implemented a supply chain management with great success. Strategically integrating prime suppliers into our production philosophy substantially improved just-in-time supply and greatly reduced bottlenecks.

Explosion Protection faced problems with its electronic components supply. Pro-active stockpiling allowed us to avert bottlenecks, albeit at partly exaggerated procurement costs. With the slowing U.S. economy this situation eased.



The Remote I/O system I.S.1: successful design and product from our Explosion Protection Division.



Environmental protection

Environmental awareness and protection is a central concern for us. As such, we adopt the following guidelines:

- We design products and services to minimise or avoid environmental impact.
- Our products are durable and low-maintenance.
- We organise production processes with strict environmental protection in mind.
- Natural resources are to be protected and conserved, recycling takes precedence over consumption.

At our new Explosion Protection site in Waldenburg we separate waste in an environmentally sensible way. Consistent colour coding guides recyclables and waste collection.

share is still rather small, growth there should be possible with the implemented strategy.

Particularly our Explosion Protection Division will launch several high-growth products. Order intake at the beginning of this year confirms our positive view of business momentum.

Relocating production from our Künzelsau and Gaisbach sites to the new Waldenburg factory was carefully planned. We do not expect any major production impairments, but we cannot rule out potential sales delays.

Our subsidiaries in India and Austria as well as our French service company will remain under close scrutiny this year.

Overall, we expect growth to accelerate in fiscal 2001.

Künzelsau, March 2001

Outlook for fiscal 2001

We consider the economic outlook for our products better than last year. However, we have our doubts about the U.S. economy. Since our U.S. market

Lothar Wettengel Martin Schomaker

**People: our greatest asset.
Strategy: continuous training.**

Human Resources Strategy

Qualified staff is a definite competitive advantage particularly for high-tech companies like R. STAHL that depend on utmost expertise. However, the market for specialists is getting tighter and now more than ever a company has to be an attractive employer. In order to create staff loyalty and remain attractive to prospective talent, we pursue a human-resources strategy that emphasises continuous training and strives to maintain an open and productive work environment.

Training

In 2000 R. STAHL employed about 100 apprentices in eight different vocations. This makes us again regional leader in this field. Our declared goal is to provide young people with a well rounded education that will benefit them as well as our company. We complement apprenticeships with computer literacy and English language courses and seminars in personal evolution. As an international enterprise we also offer the option of visiting our foreign subsidiaries in order to promote later professional experience abroad.

Reaching out to talent

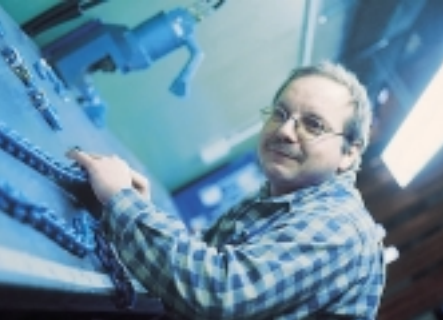
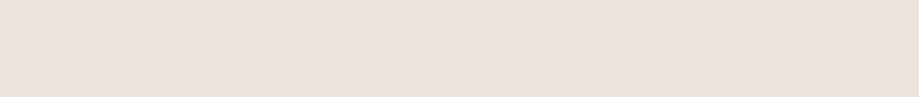
We are consistently striving to better meet our need for highly qualified staff from internal resources by granting qualified individuals scholarships for academic or technical training. Currently, we are sponsoring three students in academic collaboration with the electrical engineering department of Künzelsau Technical College, as part of a programme we co-founded in 1998 with leading companies of the region. We are also training eight additional students of mechanical engineering and business administration collaborating with the local professional school while yet another two are preparing their master's theses here. For 2001, we co-operated with the Künzelsau vocational school in putting together a programme for qualified gifted trainees to get their college degree. Thanks to these activities in addition to sponsoring other institutions like the European School of Business at Reutlingen College we laid the foundation for future recruitment and corresponding loyalty of highly qualified talent.

Advanced training

For employees and trainees alike, our creed is: Qualification is everything. We are currently supporting ten of our employees with scholarships to attain graduate diplomas as technicians and engineers. Last year, 735 of our employees made use of our in-house course offering ranging from computer literacy to project management. In co-operation with the Chamber of Industry and Commerce Heilbronn-Franken, we also offer a programme for talented apprentices to obtain higher education diplomas. In order to prepare our expert staff for leadership tasks, we initiated a management pool. We also began identifying key functions and building up expertise for smooth replacements, which is an important contribution to risk management. As member of the "Kocher-Jagst Region Innovators" we will co-operate with other local technology companies on human resources programmes this year.

We want to thank all our staff for their dedication and good work spirit in fiscal 2000.

Welcome home: The new Waldenburg factory, home of our Explosion Protection Division implements the principle of transparent process organisation clustering the respective Centres of Competence. Optimal conditions to work efficiently and highly motivated as well as close to our customers.



Financial calendar 2001

April 4	Financial press conference in Stuttgart, presentation of the 2000 financial statements
April 5	DVFA analysts event in Frankfurt
May 15	1Q report
May 18	Shareholders Meeting in Neuenstein
August 16	2Q report
November 19	3Q report
February 2002	Preliminary report on fiscal 2001
June 14, 2002	Shareholders Meeting in Neuenstein

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Consolidated balance sheet of R. STAHL Aktiengesellschaft as of December 31, 2000

Assets	2000 DEM 000	1999 DEM 000
A. Fixed assets		
I. Intangible assets		
1. Licenses, industrial property rights, and licences to such rights	5,717	5,028
2. Goodwill	1,974	2,257
3. Advanced payments	134	226
	7,825	7,511
II. Tangible assets		
1. Land, land rights, and buildings including buildings on land owned by third-parties	12,673	10,749
2. Technical equipment and machinery	7,238	8,687
3. Other, factory & office equipment	12,068	12,391
4. Advanced payments and construction in progress	9,440	483
	41,419	32,310
III. Financial assets		
1. Shares in affiliated companies	1,593	1,459
2. Loans to affiliated companies	0	853
3. Participations in associated companies	1,892	480
4. Other participations	834	859
5. Loans to companies in which equity interests are held	1,921	2,284
6. Other loans	1,415	694
	7,655	6,629
	56,899	46,450
B. Current assets		
I. Inventories		
1. Raw materials and supplies	21,781	17,908
2. Work in progress	33,296	31,765
3. Finished goods & merchandise	19,791	18,161
4. Advance payments to suppliers	63	287
5. Advance payments from customers	-4,703	-7,724
	70,228	60,397
II. Accounts receivable and other assets		
1. Trade accounts receivable	93,104	91,039
2. Receivables from affiliated companies	681	499
3. Receivables from companies in which equity interests are held	70	0
4. Other assets	15,819	15,273
	109,674	106,811
III. Securities	3,322	3,993
IV. Cheques, cash on hand and on deposit with the Bundesbank (Central bank), in postal checking accounts, and at other financial institutions	30,288	47,972
	213,512	219,173
C. Prepaid expenses	898	923
D. Deferred taxes	3,693	4,486
	275,002	271,032

Equity & Liabilities	2000 DEM 000	1999 DEM 000
A. Equity		
I. Subscribed capital	32,200	32,200
II. Capital reserves	19,092	19,707
III. Revenue reserves		
1. Legal reserves	404	388
2. Treasury shares provision	3,215	3,955
3. Other revenue reserves	21,456	18,281
IV. Difference from capital consolidation of reserve nature	5,258	5,259
V. Minority interests	1,441	895
VI. Foreign exchange adjustment on capital consolidation	1,999	1,576
VII. Retained earnings	12,701	13,053
	97,766	95,314
B. Special item with an equity portion	842	9,897
C. Employees' participation capital	546	752
D. Accruals		
1. Pension and similar provisions	63,319	60,006
2. Tax provisions	6,221	4,764
3. Other accruals	26,357	25,169
	95,897	89,939
E. Liabilities		
1. Liabilities to banks	17,301	18,937
2. Trade accounts payable	23,731	18,705
3. Accounts payable to affiliated companies	118	371
4. Accounts payable to companies in which equity interests are held	4	82
5. Other liabilities	38,696	37,005
	79,850	75,100
F. Deferred income	101	30
	275,002	271,032

Consolidated profit & loss account of R. STAHL Aktiengesellschaft for the period from January 1, 2000 to December 31, 2000

	2000 DEM 000	1999 DEM 000
1. Sales revenue	446,117	422,247
2. Increase in work in progress and finished goods	3,650	2,241
3. Other own work capitalised	1,013	1,418
4. Total operating performance	450,780	425,906
5. Other operating income	17,221	27,101
6. Cost of materials	-158,221	-148,663
7. Personnel cost	-192,957	-190,910
8. Depreciation & amortisation on intangible assets and tangible assets	-13,575	-13,040
9. Other operating expenses	-84,547	-82,489
10. Investment income	-1,051	-1,909
11. Interest income/expense	-1,627	-255
12. Earnings from ordinary business activity	16,023	15,741
13. Taxes on income	-6,301	-5,121
14. Other taxes	-594	-602
15. Net income for the year	9,128	10,018
16. Minority interests	-42	-303
17. Group share in net income	9,086	9,715
18. Profit carryforward	5,583	4,509
19. Change in reserves	-1,968	-1,171
20. Retained earnings	12,701	13,053

R. STAHL Aktiengesellschaft, Künzelsau Notes to the consolidated financial statements 2000

(1) General information

These consolidated financial statements were prepared pursuant to German Commercial Code sections 290 ff.

For better clarity and transparency of the consolidated financial statements we combined some items of the consolidated financial statements and the group profit and loss account. These items are explained separately in the notes to the annual financial statement. The required additional information regarding some items is also to be found in the notes. We prepared the group profit and loss account using the total cost method.

(2) Consolidated group companies

Due to the founding of new subsidiaries the scope of consolidation grew by two new fully-owned companies. One affiliated company was not consolidated due to its lack of economic significance and another due to intended divestment. These changes in the scope of consolidation do not affect comparability with the preceding period.

R. STAHL Aktiengesellschaft holds 50 % equity interest in each of two companies; the annual financial data of these companies have as before been consolidated pro rata.

Three companies over which the Company has a controlling influence have been consolidated at equity.

The following table summarises all companies, in which R. STAHL Aktiengesellschaft or one of its subsidiaries, owns a significant interest.

A company's classification is designated as a subsidiary (T), joint venture (G), associated company (A), or other equity interest and its inclusion in (e) or exclusion from (n.e.) the consolidated group has been noted.

R. STAHL Aktiengesellschaft, Künzelsau

Equity interest statements

Name and legal residence of the company	Group classification	Equity interest %	Shareholders' equity 12/31/2000 DEM 000
Domestic			
Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	B; n.e.	100.0	54 ¹
altro consult GmbH, Essen	T; e	100.0	499
ALIS Informationsmanagement GmbH, Düsseldorf	A; e	25.0	1,706
GGF Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Stuttgart	T; e	100.0	1,491
R. STAHL Fördertechnik GmbH, Künzelsau	T; e	100.0	16,404
R. STAHL Schaltgeräte GmbH, Künzelsau	T; e	100.0	11,644
SAE-STAHl GmbH, Cologne	G; e	50.0	320
SHU Systemhaus-Union GmbH, Limburg	B; n.e.	25.0	346
Supera Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Künzelsau KG, Düsseldorf	B; n.e.	99.0	20
Foreign			
R. STAHL Middle East FZE, Dubai (United Arab Emirates)	T; e	100.0	241
R. STAHL Handel Ges.m.b.H., Steyregg (Austria)	T; n.e.	100.0	63
R. STAHL Gesellschaft m.b.H., Steyregg (Austria)	T; e	100.0	803
Clipsal STAHL Ex Pty Ltd., Sydney (Australia)	A; e	25.0	-494 ²
STAHL N.V., Dendermonde (Belgium)	T; e	100.0	910
STAHL Equipamentos Industriais Ltda., Sao Paulo (Brazil)	T; e	100.0	611
STAHL-Fribos AG, Frick (Switzerland)	T; e	100.0	1,532
R. STAHL Ex-proof (Shanghai) Co. Ltd., Shanghai (PR China)	T; e	100.0	503
Industrias STAHL S.A., Madrid (Spain)	T; e	100.0	1,465
Comete Levage et Service S.A., Tremblay (France)	T; n.e.	99.97	-14
Ets STAHL S.A., Argenteuil (France)	T; e	100.0	2,148
R. STAHL Ltd., Birmingham (UK)	T; e	100.0	4,442
P.T. Mustika STAHL, Jakarta (Indonesia)	T; e	100.0	30
R. STAHL (P) Limited, Chennai (India)	T; e	100.0	-727
R. STAHL S.r.l., Colombano/Genua (Italy)	T; e	100.0	1,889
R. STAHL Kabushiki Kaisha, Kawasaki (Japan)	T; e	100.0	12
Nakamura Electric MFG. Co. Ltd., Saga-Shi (Japan)	B; n.e.	10.0	2,272
R. STAHL Co. Ltd., Seoul (Korea)	T; e	100.0	398
Interstate STAHL SDN BHD, Selangor (Malaysia)	B; n.e.	30.0	127 ³
Electromach B.V., Hengelo (Netherlands)	T; e	100.0	7,165
Rosscor International B.V., Oldenzaal (Netherlands)	A; e	30.0	44
R. STAHL B.V., Haarlem (Netherlands)	T; e	100.0	1,162
STAHL-Syberg A/S, Oslo (Norway)	T; e	55.45	3,236
Ferrometal Lda., Lisbon (Portugal)	T; e	100.0	2,185
R. STAHL Svenska AB, Järfälla (Sweden)	T; e	100.0	1,193
R. STAHL Pte. Ltd., Singapore (Singapore)	T; e	100.0	1,513
Killark-STAHl Inc., St. Louis/Missouri (USA)	G; e	50.0	8,394
R. STAHL Inc., Salem/New Hampshire (USA)	T; e	100.0	5,724

¹ Preliminary figures as of 12/31/2000

² Status as of November 2000 (different fiscal year)

³ Status as of November 2000

(3) Principles of consolidation

For fully consolidated subsidiaries we applied the book value method (GCC sec. 301 para. 1 no. 1) by eliminating the acquisition costs against the pro-rata equity capital of the subsidiaries on the date of their initial consolidation (January 1, 1993) or on the acquisition date for subsequently purchased subsidiaries.

Any resulting debit elimination difference is allocated to land and buildings insofar as the fair value exceeds book value. Remaining debit differences are treated as goodwill and will be booked directly against capital reserves.

Where equity capital exceeds acquisition cost, the resulting credit difference is shown under equity capital.

For interests acquired after commencement of the fiscal year, the initial equity valuation of associated companies was carried out pro-rata temporis following the book value method (GCC sec. 312 para. 1 no.1). Debit balances arising from this were treated as goodwill and amortised in connection with the book values of equity interests.

Consolidation measures with effect on earnings are netted against group profit and capital reserves.

Retroactive acquisition costs for shares in Electromach B.V. of Hengelo (Netherlands) created additional goodwill of DEM 133,000 that was directly netted against reserves in the year under review.

We eliminated intra-group receivables & liabilities, income & expenses, and interim balances. Consolidation measures with effect on earnings resulted in capitalised deferred taxes in the amount of DEM 3,693,000 and are stated separately.

Intra-group trade accounts with associated companies were not eliminated due to their subordinate significance.

(4) Accounting and valuation principles

All of the individual financial statements included in the consolidated accounts have been prepared on the basis of uniform accounting and valuation principles. These principles correspond to those applicable to R. STAHL Aktiengesellschaft. The annual financial statements of non-consolidated associated companies have not been adjusted to the uniform group methods.

Purchased intangible fixed assets are valued at acquisition cost and amortised on a straight-line basis over their expected economic useful lives.

Tangible fixed assets are capitalised at acquisition or manufacturing cost and reduced by normal depreciation. In addition to directly allocable costs, manufacturing costs include overhead capitalised as required by tax regulations.

Depreciation schedules were established based on tables issued by the tax authorities. To the extent allowed by tax regulations, accelerated depreciation has been recorded. For additions in the first half of the year a full year's depreciation is recorded, while for additions in the second half, a half year's depreciation is recorded. As allowed by sec. 7 para. 3 of the German Income Tax Act, the accelerated depreciation method is discontinued in favour of the straight-line depreciation method in the year in which this change leads to higher depreciation expense. Low value assets are fully depreciated in the year of acquisition.

Shares in affiliated companies and participations are valued at the lower of acquisition cost or attributable value.

Raw materials and supplies as well as merchandise are valued at the lower of cost or market.

The valuation of work in progress at manufacturing cost is in accordance with GCC sec. 255 para. 2. Costs which, according to tax regulations, need not be capitalised are not included. Inventory reserves were recorded to account for obsolescence and valuation risks.

Accounts receivable and other assets are valued at nominal value. Specific reserves are provided for known risks, while a general reserve is provided for credit risks.

Marketable current-asset securities are valued at the lower of cost or market at year's end.

Pension provisions are actuarially calculated at present value based on a 6 % discount rate and 1983 mortality tables. Adjustments to the new 1998 actuarial tables will be prorated pursuant to applicable tax regulations. The resulting charge amounts to DEM 1,511,000.

Other accruals are valued at the expected realisation amount.

Liabilities are valued at the repayment amount.

(5) Foreign currency conversion

In the consolidated financial statements, the assets and liabilities of all foreign subsidiaries are translated at the exchange rate effective at the balance sheet date. Average annual exchange rates are used for the profit and loss account. Net profit for the year is valued at the rate applicable on the balance sheet date. Currency differences arising from capital consolidation are shown in equity capital without affecting net profit for the year.

Notes to the consolidated balance sheet

(6) Fixed assets

Fixed asset evolution is stated on page 64/65.

(7) Intangible assets

The amount capitalised represents EDP software and goodwill.

Goodwill shown under assets is amortised on the basis of an economic useful life of 10 to 15 years.

(8) Accounts receivable and other assets

	12/31/2000		12/31/1999	
	Total DEM 000	Due in over one year DEM 000	Total DEM 000	Due in over one year DEM 000
Group				
Trade accounts receivable	93,104	164	91,039	370
Receivables from affiliated companies	681	0	499	0
Receivables from companies in which equity interests are held	70	0	0	0
Other assets	15,818	257	15,273	289

(9) Other securities

Treasury shares

The company owns 164,390 treasury shares representing 2.55 % of total share capital.

As yet, there is no resolution pertaining to the future use of these shares.

Due to the further share price decline since the last balance sheet date, we depreciated the stock in the amount of DEM 739,000 as of December 31, 2000.

(10) Deferred income taxes

Deferred income taxes are recorded exclusively in the consolidated balance sheet and were calculated according to GCC sec. 306.

(11) Subscribed capital

The subscribed capital corresponds to that of R. STAHL Aktiengesellschaft divided into 6,440,000 no-par shares.

(12) Capital reserves

The debit elimination differences resulting from the capital consolidation are set off against the capital reserves.

(13) Revenue reserves

In addition to those of R. STAHL Aktiengesellschaft, consolidated revenue reserves include primarily retained earnings of subsidiaries, insofar as these were generated after the initial consolidation. In 2000, subsidiaries appropriated a total of DEM 835,000 to other revenue reserves and DEM 16,000 to legal reserves. R. STAHL Aktiengesellschaft allocated a 2000 earnings share of DEM 1,600,000 to other revenue reserves.

The reserves for treasury shares were created out of existing other revenue reserves.

(14) Difference arising from capital consolidation

This credit balance difference from capital consolidations must be shown separately and, due to its reserve nature, has been recorded as part of equity capital.

(15) Special item with an equity portion

In accordance with tax regulations (GITA sec. 6b) R. STAHL Aktiengesellschaft dissolved the special item with an equity portion on its building share with effect on earnings, since this item is not scheduled for replacement. The residual amount available for land and building spending was transferred to replacement land without earnings impact.

In addition, the consolidation includes investment reserves arising from foreign subsidiaries.

(16) Employees' participation capital

Participation rights embody a claim to participate in the profit of R. STAHL Aktiengesellschaft according to the conditions of participation. The participation capital also participates in any loss of R. STAHL Aktiengesellschaft at a rate of 5 % of its nominal value per year, limited to a total of 25 % of its nominal value.

The participation capital is available as long as it is not cancelled.

(17) Accruals

Other accruals comprise mainly unpaid personnel related obligations, identifiable risks relating to product sales and warranty obligations.

(18) Liabilities

The residual maturities of the liabilities are as follows:

Liabilities break-down in DEM 000	Residual maturity			Total	
	up to 1 year DEM 000	1 to 5 years DEM 000	over 5 years DEM 000	12/31/ 2000	12/31/ 1999
Type of liability					
1. Liabilities to banks (previous year)	7,144 (8,149)	6,102 (5,611)	4,055 (5,177)	17,301	18,937
2. Trade liabilities (previous year)	23,731 (18,705)	0 (0)	0 (0)	23,731	18,705
3. Liabilities to affiliated companies (previous year)	118 (371)	0 (0)	0 (0)	118	371
4. Liabilities to companies in which equity interests are held (previous year)	4 (82)	0 (0)	0 (0)	4	82
5. Other liabilities (previous year)	7,447 (12,985)	20,442 (4,728)	10,808 (19,292)	38,697	37,005
– thereof taxes (previous year)	4,876 (5,507)			4,876	5,507
– thereof social security (previous year)	6,163 (4,659)			6,163	4,659

(19) Contingent liabilities

	12/31/2000 DEM 000	12/31/1999 DEM 000
Signed & endorsed bills of exchange	0	77
Pledge guarantees	26	26
Carrier liability for group support institutions	14,563	11,671
Deficit from incomplete adjustments to current actuarial tables	1,511	3,043

(20) Other financial liabilities

	12/31/2000 DEM 000	12/31/1999 DEM 000
Annual payment on long-term leases	4,294	5,301

Notes to the consolidated profit & loss account**(21) Sales revenue**

	2000 DEM 000	1999 DEM 000
By division		
Material Handling	215,540	206,039
Explosion Protection	215,727	199,472
Other	14,850	16,736
	446,117	422,247

Intra-group division sales in 2000 came to DEM 1.7m.

	2000 DEM 000	1999 DEM 000
By region		
Central (Europe, Africa, Near & Middle East) thereof domestic	374,913 (181,086)	359,842 (177,902)
Americas	46,462	36,690
Asia	24,742	25,715
	446,117	422,247

(22) Other operating income

	2000 DEM 000	1999 DEM 000
Income from writing back the special item with an equity portion	8,868	50
Income from writing back accruals	2,680	1,195
Other income	5,673	25,856
	17,221	27,101

(23) Cost of materials

	2000 DEM 000	1999 DEM 000
Raw materials and supplies	148,032	140,321
Purchased services	10,189	8,342
	158,221	148,663

(24) Personnel cost

	2000 DEM 000	1999 DEM 000
Wages and salaries	154,535	148,408
Social security, pensions, and support thereof for pension funds	38,422 (8,955)	42,502 (14,169)
	192,957	190,910

Average number of employees

	2000 Number	1999 Number
Wage earners	909	958
Salaried personnel	1,063	998
Apprentices	95	99
	2,067	2,055

Of these, 13 employees work at a company, consolidated at equity.

(25) Other operating expenses

Other operating expenses consist primarily of costs of administration and distribution, rent and lease expenses, foreign currency losses, and valuation adjustments posted to current assets.

(26) Investment income

	2000 DEM 000	1999 DEM 000
Investment income (associated companies)	1,502	137
Income from securities and financial-asset loans	25	28
Depreciation & amortisation on Current financial assets and securities thereof:	-2,578	-2,074
shares in affiliated companies	(-1,839)	(-1,000)
treasury shares	(-739)	(-1,074)
	-1,051	-1,909

(27) Interest income/expense

	2000 DEM 000	1999 DEM 000
Other interest and similar income	1,650	1,876
thereof from affiliates	(148)	(3)
Other interest and similar expense	-3,277	-2,131
thereof to affiliates	(0)	(0)
	-1,627	-255

Break-down of interest income/expense by division:

	2000 DEM 000	1999 DEM 000
Material Handling	-885	-1,043
Explosion Protection	-2,480	-1,022
IT and AG	1,738	1,810
	-1,627	-255

(28) Accrual changes

	2000 DEM 000	1999 DEM 000
Capital reserve withdrawals	-482	0
Revenue reserve withdrawals	0	0
Allocations to legal reserves	16	34
Allocations to other revenue reserves	2,435	1,137
	1,969	1,171

Other disclosures

Management bodies

Supervisory Board members

Hans-Volker Stahl M.B., Ammerland
Chairman

Asset trustee, Private Asset Management

Hermann Eisele PhD, M.E., Vaihingen/Enz
Vice chairman

Syndicus of Robert Bosch Foundation
Supervisory Board member of Stuttgarter Bank AG
Supervisory Board member of REM AG
Supervisory Board member of hsp AG

Ernst Kern, Braunsbach¹
Power appliance electrician

Eberhard Knoblauch M.B., Böblingen
Supervisory Board member of Hewlett Packard GmbH
Corporate Board member of Carl Zeiss Oberkochen
Supervisory Board member of Carl Zeiss Jena

Josef Kurth M.Ec., Ingelfingen
Managing Director of Berner GmbH

Heinz Grund, Braunsbach¹
Agricultural apprenticeship/mechanic

Günter Müller, Rösrath
Managing Partner of Express-Spedition
Ludwig Müller GmbH + Co. KG

Gerold Schmid M.E., Stuttgart
Managing Director of Repro Schmid GmbH

Monika Weidmann, Künzelsau¹
Technical draftswoman

¹ Employee representative

Members of the managing board

Lothar Wettengel M.E., Künzelsau
CEO

Martin Schomaker M.B.A., Murr
CFO

Management and Supervisory Board remuneration

In the year under review remuneration for the Supervisory Board amounted to DEM 275,000 and for the Managing Board to DM 1,199,000. The expense accounting for the Supervisory and Managing Boards shows as of last year both regular remuneration and royalty provisions. This serves to exemplify that the remuneration of board members is to a large extent performance oriented, even though the actual payment is not made until after the annual meeting of the subsequent year.

Compensation for former members of the Managing and Supervisory Boards

Former board members and their surviving dependents received compensations in the amount of DEM 570,000.

Pension provisions for former board members and their surviving dependents were made in full and amount as of December 31, 2000 to DEM 5,771,000.

Shares owned by the Managing and Supervisory Board members of R. STAHL Aktiengesellschaft

As of the balance sheet date 14,760 shares were held by managing board members while, 360,230 shares were held by Supervisory Board members.

Proposal for net profit use

The Managing Board suggests that of retained AG earnings in the year under review totalling DEM 7,581,145.16 dividends of DEM 7,530,732.00 will be distributed and the remainder in the amount of DEM 50,413.16 will be carried forward.

The dividend per share of DEM 1.20 consists of DEM 0.80 in current dividend plus a Jubilee bonus of DEM 0.40 for the occasion of our company's 125th anniversary.

The 2000 dividend of DEM 1.20 per share will be paid at the designated locations upon presentation of coupon no. 4.

Cash flow accounts

The cash flow accounts were for the first time prepared according to the new German accounting standard no. 2 (DRS2). As such, we dispensed with previous year's comparison figures.

	2000
	DEM 000
I. Operating activities	
1. Net income	9,128
2. Depreciation & amortisation on fixed assets	15,413
3. Changes in accruals	5,958
4. Changes in special items with an equity portion	-9,055
5. Profit/loss from fixed asset disposals	-241
6. Changes in inventories, trade receivables, and other non-investment or financing assets	-11,876
7. Changes in inventories, trade payables, and other non-investment or financing liabilities	5,945
8. Operating cash flow	15,272
II. Capex	
9. Proceeds from tangible fixed asset disposals	241
10. Expenses for tangible fixed asset additions	-21,758
11. Proceeds from tangible asset divestments	437
12. Expenses on intangible asset acquisitions	-1,773
13. Expenses on goodwill from retroactive acquisition costs	-133
14. Expenses of financial asset investments	-3,258
15. Proceeds from financial asset disposals	393
16. Capex cash flow	-25,851
III. Financing	
17. Proceeds from minority interest holders	547
18. Shareholder distributions (dividends)	-7,531
19. Minority interest distributions	-42
20. Principal repayments on loans	-1,330
21. Financing cash flow	-8,356
IV. Financing funds	
22. Payment-effective changes in financing funds	-18,935
23. Exchange rate, consolidation, and valuation related changes in financing funds	580
24. Financing funds at the beginning of the period	51,964
25. Financing funds at the end of the period	33,609
Composition of financing funds	
Liquidity	30,287
Treasury shares	3,322
	33,609

► **Division information**

The Explosion Protection Division deals with electrical and electronic apparatus, the Material Handling Division with mechanical engineering and the respective maintenance, while the IT Division and the parent company concentrates on service such als constulting, renting and Holding services.

in DEM millions (Previous year's figures in parentheses)	Informa- tion				Group
	Explosion Protection	Material Handling	Techno- logy + AG	Consoli- dation	
External sales	215.7 (198.1)	215.5 (205.9)	14.9 (18.2)	0.0 (0.0)	446.1 (422.2)
Internal sales	1.3 (1.3)	0.4 (0.1)	15.7 (15.6)	-17.4 (-17.0)	0.0 (0.0)
Division sales	217.0 (199.4)	215.9 (206.0)	30.6 (33.8)	-17.4 (-17.0)	446.1 (422.2)
EBITDA ¹	22.6 (17.7)	17.7 (11.0)	1.8 (1.5)	-11.5 (-1.8)	30.6 (28.4)
Depreciation & amortisation and write-downs	-6.4 (-5.6)	-5.9 (-6.2)	-1.3 (-1.2)	0.0 (0.0)	-13.6 (-13.0)
Assets	131.5 (116.9)	103.2 (100.8)	87.0 (97.3)	-46.7 (-43.9)	275.0 (-271.1)
Capex on long-term assets	18.0 (10.0)	4.0 (5.0)	4.6 (2.3)	0.0 (0.0)	26.6 (17.3)
Liabilities	93.1 (82.4)	73.0 (73.6)	35.5 (45.4)	-25.0 (-25.7)	176.6 (175.7)
Investment income from affiliates	0.0 (0.0)	0.0 (0.0)	10.6 (1.7)	-10.6 (-1.7)	0.0 (0.0)
Investment income from associates	1.3 (0.1)	0.0 (0.0)	0.2 (0.1)	0.0 (0.0)	1.5 (0.2)
Number of employees (w/o apprentices)	973 (978)	850 (848)	149 (130)		1,972 (1,956)

¹ Before group contribution

Regional Information

in DEM millions (Previous year's figures in parentheses)	Central	Americas	Asia	Total
	Sales by region	374.9 (359.8)	46.4 (36.7)	24.7 (25.7)
Total assets	248.8 (252.3)	19.9 (15.5)	6.3 (3.3)	275.0 (271.1)
Capex on long-term assets	25.6 (16.8)	0.3 (0.2)	0.7 (0.3)	26.6 (17.3)

Künzelsau, March 2001
The Managing Board

R. STAHL Aktiengesellschaft, Künzelsau

Development of group assets in 2000

	Acquisition and production costs			
	1/1/2000	Currency differences	Additions	Disposals
	DEM 000	DEM 000	DEM 000	DEM 000
I. Intangible assets				
1. Licences, industrial property rights, and licences to such and similar rights	11,178	-8	1,634	721
2. Goodwill	3,393	0	0	0
3. Advance payments	226	0	147	0
	14,797	-8	1,781	721
II. Tangible assets				
1. Land and similar rights, and buildings including building on third-party land	34,800	-2	3,156	282
2. Technical equipment and machinery	56,083	29	2,065	1,047
3. Other equipment, office and factory equipment	53,115	121	7,054	2,682
4. Advance payments and work in progress	483	0	9,334	0
	144,481	148	21,609	4,011
III. Financial assets				
1. Shares in affiliated companies	2,809	0	134	0
2. Loans to affiliated companies	853	0	986	0
3. Shares in associated companies	480	0	1,412	0
4. Other investments	859	0	0	25
5. Loans to companies in which equity interests are held	2,284	0	456	254
6. Other loans	694	33	233	110
	7,979	33	3,221	389
	167,257	173	26,611	5,121

	Cumulated D&A									
	Re-state-ment	12/31/2000	1/1/2000	Currency differences	Additions	Disposals	Re-state-ment	12/31/2000	Book values 12/31/2000	Book values 12/31/1999
	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000	DEM 000
I. Intangible assets										
1. Licences, industrial property rights, and licences to such and similar rights	860	12,943	6,150	-7	1,170	721	634	7,226	5,717	5,028
2. Goodwill	0	3,393	1,136	0	283	0	0	1,419	1,974	2,257
3. Advance payments	-226	147	0	0	13	0	0	13	134	226
	634	16,483	7,286	-7	1,466	721	634	8,658	7,825	7,511
II. Tangible assets										
1. Land and similar rights, and buildings including building on third-party land	157	37,829	24,051	0	1,105	0	0	25,156	12,673	10,749
2. Technical equipment and machinery	48	57,178	47,397	20	3,506	1,029	46	49,940	7,238	8,687
3. Other equipment, office and factory equipment	-462	57,146	40,723	83	7,497	2,545	-680	45,078	12,068	12,391
4. Advance payments and work in progress	-377	9,440	0	0	0	0	0	0	9,440	483
	-634	161,593	112,171	103	12,108	3,574	-634	120,174	41,419	32,310
III. Financial assets										
1. Shares in affiliated companies	0	2,943	1,350	0	0	0	0	1,350	1,593	1,459
2. Loans to affiliated companies	0	1,839	0	0	1,839	0	0	1,839	0	853
3. Shares in associated companies	0	1,892	0	0	0	0	0	0	1,892	480
4. Other investments	0	834	0	0	0	0	0	0	834	859
5. Loans to companies in which equity interests are held	-565	1,921	0	0	0	0	0	0	1,921	2,284
6. Other loans	565	1,415	0	0	0	0	0	0	1,415	694
	0	10,844	1,350	0	1,839	0	0	3,189	7,655	6,629
	0	188,920	120,807	96	15,413	4,295	0	132,021	56,899	46,450

Auditors' report

We attach the following certificate to the consolidated annual financial statements and management report:

"We examined the consolidated financial statements and management report of R. STAHL Aktiengesellschaft of Künzelsau, Germany, for the financial year from January 1, to December 31, 2000. According to the German Commercial Code, responsibility for the preparation of consolidated financial statements and management reports rests with the legal representatives of the company. Our responsibility consists in rendering a judgement of these consolidated annual financial statements and management report based on our audit.

We performed our audit of these consolidated annual financial statements pursuant to German Commercial Code section 317 observing the principles of due diligence in financial statement auditing as defined by the German Auditors' Institute (Institut der Wirtschaftsprüfer, IDW). According to these principles, an audit has to be planned and executed so as to ensure that inaccuracies and procedural violations materially affecting the true representation of the company's net worth, financial, and earnings situation as stated in the consolidated financial statements and management report are being detected with sufficient certainty by applying proper accounting principles. In determining auditing procedure, knowledge about the group's business activity and the economic and legal environment, as well as expectations concerning possible mistakes are being taken into account. Within the framework of the audit we judge the efficacy of internal controlling and run mainly random checks of documentation for information contained in the consolidated annual financial state-

ments and management report. The audit comprises an evaluation of the annual financial statements of consolidated companies, determining the scope of consolidation, the accounting and consolidation principles applied, the main expectations of the legal representatives, and an overall judgement of the consolidated annual financial statements and management report. We are of the opinion that our audit serves as a sufficiently secure basis for our judgement.

Our audit yielded no objections.

We are of the opinion that according to generally accepted accounting principles, the consolidated financial statements give a true and fair view of the net worth, financial position, and earnings of the consolidated group. The consolidated management report overall represents a fair picture of the group's situation and accurately reflects risks to future development."

Stuttgart, March 14, 2001

Ernst & Young
Deutsche Allgemeine Treuhand AG
Auditors

Dengler
Auditor/CPA

Ruland
Auditor/CPA

Group balance sheet of R. STAHL Aktiengesellschaft as of December 31, 2000

Assets	2000 DEM 000	1999 DEM 000
A. Fixed assets		
I. Intangible assets		
1. Licenses and industrial property rights	65	28
2. Goodwill	475	554
	540	582
II. Tangible assets		
1. Land, land rights and buildings including buildings on land owned by third parties	3,576	751
2. Technical equipment and machinery	40	57
3. Other equipment, factory and office equipment	172	201
4. Advance payments and construction in progress	0	157
	3,788	1,166
III. Financial assets		
1. Shares in affiliated companies	68,189	65,159
2. Loans to affiliated companies	0	853
3. Participations in associated companies	1,624	1,209
4. Loans to companies in which participations are held	3,051	3,103
	72,864	70,324
	77,192	72,072
B. Current assets		
I. Inventories		
Merchandise	0	0
II. Accounts receivable and other assets		
1. Trade accounts receivable	2	0
2. Receivables from affiliated companies	27,857	24,868
3. Receivables from companies in which equity interests are held	21	20
4. Other assets	9,226	8,458
	37,106	33,346
III. Securities		
1. Treasury shares	3,215	3,955
2. Other securities	1	1
	3,216	3,956
VI. Cheques, cash on hand, and on deposit with the Bundesbank (central bank), in postal checking accounts, and at other financial institutions	12,628	28,953
	52,950	66,255
C. Prepaid expenses		
	0	0
	130,142	138,327

Equity & Liabilities	2000 DEM 000	1999 DEM 000
A. Equity		
I. Subscribed capital	32,200	32,200
II. Capital reserves	46,124	46,124
III. Revenue reserves		
1. Treasury shares provision	3,215	3,955
2. Other revenue reserves	11,085	8,746
VI. Retained earnings	7,581	7,820
	100,205	98,845
B. Special item with an equity portion		
	0	8,826
C. Employees' participation capital		
	546	752
D. Accruals		
1. Pension provisions	18,159	16,397
2. Tax provisions	2,108	3,513
3. Other accruals	2,677	4,548
	22,944	24,458
E. Liabilities		
1. Trade accounts payable	550	458
2. Accounts payable to affiliated companies	5	6
3. Accounts payable to companies in which equity interests are held	20	20
4. Other liabilities	5,872	4,962
	6,447	5,446
	130,142	138,327

Profit & loss account of R. STAHL Aktiengesellschaft for the period from January 1, 2000 to December 31, 2000

	2000 DEM 000	1999 DEM 000
1. Sales revenue	12,145	12,403
2. Other operating income	16,722	25,487
3. Cost of materials	-18	-30
4. Personnel cost	-14,199	-10,061
5. Depreciation & amortisation on intangible assets	-462	-426
6. Other operating expenses	-12,439	-18,831
7. Investment income	8,421	-334
8. Interest income/expense	2,039	2,067
9. Earnings from ordinary business activity	12,209	10,275
10. Taxes on income	-3,268	-2,586
11. Other taxes	-49	-36
12. Net income for the year	8,892	7,653
13. Profit carried forward	289	167
14. Allocation to other revenue reserves	-1,600	0
15. Retained earnings	7,581	7,820

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R. STAHL Aktiengesellschaft

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