



Key figures	Thousands of euros	1 <sup>st</sup> Quarter 2008	1 <sup>st</sup> Quarter 2007	Change
	Sales		79,529	73,949
Sales abroad as a percentage of sales		85%	85%	+/- 0%-pts.
Cost of sales		31,533	30,150	+5%
as a percentage of sales		39.6%	40.8%	
Gross profit		47,996	43,799	+10%
as a percentage of sales		60.4%	59.2%	
Sales and service expenses		22,598	19,401	+16%
as a percentage of sales		28.4%	26.2%	
Research and development expenses		2,973	2,715	+10%
as a percentage of sales		3.7%	3.7%	
General administration expenses		3,898	3,870	+1%
as a percentage of sales		4.9%	5.2%	
EBIT – earnings before interest and taxes		18,733	17,539	+7%
as a percentage of sales		23.6%	23.7%	
EBT – earnings before taxes		19,029	17,714	+7%
as a percentage of sales		23.9%	24.0%	
Group earnings		13,925	11,329	+23%
as a percentage of sales		17.5%	15.3%	
per share in euros		1.22	1.00	
Cash flow from operating activities		10,860	4,196	+159%
per share in euros		0.96	0.37	
Balance sheet total		193,158	152,549	+27%
Equity		137,555	117,478	+17%
as a percentage of the balance sheet total		71.2%	77.0%	
Working capital (without liquid funds)		66,088	63,433	+4%
as a percentage of sales		83.1%	85.8%	
Employees (as an annual average)		1,039	927	+12%
Sales per employee		76.5	79.8	-4%

Dear Shareholders,  
Dear Business Partners,

Many thanks for your interest in RATIONAL AG.

This report provides information on RATIONAL AG's business situation in the first quarter of 2008, along with the prospects for the further development of the company during fiscal year 2008.

## **Economic report**

### **Crisis in the financial markets weakens economy in 2008**

The world's financial markets have slipped into deep crisis on the back of the subprime mortgage collapse in the United States. The US is close to recession, if not already in one. Additionally, growth in Europe is likely to drop below 2 percent in 2008. The emerging markets too will not be able to shield themselves entirely from these negative effects, but will nevertheless post growth of over 6 percent in 2008. The global economy overall is still forecasted to grow by around 3 percent.

The US dollar and the pound sterling have fallen drastically in value against the euro in recent months. Although the US dollar is already regarded as undervalued, it is expected to weaken more in the coming months.

### **Sales growth of 8 percent is on target - Special effect of Easter in March**

It is relevant to consider that the seasonal plan allocation for the first quarter of 2008 is affected by the earlier Easter week in March. In comparison to last year, March had not only 3 fewer business days, but also the usual Easter holiday period fell into this month.

With sales growth of 8 percent in the first quarter to 79.5 million euros (previous year at 73.9 million euros), we made a good start in the year, and are in line with the projected growth of 15 percent for the entire year.

### **Consolidated earnings up by 23 percent**

The company's earnings situation was especially pleasing in the first quarter. Consolidated earnings rose by 23 percent from 11.3 million euros in the previous year to 13.9 million euros in the 1<sup>st</sup> quarter of 2008. In addition to the 7 percent improvement in EBIT (earnings before interest and taxes), the development was also influenced by the much lower rate of tax introduced as a result of changes in the German tax legislation.

### Equity rose by 17 percent

As a result of the good earnings growth, RATIONAL AG's equity capital rose by 20.1 million euros, or 17 percent, to 137.6 million euros on 31.03.2008 compared to last year. The equity ratio stands at 71 percent (previous year at 77 percent) despite the over proportional growth of the balance sheet total due to the investment in the new plant in Landsberg.

### Outstanding cash flow performance

Cash flow from operating activities rose by 6.7 million euros or 159 percent from 4.2 million euros the previous year to 10.9 million euros in the 1st quarter of 2008. This is not only due to higher earnings but also to improvements in receivables management.

In cash flow from investment activities, investments in fixed assets, mainly driven by the new plant, are offset by disposals of fixed-term deposits, resulting in a cash inflow of 9 million euros.

### RATIONAL in the world of motor sports

RATIONAL's cooking technology has become an indispensable feature of major sporting events. Thanks to speciality dishes from the SelfCooking Center®, guests from all over the world certainly get their money's worth when it comes to good eating as well as to sport entertainment.

This is the third year in which the cooking for the Formula 1 race in Bahrain will employ the latest RATIONAL technology. All the catering is managed from facilities right next to the pit lane where Michael Schumacher once changed tyres in a matter of seconds, as do Alonso & Co. today. Drivers, officials and VIPs all enjoy the culinary delights produced by the RATIONAL SelfCooking Center®.

Away from the excitement of racing itself, RATIONAL has been involved in motor sports for a number of years. For example, RATIONAL cooking technology is in everyday use at the testing and training facilities of BMW, Sauber Petronas, Porsche or MAN. "The technology and the opportunities RATIONAL offers us are really unique. We were won over by the SelfCooking Center® after the very first test run", raves Eduard Hoffmann, catering manager at MAN in Munich.

RATIONAL  
in the world of  
motor sports



# NO LIMITS – thanks to continuous improvement

## Better corporate quality thanks to continuous improvement

Continuous improvement is more than just a buzzword at RATIONAL, it is an everyday practice. Every employee is called on to make improvements and to communicate them in a simple and unbureaucratic fashion. As an incentive to active involvement in the worldwide continuous improvement process, every suggestion implemented is rewarded with a bonus. In addition, there are further attractive awards offered for the best suggestions on profitability, quality, cleanliness, organization and safety. The number of improvement suggestions submitted and implemented rose by more than 40 percent in 2007 to over 3,800.

Through these suggestions, we achieved savings of well over a million euros alone in 2007. Waste was consequently eliminated and ultimately, quality and competitiveness of the total company were further improved.



## KVP – Continuous improvement process



### Strategy Award for Mechanical Engineering: RATIONAL is the overall Winner

The Strategy Award for Mechanical Engineering recognizes successful corporate strategies and systematically derived strategy processes. Strategies and processes evaluated were

- the product strategy
- innovation management adapted to individual corporate targets
- forward-looking employee development and
- anticipation of future customer needs.

The annual strategy prize was awarded by the management consultancy company Oliver Wyman and the leading business journal 'Produktion'.

RATIONAL AG won the this year's Strategy Award as the overall Winner. A crucial factor for the jury was the outstanding assessment of all individual aspects – e.g. strategy, strategy process, links between operational planning and the target agreement system, as well as the company's many years of successful business development.

### International Best Factory Award: RATIONAL belongs to the Top 3

As part of this benchmarking competition, the best companies in the field of production are identified each year. The aim is to boost inward and outward competitiveness using best practice comparisons. The organisers are the Export Academy of Baden-Württemberg and integrated management consultants GiMA Consult, along with the magazine 'Markt und Mittelstand'. RATIONAL, as one of the best companies, belongs to the TOP 3 of this competition.

The awards were presented to the winners at a festive ceremony held at the Axel Springer House in Berlin on February 21<sup>st</sup>, 2008 by the former Bavarian Prime Minister Edmund Stoiber.

### Investors show active interest in RATIONAL

RATIONAL sees the open, transparent and timely provision of information as its top priority. Because of the high value placed on investor relations work, it is handled directly by the Executive Board.

At the balance sheet press conference in Munich and the DVFA analysts' conference in Frankfurt, the Executive Board provided full details of the results for the past fiscal year and the prospects for 2008. At conferences and roadshows in Frankfurt, Vienna, Brussels and Paris and during visits by investors to Landsberg, the Executive Board presented the company, set out the business trends and put itself at the disposal of shareholders, analysts, fund managers and interested parties for any kind of questions.

# NO LIMITS – RATIONAL the Winner



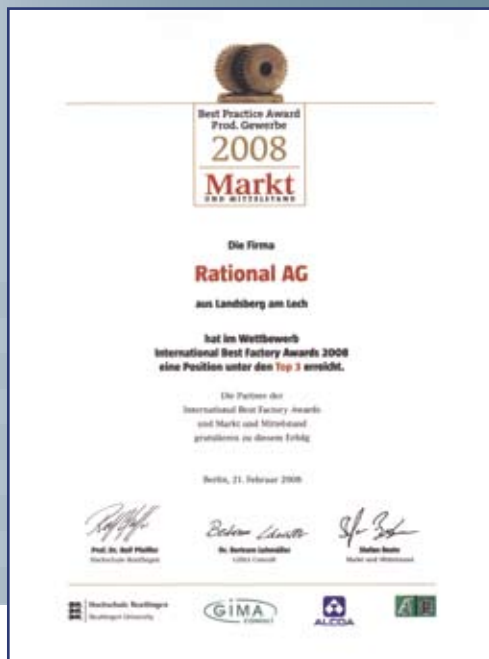
## Strategy Award for Mechanical Engineering

As overall winner, RATIONAL accepted the much desired trophy.



## International Best Factory Award:

Best Practice comparisons are essential to continue to improve corporate quality.



**I Risk report**

**Opportunities and risks**

RATIONAL AG has an international risk management system which ensures the early identification and analysis of opportunities and risks and which enables us to take appropriate action. There are no significant changes to opportunities and risks presented in the last consolidated statement.

The strength of the euro against the US dollar and the pound sterling poses special risks at the moment. These are reduced by the fact that around 70 percent of group sales are in euros and thus, are unaffected by currency fluctuations.

**I Outlook**

**High sales and earnings growth planned for 2008**

Despite adverse economic conditions and the unexpected, continuous decline in the value of the US dollar and pound sterling, we are confident to achieve the planned 15 percent increase in sales to 387 million euros and the proportional increase in EBIT of 15 percent to 106 million euros in 2008.

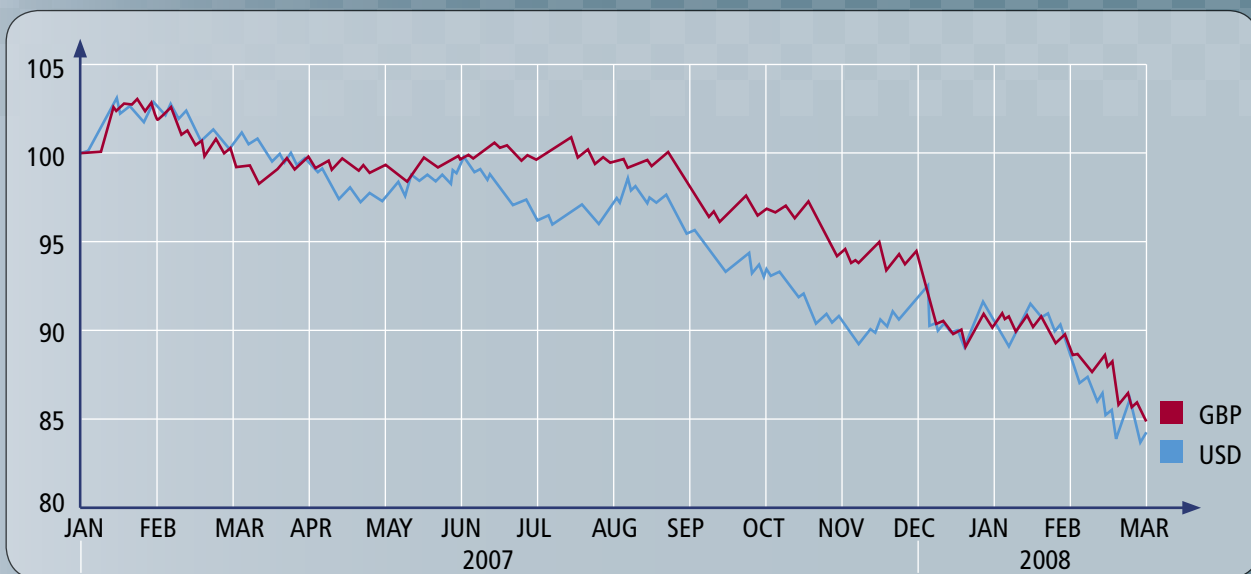
Landsberg am Lech, April 25, 2008

RATIONAL AG  
The Executive Board

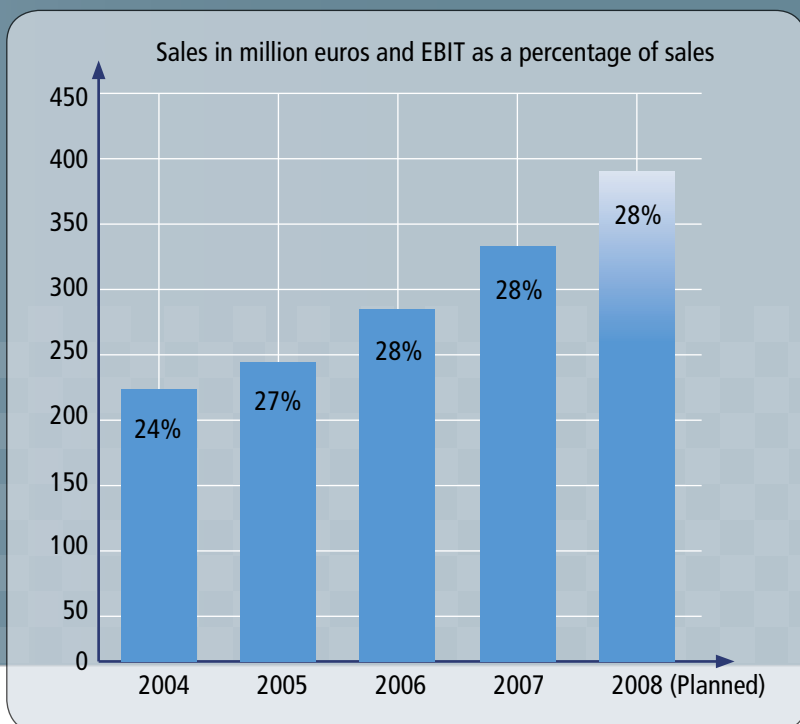


# Sales and earnings growth despite negative exchange rate trends and forecast of declining global economic growth rates

## Movement of the US dollar and pound sterling against the euro



RATIONAL grows continuously and organically



## Income Statement RATIONAL Group

Thousands of euros	Q1 2008	Q1 2007
Sales	79,529	73,949
Cost of sales	-31,533	-30,150
<b>Gross profit</b>	<b>47,996</b>	<b>43,799</b>
Sales and service expenses	-22,598	-19,401
Research and development expenses	-2,973	-2,715
General administration expenses	-3,898	-3,870
Other operating income	2,588	613
Other operating expenses	-2,382	-887
<b>Earnings before interest and taxes (EBIT)</b>	<b>18,733</b>	<b>17,539</b>
Financial results	296	175
<b>Earnings before taxes (EBT)</b>	<b>19,029</b>	<b>17,714</b>
Taxes on income	-5,104	-6,385
<b>Group earnings</b>	<b>13,925</b>	<b>11,329</b>
<b>Retained earnings brought forward</b>	<b>85,431</b>	<b>66,914</b>
<b>Retained earnings</b>	<b>99,356</b>	<b>78,243</b>

	Q1 2008	Q1 2007
Average number of shares (undiluted)	11,370,000	11,370,000
Earnings per share (undiluted) in euros relating to the consolidated results and the number of shares	1.22	1.00
Average number of shares (diluted)	11,370,000	11,370,000
Earnings per share (diluted) in euros relating to the consolidated results and the number of shares	1.22	1.00

	Thousands of euros	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Balance Sheet</b>				
<b>RATIONAL Group</b>				
<b>Assets</b>				
<b>Long-term assets</b>		<b>46,608</b>	<b>32,508</b>	40,268
Intangible assets		1,709	1,741	1,732
Property, plant and equipment		42,453	27,305	36,097
Financial assets		218	218	218
Other long-term assets		254	101	248
Deferred tax assets		1,974	3,143	1,973
<b>Short-term assets</b>		<b>146,550</b>	<b>120,041</b>	147,154
Inventories		19,711	16,918	18,638
Trade receivables		55,288	55,513	61,393
Other short-term assets		6,799	4,331	4,828
Deposits with maturities of more than 3 months		8,000	-	17,000
Cash and cash equivalents		56,752	43,279	45,295
<b>Balance sheet total</b>		<b>193,158</b>	<b>152,549</b>	187,422

	Thousands of euros	March 31, 2008	March 31, 2007	Dec. 31, 2007
<b>Balance Sheet</b>				
<b>RATIONAL Group</b>				
<b>Equity and liabilities</b>				
<b>Equity</b>		<b>137,555</b>	<b>117,478</b>	<b>123,988</b>
Subscribed capital		11,370	11,370	11,370
Capital reserves		26,315	27,351	26,673
Revenue reserves		514	514	514
Retained earnings		99,356	78,243	85,431
<b>Long-term liabilities</b>		<b>19,396</b>	<b>3,379</b>	<b>19,813</b>
Provision for pensions		609	677	617
Non-current loans		16,924	-	17,144
Other long-term liabilities		1,863	2,702	2,052
<b>Short-term liabilities</b>		<b>36,207</b>	<b>31,692</b>	<b>43,621</b>
Liabilities for current tax		2,708	2,340	3,646
Short-term provisions		16,706	15,546	19,424
Current portion of non-current loans		866	-	856
Trade accounts payable		9,577	10,302	9,292
Other short-term liabilities		6,350	3,504	10,403
<b>Liabilities</b>		<b>55,603</b>	<b>35,071</b>	<b>63,434</b>
<b>Balance sheet total</b>		<b>193,158</b>	<b>152,549</b>	187,422

Statement of Changes in Equity RATIONAL Group	Thousands of euros	Subscribed capital	Capital reserve	thereof: non-realised	Revenue reserves	Retained earnings	Total
	<b>Balance at Jan. 1, 2007</b>		<b>11,370</b>	<b>27,018</b>	<b>-3,792</b>	<b>514</b>	<b>66,914</b>
Differences from currency conversion	-	333	333	-	-	-	333
Other changes	-	-	-	-	-	-	-
<b>Income statement for the period taken directly to equity</b>		<b>333</b>	<b>333</b>				<b>333</b>
Group earnings	-	-	-	-	-	11,329	11,329
<b>Total of profit and expense items recorded in the period under review</b>		<b>333</b>	<b>333</b>			<b>11,329</b>	<b>11,662</b>
Dividends	-	-	-	-	-	-	-
<b>Balance at Mar. 31, 2007</b>		<b>11,370</b>	<b>27,351</b>	<b>-3,459</b>	<b>514</b>	<b>78,243</b>	<b>117,478</b>
<b>Balance at Jan. 1, 2008</b>		<b>11,370</b>	<b>26,673</b>	<b>-4,137</b>	<b>514</b>	<b>85,431</b>	<b>123,988</b>
Differences from currency conversion	-	-358	-358	-	-	-	-358
Other changes	-	-	-	-	-	-	-
<b>Income statement for the period taken directly to equity</b>		<b>-358</b>	<b>-358</b>				<b>-358</b>
Group earnings	-	-	-	-	-	13,925	13,925
<b>Total of profit and expense items recorded in the period under review</b>		<b>-358</b>	<b>-358</b>			<b>13,925</b>	<b>13,567</b>
Dividends	-	-	-	-	-	-	-
<b>Balance at Mar. 31, 2008</b>		<b>11,370</b>	<b>26,315</b>	<b>-4,495</b>	<b>514</b>	<b>99,356</b>	<b>137,555</b>

Cash Flow Statement RATIONAL Group	Thousands of euros	Q1 2008	Q1 2007
	Earnings from ordinary activities		<b>19,029</b>
Cash flow from operating activities		<b>10,860</b>	<b>4,196</b>
Cash flow from investing activities		<b>1,503</b>	<b>-1,010</b>
Cash flow from financing activities		<b>-637</b>	<b>-444</b>
Changes in cash from exchange rate changes		-269	-46
<b>Change in cash funds</b>		<b>11,457</b>	<b>2,696</b>
Cash and cash equivalents on January 1		45,295	40,583
Cash and cash equivalents on March 31		56,752	43,279

Sales	Thousands of euros	Q1 2008		Q1 2007	
	Germany	12,127	15%	11,443	15%
Europe (excluding Germany)	42,738	54%	42,229	57%	
Americas	10,242	13%	8,506	12%	
Asia	10,689	13%	8,453	11%	
Rest of the world	3,733	5%	3,318	5%	
<b>Total</b>	<b>79,529</b>	<b>100%</b>	<b>73,949</b>	<b>100%</b>	

The sales per region are shown according to customer location.

Segment reporting Q1 2008 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia				
<b>External sales</b>	11,838	51,936	6,876	2,660	6,219	<b>79,529</b>	-	<b>79,529</b>
vs. previous year	+4%	+8%	+2%	-2%	+19%	+8%	-	+8%
share	15%	65%	9%	3%	8%	100%	-	100%
<b>Intercompany sales</b>	-	1,099	-	-	53,556	<b>54,655</b>	-54,655	-
<b>Segment sales</b>	11,838	53,035	6,876	2,660	59,775	<b>134,184</b>	-54,655	<b>79,529</b>
vs. previous year	+4%	+9%	+2%	-2%	+11%	+9%	-	+8%
<b>Segment result</b>	-488	2,759	-760	-45	17,430	<b>18,896</b>	-163	<b>18,733</b>
vs. previous year	-509	-1,101	-329	+71	+3,149	+1,281	-87	+1,194

Segment reporting Q1 2007 Thousands of euros	Activities of the subsidiaries in:				Activities of the parent company	Total for segments	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia				
<b>External sales</b>	11,354	47,918	6,735	2,703	5,239	<b>73,949</b>	-	<b>73,949</b>
share	15%	65%	9%	4%	7%	100%	-	100%
<b>Intercompany sales</b>	-	686	-	-	48,817	<b>49,503</b>	-49,503	-
<b>Segment sales</b>	11,354	48,604	6,735	2,703	54,056	<b>123,452</b>	-49,503	<b>73,949</b>
<b>Segment result</b>	21	3,860	-431	-116	14,281	<b>17,615</b>	-76	<b>17,539</b>

## I Segment reporting

RATIONAL's activities are focused on one business segment: the development, production and sale of appliances used in the thermal preparation of food in industrial kitchens. It does not currently carry any other significant independent product lines that would be reported as segments internally. For this reason, the primary and only segment reporting format is geographical. In the segments RATIONAL summarises its subsidiaries established in the various regions, in accordance with the stipulations of IAS 14.13 governing the apportionment of assets by location.

Besides the Germany, Europe excluding Germany, Americas and Asia segments, the fifth segment covers the work of the parent company (including LechMetall Landsberg GmbH, RATIONAL Technical Services GmbH and RATIONAL Komponenten GmbH). This segment represents the development, manufacture and supply of products to subsidiaries as well as supplies of goods and services to OEM customers. The effects arising from the consolidation operations are reflected in the reconciliation column.

**| Accounting principles**

The consolidated quarterly report is based on the accounting principles of the International Financial Reporting Standard (IFRS). The same valuation and balance sheet methods have therefore been applied as in the last financial statements. The rules in IAS 34 on condensed financial statements were applied in this case.

**| Consolidated companies**

On 31.03.2008 the consolidated RATIONAL AG group contains, in addition to the parent company RATIONAL AG, five subsidiaries in Germany and sixteen outside Germany. Compared to 31.03.2007 the subsidiaries RATIONAL Trading (Shanghai) Co., Ltd, based in Shanghai, China, and RATIONAL Komponenten GmbH, based in Landsberg, Germany, have been included in the consolidated group. There were no other changes to the composition of the consolidated group compared to the balance sheet date of 31.12.2007.

**| Associated companies and persons**

In the first 3 months of 2008 no significant transactions occurred with companies or individuals in any way associated with RATIONAL AG.

**| DVFA result**

DVFA earnings as at 31.03.2008 correspond to the earnings per share under IAS or IFRS shown in the profit and loss account.





Iglinger Straße 62  
86899 Landsberg am Lech  
Tel. 08191 3270  
Fax 08191 327272  
[www.rational-ag.com](http://www.rational-ag.com)