

**Our Jubilee Year in Numbers**  
**Interim report**  
**as of June 30, 2001**



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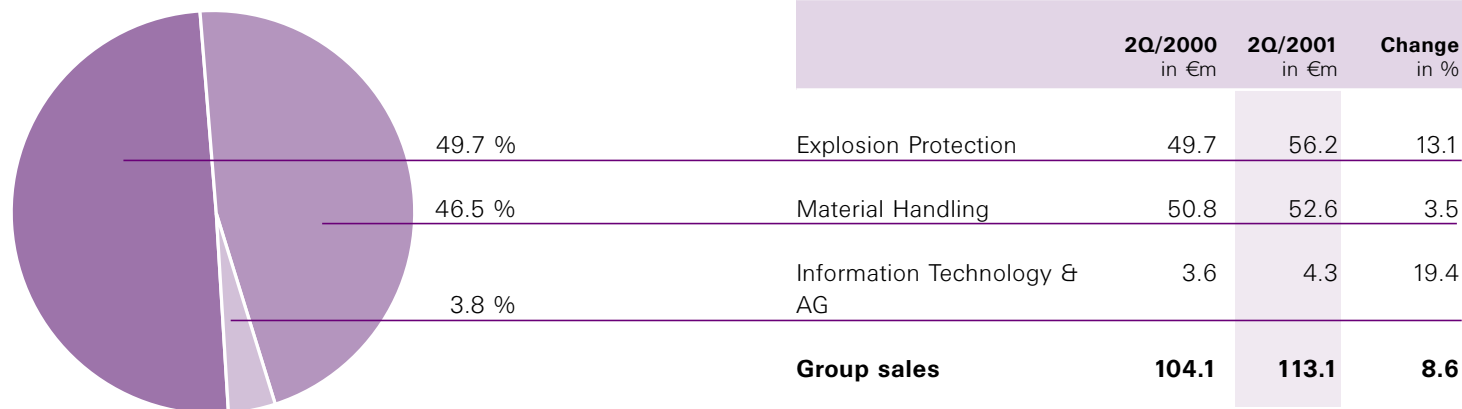
## Order income increases

### Explosion Protection and Information Technology on the rise; stable first half in Material Handling

Order income in Explosion Protection and Information Technology (altro consult GmbH) continued its uptrend. At € 3.9m, our IT division booked 18.2 % more orders than in the same period last year (€ 3.3m). Explosion Protection registered an 11.1 % order increase to € 62.9m (previous year: € 56.6m) in the first half of 2001. Capital spending in the crude oil and natural gas industries remains on the rise and our chemical-industry customers are also still quite active in this respect. Both domestic and foreign business contributed equally to our success.

In the first half, Material Handling order income grew 5.1 % to € 56.0m (previous year: € 53.3m) with domestic business outperforming exports.

R. STAHL Technology Group booked an order income plus of 8.5 % or € 122.8m (previous year: € 113.2m).



Previous year's figures are adjusted for changes in the scope of consolidation. This interim report has been prepared according to German Commercial Law principles.

### External order income by division

	2Q/2000 in €m	2Q/2001 in €m	Change in %
Explosion Protection	56.6	62.9	11.1
Material Handling	53.3	56.0	5.1
Information Technology & AG	3.3	3.9	18.2
<b>Group order income</b>	<b>113.2</b>	<b>122.8</b>	<b>8.5</b>

### External sales by division

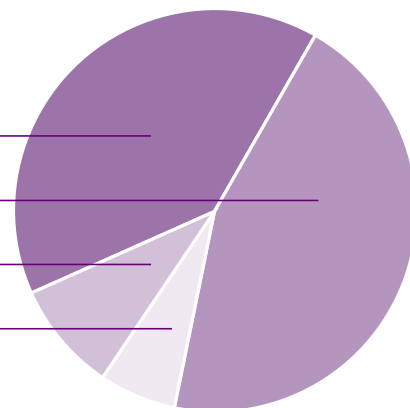
	2Q/2000 in €m	2Q/2001 in €m	Change in %
Explosion Protection	49.7	56.2	13.1
Material Handling	50.8	52.6	3.5
Information Technology & AG	3.6	4.3	19.4
<b>Group sales</b>	<b>104.1</b>	<b>113.1</b>	<b>8.6</b>

Within the framework of introducing SAP/R3, we centrally reorganised sales and order income data consolidation. We restated last year's figures so that they are comparable in terms of accounting method.

Group sales increased 8.6 % to € 113.1m (previous year: € 104.1m). In the Americas, sales contracted 3.6 % primarily in Canada and Brazil. Despite U.S. economic troubles, our sales there grew 2 %. Asia/Pacific business skyrocketed 42.8 %, and our Central region (EAME) excluding Germany grew 7.9 %. Domestic sales climbed 8.7 %. Our export ratio now reaches 60.3 %.

### External sales by region

	2Q/2000 in €m	2Q/2001 in €m	Change in %	
<b>Germany</b>	<b>41.3</b>	<b>44.9</b>	<b>8.7</b>	39.7 %
Central ex Germany	46.8	50.5	7.9	44.6 %
Americas	11.1	10.7	-3.6	9.5 %
Asia/Pacific	4.9	7.0	42.8	6.2 %
<b>Foreign</b>	<b>62.8</b>	<b>68.2</b>	<b>8.6</b>	



In the second quarter, output of our new Waldenburg factory suffered from the relocation and start-up with new organisation and logistics. The new factory's state-of-the-art processes will allow us to realise substantial cost savings over the next few years once its initial start-up problems have been overcome.

In the first four months of 2001, total operating performance fell 5 % short of last year's average reaching its low at -15 % in April. Since May, Waldenburg's total performance has been 18 % above last year's average. This success and further already implemented measures will allow us to reduce currently high order volume and meet our sales targets.

### Staff (average)

(incl. trainees)

	2Q/2000 in €m	2Q/2001 in €m	Change in %
Domestic	1,528	1,542	3.8
Foreign	446	486	9.0
<b>Group</b>	<b>1,974</b>	<b>2,028</b>	<b>4.9</b>

We switched our report presentation from cut-off dates to personnel capacity averages as this shows cost effects more clearly.

### Earnings

	2Q/2000 in €	2Q/2001 in €
DVFA/SG earnings per share	0.24	-0.31

### Consolidated profit & loss account

for the period from Jan. 01, – Jun. 30, 2001

	2000 € 000	2001 € 000
1. Sales revenue	104,127.0	113,084.2
<b>2. Total operating performance</b>	<b>109,916.7</b>	<b>115,479.3</b>
3. Operating income/expense	-107,188.6	-116,932.2
4. Investment and financial income/expense	-506.9	-610.1
<b>5. Earnings from ordinary business</b>	<b>2,221.2</b>	<b>-2,063.0</b>
6. Extraordinary income/expense	-105.6	0.0
7. Other taxes	-38.3	-23.6
<b>8. Earnings before taxes on income</b>	<b>2,077.3</b>	<b>-2,086.6</b>

### Relocation burdens 2Q earnings

As we already announced in our 1Q 2001 report, relocating Explosion Protection to the new Waldenburg factory put a definite strain on 2Q earnings. Besides the expected start-up losses, this incurred considerable sales shortfalls which resulted in 2Q contribution losses. However, positive contributions from Material Handling and altro consult limited the impact on 2Q pre-tax earnings to -€ 1.3m. Total pre-tax earnings for the first half resulted to -€ 2.1m (previous year: +€ 2.1m).

At the new Waldenburg factory, Explosion Protection combines staff and production from two prior locations in a state-of-the-art facility allowing a stimulation of production flow. 75 % of the division's value-added as well as the entire sales, development, marketing, and administration staff relocated in the first half of 2001. The magnitude of relocation itself

caused start-up losses besides two future changes that incorporate considerable opportunities but include an initial earnings impact:

– **Work-place realisation of the centre-of-competence structure**

Value added was divided in eight product-oriented centres of competence. Each centre comprises production, production control, industrial engineering, order handling, and technical customer support.

The centre of competence directly handles all customer transactions. This creates manageable entrepreneurial units that are close to market and flexible.

This centre-of-competence structure also creates considerable potential for efficiency gains in our customer-order business.

The new Waldenburg location finally realises this centre-of-competence structure also regarding work-place layout. Production and administration work door to door, only separated by soundproof glass walls.

– **Establishing a logistics centre and new material flow**

The new factory also allowed us to totally reorganise our material flow with centralised sourcing from our highrise and automated small-parts storage.

This not only allows cost savings but also facilitates efficient coordination of logistics system and centre-of-competence structure.

These two fundamental changes in Explosion Protection's structure and processes created major start-up losses and therefore significantly higher personnel costs. Only thanks to our employees' dedicated efforts we were able to manage all challenges as they arose. Also, sales backlog increased related to order income and has to be reduced over the remainder of 2001.

Material Handling considerably outperformed its previous year's pre-tax earnings in the first half of 2001. The reduction of suppliers and quality value projects continue to improve the division's productivity.

After its fundamental restructuring and repositioning in 2000, our IT service company, altro consult, still faces slow demand in human resources consulting, while consulting for business process design, SAP-based logistics systems, and B2B solutions, as well as the outsourcing computer centre show very high utilisation thanks to our customers' rationalisation projects. Overall, earnings are considerably ahead of last year.

## Consolidated cash flow statement as of June 30, 2001

	2000 € 000	2001 € 000
1. Earnings after actual taxes paid	1,924.8	-1,478.1
2. Appreciation and depreciation on fixed assets, changes in long-term accruals, changes in the special item with an equity portion, and other non-payment income/expense	2,074.6	3,888.0
<b>3. Period cash flow</b>	<b>3,999.5</b>	<b>2,409.9</b>
4. Changes in short-term accruals and working capital	-7,057.8	3,788.0
<b>5. Operating cash flow</b>	<b>-3,058.3</b>	<b>6,197.9</b>
<b>6. Capex cash flow</b>	<b>-4,578.6</b>	<b>-7,789.3</b>
<b>7. Free cash flow after taxes and interest</b>	<b>-7,637.0</b>	<b>-1,591.4</b>
8. Shareholder distributions (dividend)	-3,758.0	-3,850.4
9. Loan changes	-83.2	-419.8
<b>10. Payments to/from creditors</b>	<b>-3,841.2</b>	<b>-4,270.2</b>
<b>11. Liquidity at period end</b>	<b>13,485.0</b>	<b>11,733.7</b>

## Consolidated cash flow statement

Due to still negative half-year earnings, cumulated cash flow at € 2.4m is still € 1.6m below last year's earnings. The group used outside financing for growth-related increases in inventories and receivables. This created current operating cash flow in the amount of € 6.2m.

Capital spending on technical equipment and the logistics centre at the new Waldenburg factory was mostly financed from liquidity and cash flow. As of the end of the first half of 2001, we have made capital expenditure of € 7.8m.

At the end of the first half, group liquidity amounted to € 11.7m and is therefore, corresponding to the difference in cumulated cash flow of € 13.5m slightly below last year's figure.

### Outlook

Material Handling developed as expected in the first half of 2001. In 2Q a weakness in export hoist sales emerged. We forecast the second-half outlook for this division somewhat cautiously and envision that a slow moving economy will impact us here.

IT's capacities are mostly well utilised and we expect this stable situation to continue in the second half.

Explosion Protection is in a favourable situation. Order income remains good. In July, the second half began with the highest monthly order income in our corporate history. Based on this auspicious starting position – high orders on hand, high order income – we can catch up considerably with previous sales and earnings shortfalls.

Künzelsau, August 2001

The Management