

R. STAHL AG
Investor Relations
Am Bahnhof 30
D-74638 Waldenburg

Judith Schäuble
Telephone +49 79 42/9 43-1217
Telefax +49 79 42/9 43-1364
e-mail investornews@stahl.de
www.stahl.de



Innovation drive:
The new explosion-
proof pendulum lamp.

**Interim report to our share-
holders as of Sept. 30, 2003**

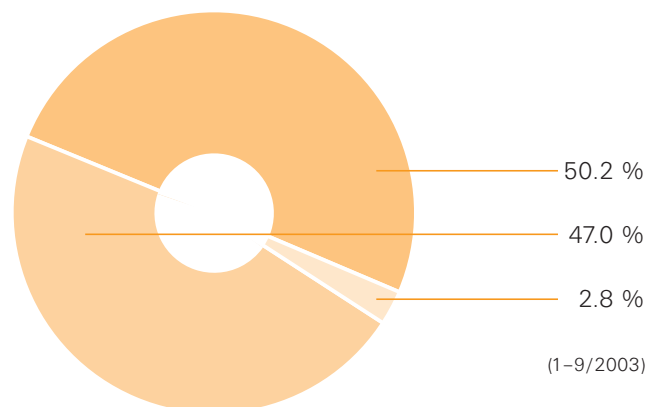


Order intake is stabilising at a low level

After two years of recession, 3Q 2003 is showing tentative signs of economic stabilisation. Order inquiries picked up in the period under review. Although R. STAHL's consolidated order total at € 175.9m was just below last year's (€ 177.7m) it now shows first signs of recovery. Order intake stabilised from 2Q onward in Explosion Protection. Relative to last year's € 88.3m, division order intake accelerated 2.2 % in the first nine months of 2003 to € 90.2m. Material Handling saw demand for its key hoist products reviving from August onward. However, at € 80.7m the division's order intake could not quite match last year's level (€ 84.2m).

As reported earlier, R. STAHL acquired the voting majority in SAE-STAHl, a manufacturer of control and monitoring terminals, last July*. This subsidiary is developing nicely. When one of its US clients - a leading provider of process control technology - gave SAE-STAHl a development order, the company evolved it into a new range of explosion-proof, portable terminals. The US partner is handling the marketing end and the product finds excellent acceptance.

* Resulting changes in the scope of consolidation only negligibly impact the comparability of this interim report with last year's.

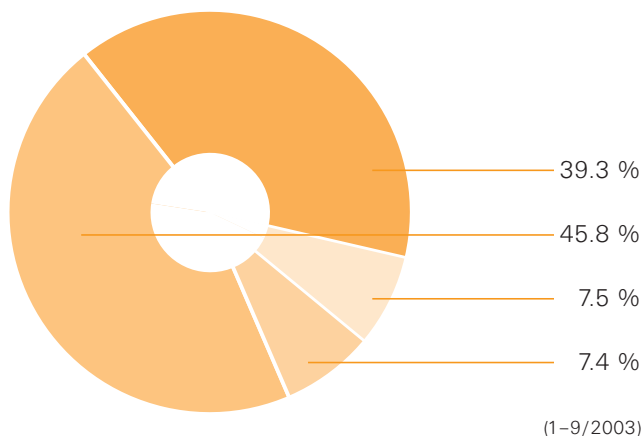


External order intake by division

	1-9/ 2002 in €m	1-9/ 2003 in €m
Explosion Protection	88.3	90.2
Material Handling	84.2	80.7
Others	5.2	5.0
Group order intake	177.7	175.9

External sales by division

	Q3/ 2002 in €m	Q3/ 2003 in €m	1-9/ 2002 in €m	1-9/ 2003 in €m
Explosion Protection	30.4	30.2	88.7	81.8
Material Handling	27.5	27.1	78.7	76.7
Others	1.9	1.6	5.9	4.5
Group sales	59.8	58.9	173.3	163.0



External sales by region

	Q3/ 2002 in €m	Q3/ 2003 in €m	1-9/ 2002 in €m	1-9/ 2003 in €m
Germany	23.7	23.1	66.9	64.0
Central ex Germany	27.5	27.2	79.6	74.7
Americas	4.6	4.2	15.0	12.3
Asia/Pacific	4.0	4.4	11.8	12.0
Foreign	36.1	35.8	106.4	99.0

Thanks to the tentative market stabilisation, consolidated orders on hand are slightly up from the end of last fiscal year. At € 13.8m, R. STAHL Fördertechnik GmbH barely exceeded its opening level for the year (€ 12.8m). R. STAHL Schaltgeräte GmbH appreciably raised its orders on hand since the beginning of this calendar year. Despite the lower starting base for 2003 (€ 5.9m), the division's order level is already back to normal at € 9.7m.

Sales up again for 3Q

In the first 9 months of this fiscal year, consolidated R. STAHL sales came to € 163.0m (PY: € 173.3m).

Sales were weak in the first half of the year reaching the bottom of this two-year downturn. In 3Q, consolidated sales picked up and re-attained their 2002 level.

Explosion Protection had sales of € 81.8m (PY: € 88.7m). Material Handling contributed € 76.7m (PY: € 78.7m) to consolidated sales.

In Germany and our Central region, sales declined 5.3 %. In the Americas, sales plunged 18.0 % y-o-y while Asian business grew 2 %.

Consolidated profit & loss account

1. Sales revenue	2. Inventory changes in finished and half-finished goods	3. Other own work capitalised	4. Total operating performance	5. Other operating income	6. Cost of materials	7. Personnel expense	8. Depreciation on intangible and tangible fixed assets	9. Other operating expenses	10. Investment income	11. Interest income/expense	12. Earnings from ordinary business activity	13. Extraordinary income	14. Other taxes	15. Earnings before taxes on income	16. Taxes on income	17. Period earnings	18. Minority interests in period earnings	19. Group share in period earnings
------------------	--	-------------------------------	---------------------------------------	---------------------------	----------------------	----------------------	---	-----------------------------	-----------------------	-----------------------------	---	--------------------------	-----------------	--	---------------------	----------------------------	---	---

DVFA/SG earnings per share (in €)
Number of shares (weighted average in thousands)

Q3/2002	Q3/2003	1-9/2002	1-9/2003
€000	€000	€000	€000

59,775	58,897	173,296	163,006
-885	106	1,335	1,961
354	154	480	132
59,244	59,157	175,111	165,099
904	845	2,920	3,261
-20,215	-20,805	-61,026	-57,369
-26,083	-24,191	-79,038	-73,238
-1,965	-2,242	-5,923	-6,413
-10,804	-10,676	-31,961	-30,070
-169	2	-255	2
-352	-310	-988	-913
560	1,780	-1,160	359
0	0	0	0
-46	-94	-157	-192
514	1,686	-1,317	167
34	-590	-181	-678
548	1,096	-1,498	-511
-17	-46	-136	-200
531	1,050	-1,634	-711

0.06	0.11	-0.40	-0.29
6,271	6,094	6,271	6,094

Positive operating earnings

Earlier than expected, we re-attained operating profitability at the end of 3Q. Consolidated 3Q earnings came to € 1.7m (PY: € 0.5m). This represents consolidated 9M pre-tax earnings of € 0.2m (PY: € -1.3m). EBIT came to € 1.1m (PY: € -0.3m).

Thanks to our restructuring programme that has been going on since 2002, we successfully more than countered the negative economic trend. Compared to the same time last year, we had to digest € 3.7m in price reductions. Eroding sales caused € 2.6m EBIT shortfalls while € 7.8m cost savings thanks to our 9-point restructuring programme provided sorely needed relief.

EBITDA before group contribution

	Q3/ 2002	Q3/ 2003	1-9/ 2002	1-9/ 2003
	€000	€000	€000	€000
Explosion Protection	2,398	3,842	5,278	8,975
Material Handling	2,096	1,540	5,116	2,615
Others	-1,663	-1,144	-4,800	-4,097
Group sales	2,831	4,238	5,594	7,493

Staff as of September 30

incl. trainees	2002	2003
Explosion Protection	886	877
Material Handling	771	724
Others	238	236
Group sales	1,895	1,837

Our 9-point restructuring programme is complete

The 9-point programme - Agenda 2002/2003

1. Streamline management structures, raise efficiency and competence
2. Heavily market new products
3. Cut back cost of materials
4. Raise productivity and strictly manage cost
5. Raise business process efficiency
6. Reduce complexity
7. Raise efficiency and deadline fidelity
8. Optimise foreign overhead
9. Increase growth from innovation

Our restructuring programme that started in December 2001 has been completed in almost all points by 3Q 2003. The 2-year, 9-point programme was thus right on schedule. Below follow the principal projects and their accomplishments:

Streamline management structures, raise efficiency and competence

We began with streamlining our management structure and then closed the competence gaps. For instance, we merged such central functions like controlling/finances and human resources. We reassigned the COO positions for the divisions as well as the leadership for some production segments. To focus our sales and marketing strategy we rebuilt our product management. Based on a potential analysis for senior and junior management we determined specific advance training needs. We now regularly hold seminars and lectures to keep our management permanently and pervasively at the leading edge. Moreover, we formulated a concept of value-oriented corporate governance that is being implemented right now.

Offset demand slump with distribution/ heavily market new products

Our most urgent restructuring measures already managed to offset the economic demand slump in their first year. Material Handling succeeded in cultivating a related market segment by building up its international project business in 2002. Explosion Protection only got back on its feet this fiscal year. However, relative to the competition both divisions fared well: While Material Handling's rivals suffered order erosion of up to 20 % over our restructuring period, our decline was only moderate at some 10 %. Explosion Protection successfully cushioned the drastic demand slump that severely impacted the competition with stepped-up distribution. Under the bottom line, both divisions gained market share.

Cut back cost of materials

A central part of our stop-gap-measures was cutting back our cost of materials. Targeted price negotiations and joint efforts with our suppliers yielded the desired price relief. Material Handling's introduction of Kanban systems and both divisions' implementation of external c-part management realised further savings potential. Some material costs had to be lowered by switching suppliers.

Raise productivity and strictly manage costs

After some inevitable lay-offs in 2002, this year's emphasis in both divisions besides building leadership talent was on determining and developing employee qualification for more flexible deployment. Material Handling compiles qualification profiles for each trade employee in its competency database. This reveals past, present and future qualification structures as well as pinpoints training needs. This creates a basis for flexible employee deployment with resulting higher motivation. Explosion Protection maintains its "qualification matrix" for this purpose. The system compiles employee qualification profiles for efficient deployment and targeted advance training.

Another new organisational tool is our so-called turntable that facilitates co-ordinated employee relocation to smooth out fluctuation and early-retirement gaps within the framework of our rationalisation.

Raise business process efficiency

Process chain analysis (PCA) allowed us to optimise our more complex processes. Over the course of our restructuring, we performed 13 PCAs in toto. This cut down our personnel need and throughput times for optimised processes. For instance, we shortened our order fulfilment time by eliminating redundant steps.

Explosion Protection put its production engineering, manufacturing control, disposition, and purchasing under scrutiny. Material Handling, for instance, revamped its offer preparation process and complaint processing. Last fiscal year, the core concern was adjusting our IT systems to the new processes.

Reduce complexity

One of our pre-restructuring weaknesses was excessive product complexity. Explosion Protection thus cleared out c-parts from its range. Now, Kanban systems supply 35 % of its c-parts. Several established product lines merged in the streamlining process. So far, we cut down the number of parts and components by 10 %. Material handling developed a modular hoist component system. This allows us to assemble quickly and efficiently the most common hoist types. Many old crane lines have meanwhile been replaced with new ones. A constant change management will prevent complexity proliferation group-wide in the future.

Raise efficiency and deadline fidelity

Both divisions took a hard look at their material and data flows with a view to optimisation resulting in revamped structural and detail layouts. They introduced Kanban systems for better data flow control. Some peripheral activities have been outsourced for better efficiency. This, for instance, affects shipping, parts of Material Handling's control system manufacture and some of Explosion Protection's electronics component production. Using one external service provider for both divisions' shipping needs raised additional synergy.

Continuous improvement process (CIP) means that our employees themselves initiate change. For lasting restructuring success employee participation is crucial since they, too, have to stand behind the measures. To best equip them for the task, we first provided them with the proper background through various CIP workshops.

Material Handling's introduction of a supermarket system with buffer and inventory management is contributing as much to shortening delivery times as the above-mentioned hoist standardisation. This year, we cut the delivery time for a standard rope hoist from 2 weeks to 5 days and for a standard chain hoist from 5 to 2 days.

Material Handling switched its parts manufacture from a traditional shop layout to a production island set-up. Related parts are now being made in close proximity, which reduces both throughput times and raw material expense.

Explosion Protection introduced at its Waldenburg location an overarching methods-of-time-measurement (MTM) system to optimise work stations both ergonomically and economically. Now that 90 % of all workstations have been thus analysed and optimised, this process is complete. The remaining workstations will be optimised through CIP processes. This considerably improved productivity.

Reduce foreign overhead/ optimise foreign structures

Part of our restructuring involved rethinking the efficiency of our international distribution structure. Through many measures we successfully trimmed off excessive foreign structures. Right from the start, we closed or phased down ailing subsidiaries particularly in Asia. We took a critical look at our US company and realised further cost cutting potential. Material Handling's Brazil activities are no longer run by an R. STAHL subsidiary but rather via a trade representative the way Explosion Protection conducts business abroad.

Increase growth from innovation

Agenda 2003's innovation drive played a prominent role this year. Our goal is to significantly raise new products' share of sales and earnings.

Explosion Protection first ran its development procedure through a PCA, then prepared a development manual, and finally revamped its processes accordingly. As a result we launched many new products this year. Explosion Protection introduced a new terminal series, the Cubex housing line for control devices, and the Mini Clix snap connector system. Material Handling raised its rope hoist capacity from 50-90 tons, expanded its low-temperature (-36 °C) product range, and launched a new chain hoist. R. STAHL will continue to grow through innovation by investing into the development and marketing of new products.

Restructuring is largely complete

Nearing completion after 21 months puts our restructuring programme right on schedule. We accomplished many a change. Strict cost management and consistent process improvement offset cyclical sales declines at the earnings level. We managed to balance price cuts in highly competitive markets. R. STAHL's order and earnings situation stabilised despite persistent economic woes. We were writing black operating numbers again already at the end of 3Q 2003.

Cash flow/capex

As part of our restructuring, we greatly cut back drawing on capital and accelerated loan repayments in 2002. This laid the foundation for investing into our future with this year's measures.

The following measures were crucial: We capitalised machinery capex for reorganising Material Handling's parts manufacture in 1Q. Following the concept of centre-of-competence organisation, Material Handling clustered production-related personnel around value-added processes. This required construction work. Wages for our employment and qualification company staffers were paid out of accruals and thus impact cash flow but not earnings. Acquiring the majority in SAE-STAHl and financing the order by its US partner primarily impact fiscal 2003. Considerable innovation capex went into new tools and equipment.

On balance, cash flow after capex came to € -5.8m (PY: € +8.4m). New borrowing amounted to € 6.3m after 9M net debt reduction of € 6.6m the year before. Liabilities to banks reached € 17.4m (PY: € 12.0m). As such, our consolidated new bank borrowing only comes to 13 % of total assets. Thanks to available credit lines at several commercial banks, we still have leeway for financing our growth.

Consolidated cash flow account

	1-9/2002	1-9/2003
	€000	€000
1. Period earnings	-1,498	-511
2. Depreciation & amortisation on fixed assets	5,923	6,413
3. Changes in accruals and in special items	1,521	-1,039
4. Profit/loss from fixed asset disposals	-38	-10
5. Changes in inventories, trade receivables, and other assets	6,680	-4,250
6. Changes in inventories, trade payables and other liabilities	-147	-482
7. Operating cash flow	12,441	121
8. Expenses for tangible fixed asset additions	-4,453	-5,944
9. Proceeds from tangible asset divestments	430	0
10. Capex cash flow	-4,023	-5,944
11. Free cash flow	8,418	-5,823
12. Shareholders' distributions (dividends)	0	0
13. Minority interest distributions	-182	-528
14. Loans received	0	6,259
15. Principal repayments on loans	-6,557	0
16. Changes in long-term liabilities	-469	-1,024
17. Financing cash flow	-7,208	4,707
18. Payment-effective changes in financing funds	1,210	-1,116
19. Exchange rates, consolidation, and valuation related changes in financing funds	-404	-340
20. Financing funds at the beginning of the period	11,176	11,187
21. Financing fund at the end of the period	11,982	9,731

Outlook

Order intake stabilised at a low level last summer. However, although the general economy showed first signs of recovery in fall, we do not deem it stable and the situation may remain quite volatile. We consider it a partial success that our restructuring offset severe cyclical burdens at the end of 3Q 2003 to the point of pushing us over the profit threshold. We still take a cautious view of 4Q 2003, but think that our guidance of black operating figures at year's closing remains realistic.

Increasing cyclical demand volatility also in our sales markets and a cautious economic outlook for 2004 mean that we will replace our completed 9-point catalogue with a new programme at R. STAHL Technologies to further enhance our earning power. The key elements will be the strategic focus of Material Handling and Explosion Protection, targeted marketing of new products, and renewed entry into overseas markets. Our cost structures still hold potential for savings as do our value-added and business processes for efficiency gains. A well structured staff and management policy becomes ever more important to safeguard restructuring and change management success for future productivity gains.

Waldenburg, November 2003

The management

Consolidated balance sheet

	12/31/ 2002	09/30/ 2003
Assets	€000	€000
A. Assets		
Intangible assets	3,735	3,739
Tangible assets	27,934	27,177
Financial assets	2,604	2,273
	34,273	34,189
B. Current assets		
Inventories	32,897	35,864
Receivables and other assets	46,677	47,695
Liquidity and securities	11,187	9,731
	90,761	93,290
C. Deferred items	464	605
D. Deferred taxes	5,564	5,688
	131,062	132,772

	12/31/ 2002	09/30/ 2003
Equity & Liabilities	€000	€000
A. Equity	35,378	33,850
B. Special item with reserve character	346	0
C. Accruals		
Accruals for pensions and similar obligations	34,209	35,252
Tax accruals	1,070	643
Other accruals	16,600	14,815
	51,879	50,710
D. Liabilities		
Liabilities to banks	11,121	17,380
Trade liabilities	10,802	10,419
Other liabilities	21,461	19,920
	43,384	47,719
E. Deferred items	75	493
	131,062	132,722

Consolidated equity evolution

in €000	Sub- scribed capital	Capital reserve	Earned consoli- dated equity
12/31/2001	16,500	8,234	11,288
Distribution			
Other changes ¹			414
Currency translation			
Period earnings			-1,634
09/30/2002	16,500	8,234	10,068
12/31/2002	16,500	8,219	8,275
Distribution			
Other changes ¹			184
Currency translation			
Period earnings			-711
09/30/2003	16,500	8,219	7,748

R. STAHL AG prepares its consolidated statements of account according to German Commercial Code and German Joint Stock Corporation Act rules and prepares its interim reports in accordance with German Accounting Standard No. 6 (DRS 6) of 13 February 2001 and the Statutes of the Frankfurt Stock Exchange (BörsO).

R. STAHL AG applies the same accounting and valuation principles to the preparation of its interim reports as to its annual financial statements. The notes to our annual financial statements of 31 December 2002 list the principles applied in detail.

Equity according					
Other consoli- dated equity	to con- solidated balance sheet	Treasury shares	Total	Minority interests	Consoli- dated equity
2,398	38,420	-3,085	35,335	919	36,254
	0		0	-182	-182
	414		414		414
-903	-903		-903	85	-818
	-1,634		-1,634	136	-1,498
1,495	36,297	-3,085	33,212	958	34,170
1,339	34,333	-3,637	30,696	1,045	31,741
	0		0	-528	-528
	184	-144	40		40
-565	-565		-565	-108	-673
	-711		-711	200	-511
774	33,241	-3,781	29,460	609	30,069

¹ Other changes comprise treasury share acquisition, changes in the scope of consolidation, and other valuation-related changes in equity positions.