



| Key figures | Thousands of euros | 3 rd Quarter | 3 rd Quarter | Change | 9 Months | 9 Months | Change |
|---|--------------------|-------------------------|-------------------------|--------|----------|----------|--------|
| | | 2004 | 2003 | | 2004 | 2003 | |
| Sales | | 58,866 | 44,985 | +31% | 156,636 | 133,170 | +18% |
| Sales abroad as a percentage of sales | | 84% | 82% | | 85% | 82% | |
| Cost of sales | | -23,092 | -18,835 | +23% | -64,014 | -56,055 | +14% |
| as a percentage of sales | | 39.2% | 41.9% | | 40.9% | 42.1% | |
| Sales and service expenses | | -13,856 | -10,783 | +28% | -40,907 | -34,042 | +20% |
| as a percentage of sales | | 23.5% | 24.0% | | 26.1% | 25.6% | |
| Research and development expenses | | -2,612 | -2,777 | -6% | -7,746 | -8,441 | -8% |
| as a percentage of sales | | 4.4% | 6.2% | | 4.9% | 6.3% | |
| General administration expenses | | -2,457 | -2,420 | +2% | -7,800 | -7,467 | +4% |
| as a percentage of sales | | 4.2% | 5.4% | | 5.0% | 5.6% | |
| EBIT – earnings before interest and taxes | | 16,510 | 10,138 | +63% | 35,314 | 27,848 | +27% |
| as a percentage of sales | | 28.0% | 22.5% | | 22.5% | 20.9% | |
| EBT – earnings before taxes | | 16,533 | 10,172 | +63% | 35,438 | 27,793 | +28% |
| as a percentage of sales | | 28.1% | 22.6% | | 22.6% | 20.9% | |
| Group earnings | | 10,508 | 6,541 | +61% | 21,782 | 17,293 | +26% |
| as a percentage of sales | | 17.9% | 14.5% | | 13.9% | 13.0% | |
| per share in euros | | 0.92 | 0.58 | | 1.92 | 1.52 | |
| Employees (as an annual average) | | 764 | 672 | +14% | 738 | 669 | +10% |
| Sales per employee | | 77.05 | 66.94 | +15% | 212.24 | 199.06 | +7% |
| Cash flow from operating activities | | | | | 22,532 | 22,103 | +2% |
| per share in euros | | | | | 1.98 | 1.94 | |
| Balance sheet total | | | | | 136,337 | 118,117 | +15% |
| Equity as a percentage of the balance sheet total | | | | | 91,649 | 80,961 | +13% |
| | | | | | 67.2% | 68.5% | |
| Working capital (without liquid funds) | | | | | 50,226 | 36,751 | +37% |

**Dear Shareholders,
Dear Business Partners,**

Thank you for your interest in RATIONAL AG.

This report sets out information on our business situation in the first nine months of 2004, and on the further development of our company.

| Business Report

Global economy on the up

The global economic recovery has consolidated further since the start of the year. The positive trend in the US and Asia has been accompanied by an appreciable export-driven upturn in the euro area as well. Risks to further economic growth once again include rising prices for raw materials and oil, and the strength of the euro, particular against the US dollar.

Record sales in the 3rd quarter:

+ 31 percent growth

The extraordinarily high level of acceptance of the world's first SelfCooking Center® is impressively reflected in sales for the 3rd quarter of 2004, which were up 31 percent from 45.0 million euros to 58.9 million euros. With total sales of 156.6 million euros (previous year 133.2 million euros) in the first nine months of 2004 we will achieve cumulative growth of 18 percent, significantly ahead of expectations.

EBIT growth above average:

+ 63 percent growth

Earnings before interest and taxes (EBIT) of 16.5 million euros in the 3rd quarter of 2004 (previous year 10.1 million euros) are 63 percent up on those of the previous year, with an EBIT margin of 28 percent (previous year 23 percent). This result reflects partly the impact of economy of scale of the above-average sales growth. In the first 9 months of 2004 we achieved an EBIT of 35.3 million euros (previous year 27.8 million euros). This is equivalent to an increase of 27 percent compared to the previous year, once again significantly ahead of expectations.

Europe best performer in absolute sales 25 percent growth in the 3rd quarter

The largest absolute contribution to group growth came from Europe, where in the first 9 months of 2004 sales rose by a total of 11.6 million euros from 71.1 million to 82.7 million euros. So, the introduction of the new SelfCooking Center® significantly accelerated the development of the European market.

Sustained success in America: 28 percent growth in the 3rd quarter

The positive trend in America, the strategically most important market of the future, continued in the 3rd quarter of 2004. Particularly in America the new SelfCooking Center® is very much in line with customers' requirements. The self-explanatory, extremely simple operating concept requires no special training and enables error-free operation even with high staff turnovers or untrained personnel.

The world's first SelfCooking Center®: Enthusiastic reception by customers, partners and the trade press

With the world's first SelfCooking Center®, RATIONAL has once again done the unexpected and broken with the conventional combi-steamer. This has further reinforced our world-wide market superiority and once again dramatically extended what was already a considerable technological lead over the competition.

The overwhelmingly well received product launches of April, in Europe, May, in America and June in Asia excited not just the partners but end users and the trade press as well. "Wherever you find RATIONAL, you'll find the leader", "cooking as if by magic", "time for the essentials" or "the Empire makes everything different" are only a few examples of the trade press's euphoric reaction to RATIONAL's new technology.



Enthusiastic reception by the trade press

„Quantensprung“

Der Hotelier

„Al cuoco il tempo per l'estro“

buongiorno ITALIA

世界初の快学! 調理モードを選択するだけで自動的に適切な
庫内環境を整える ラショナル[SelfCooking Control]

飲食店経営

„The world's first SelfCooking Center®:
worldwide launch“

Morning Advertiser

„Créer le Big Bang Culinaire“

Le Chef

„RATIONAL revolutioniert die Küche“

Gast Gewerbe

„Perfekt garen wie
von Geisterhand“

Küche



„Garen wie von Geisterhand“

Catering Inside

„The shock of the new“

Scottish Licensed Trade News

„Zeit für das Wesentliche“

food service

„RATIONAL turns up the heat“

ASIA & Middle East Food Trade

| Awards

Yet more international awards for extraordinary innovation

RATIONAL's high technological expertise and innovation has been again and again impressively confirmed by a multiplicity of awards.

In the first half of the year already RATIONAL has been awarded with the German GASTRO INNOVATION PREIS for its unique product and process solutions in the area of professional kitchens.

In September 2004 RATIONAL was named "Manufacturer of the Year 2004" by the Foodservice Consultants Society International (FCSI), the only international association of its type. The award was given for the outstanding innovation of the RATIONAL SelfCooking Center®. It was accepted by Peter Schön, CEO of RATIONAL's US subsidiary, at the FCSI's annual conference in Toronto.

In France the SelfCooking Center® won – under its French brand name FRIMA – the "GRAND PRIX APRIA 2004". The regular "APRIA INNOVATION AWARD" is presented every two years during Equip'Hôtel exhibition for important innovations in the professional kitchen industry. Given the extraordinary innovation of the "SelfCooking Center®", the 22 member strong jury and its chairman Henri Charvet decided to honour this with the "GRAND PRIX APRIA" for the first time in the 26 years history of the contest. The award was accepted by Michael Müllges, CEO of FRIMA S.A., at the ceremony which was held in October 2004 at the Equip Hotel Trade Fair in Paris.

| Market share

World market share rises to 51 percent

Our company's success in practically every part of the world meant that in the first 9 months of 2004, RATIONAL's market share rose dramatically once again, from 49 percent to 51 percent (source: HKI association statistics, RATIONAL market research).

In recent years our technology lead, combined with ever increasing efficiency in imparting RATIONAL's message of benefits to potential customers, has enabled us to expand our market share dramatically year on year. Every second appliance installed worldwide is now from RATIONAL. This is an impressive testimony to the high level of customer acceptance and the competitiveness of our products and services.

International Awards for the World's First SelfCooking Center®



Best in Class 2004



FCSI 2004 Manufacturer of the Year Award



GRAND PRIX APRIA
INNOVATION AWARD 2004



Investor Relations

RATIONAL – the Jewel in the SDAX Crown

RATIONAL shares once again did justice to their special position as the jewel in the SDAX crown within 12 month period. The share price rose by 46 percent to 58 euros easily outstripping the performance of Germany's DAX (20 percent), MDAX (+ 27 percent) and SDAX (+17 percent) share indices as at 30 September 2004.

In the 3rd quarter the Managing Board of RATIONAL AG responded to the increasing interest on the part of potential investors by representing the company at roadshows in Europe and the US. The company also participated in two conferences of analysts and investors in Munich and spelt out RATIONAL's remarkable success story in numerous interviews with the financial press.

Business outlook

Outlook

Business in the first nine months of 2004 was well in excess of our expectations. This extraordinary success was due to improved market development, efficiency increases in sales and marketing, and above all, to the internationally successful launch of the new product technology, the world's first SelfCooking Center®.

However, the product launch also resulted in one-off special costs due to the build-up of stocks by partners. It is not anticipated that this will continue to the same extent in the 4th quarter.

We are nevertheless optimistic that we will achieve or even exceed the planned sales growth of 10 percent to 205 million euros (previous year 187 million euros) with proportionate EBIT growth to 47 million euros (previous year 42 million euros).

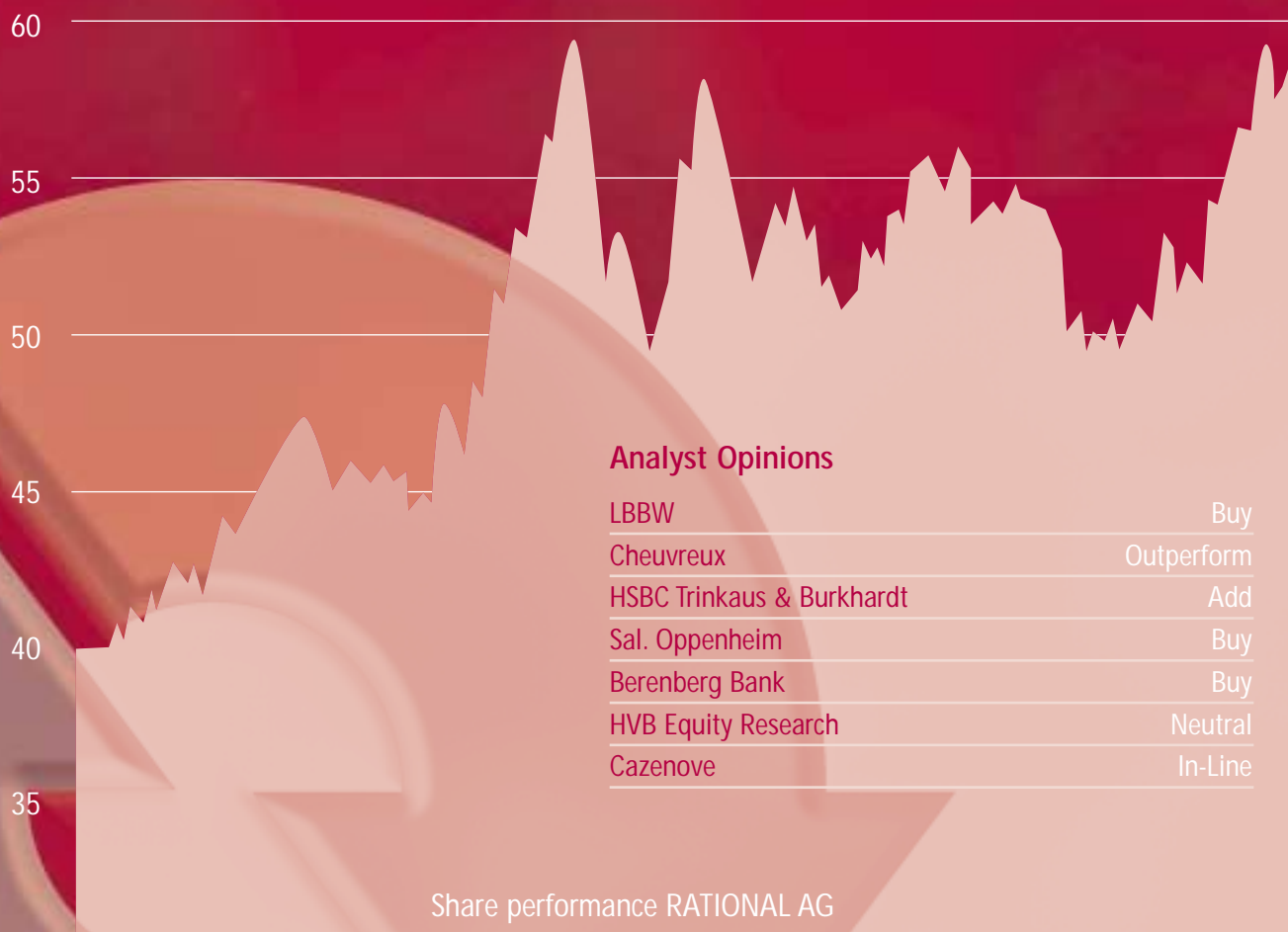
Landsberg am Lech, October 25, 2004

RATIONAL AG
The Managing Board

Finance Calendar

| | |
|---|---------------------|
| 9-Month Result | Nov. 4, 2004 |
| Roadshows | 2004/2005 |
| Rheinland | Oct. 14, 2004 |
| Boston/NY | Oct. 27/28, 2004 |
| Zürich | Nov. 10, 2004 |
| SEQ-Smart Equities Conference Frankfurt | Nov. 29/30, 2004 |
| German Corporate Conference Kronberg | Jan. 17/18/19, 2005 |
| Balance sheet press conference München | March 2005 |

RATIONAL Shares Most analysts recommend to buy



Analyst Opinions

| | |
|---------------------------|------------|
| LBBW | Buy |
| Chevreurx | Outperform |
| HSBC Trinkaus & Burkhardt | Add |
| Sal. Oppenheim | Buy |
| Berenberg Bank | Buy |
| HVB Equity Research | Neutral |
| Cazenove | In-Line |

01.10.2003

30.09.2004

Income Statement
RATIONAL Group

| Thousands of euros | 3. Quarter 2004 | 3. Quarter 2003 | 9 Months 2004 | 9 Months 2003 |
|---|-----------------|-----------------|---------------|---------------|
| Sales | 58,866 | 44,985 | 156,636 | 133,170 |
| Cost of sales | -23,092 | -18,835 | -64,014 | -56,055 |
| Gross profit | 35,774 | 26,150 | 92,622 | 77,115 |
| Sales and service expenses | -13,856 | -10,783 | -40,907 | -34,042 |
| Research and development expenses | -2,612 | -2,777 | -7,746 | -8,441 |
| General administration expenses | -2,457 | -2,420 | -7,800 | -7,467 |
| Other operating income | 564 | 684 | 2,298 | 3,643 |
| Other operating expenses | -903 | -716 | -3,153 | -2,960 |
| Earnings before interest and taxes (EBIT) | 16,510 | 10,138 | 35,314 | 27,848 |
| Financial results | 23 | 34 | 124 | -55 |
| Earnings from ordinary activities | 16,533 | 10,172 | 35,438 | 27,793 |
| Taxes on income | -6,025 | -3,631 | -13,656 | -10,500 |
| Group earnings | 10,508 | 6,541 | 21,782 | 17,293 |
| Retained earnings brought forward | 41,150 | 34,857 | 29,876 | 24,105 |
| Retained earnings | 51,658 | 41,398 | 51,658 | 41,398 |
| Average number of shares | 11,370,000 | 11,370,000 | 11,370,000 | 11,370,000 |
| Earnings per share (diluted/non diluted) in euros relating to the consolidated results and the number of shares | 0.92 | 0.58 | 1.92 | 1.52 |

| | | 30.09.2004 | 30.09.2003 | 31.12.2003 |
|---|--|----------------|----------------|----------------|
| Balance Sheet RATIONAL Group Assets | Thousands of euros | | | |
| | Intangible assets | 1,095 | 1,763 | 1,433 |
| | Property, plant and equipment | 25,790 | 25,383 | 25,881 |
| | Financial assets | 218 | 218 | 218 |
| | Fixed assets | 27,103 | 27,364 | 27,532 |
| | Inventories | 16,299 | 12,939 | 12,768 |
| | Trade receivables | 40,775 | 30,395 | 32,687 |
| | Other assets | 1,902 | 2,119 | 3,458 |
| | Securities | 23,976 | 31,398 | 2,000 |
| | Cash in hand and cash in bank accounts | 23,702 | 11,791 | 47,699 |
| | Current assets | 106,654 | 88,642 | 98,612 |
| | Deferred tax assets | 1,840 | 1,777 | 1,389 |
| | Prepaid expenses | 740 | 334 | 461 |
| | Balance sheet total | 136,337 | 118,117 | 127,994 |

| | | 30.09.2004 | 30.09.2003 | 31.12.2003 |
|---|----------------------------|----------------|----------------|----------------|
| Balance Sheet RATIONAL Group Equity and liabilities | Thousands of euros | | | |
| | Subscribed capital | 11,370 | 11,370 | 11,370 |
| | Capital reserve | 28,107 | 27,679 | 27,790 |
| | Revenue reserves | 514 | 514 | 514 |
| | Retained earnings | 51,658 | 41,398 | 50,911 |
| | Equity | 91,649 | 80,961 | 90,585 |
| | Provisions for pensions | 549 | 522 | 533 |
| | Provisions for taxation | 12,003 | 4,211 | 6,782 |
| | Other provisions | 15,104 | 14,164 | 9,387 |
| | Accruals | 27,656 | 18,897 | 16,702 |
| | Liabilities to banks | 2,432 | 2,769 | 2,399 |
| | Trade accounts payable | 5,852 | 5,509 | 4,550 |
| | Other liabilities | 8,527 | 9,711 | 13,537 |
| | Liabilities | 16,811 | 17,989 | 20,486 |
| | Deferred income | 221 | 270 | 221 |
| | Balance sheet total | 136,337 | 118,117 | 127,994 |

| Statement of Changes in Equity RATIONAL Group | Thousands of euros | Subscribed capital | Capital reserve | thereof non-realised | Revenue reserves | Retained earnings | Total |
|---|-------------------------------|-----------------------|--------------------|-------------------------|---------------------|----------------------|---------------|
| | Balance on Jan.1, 2003 | | 11,370 | 29,004 | -1,620 | 514 | 38,041 |
| Dividends | | | | | | -14,781 | -14,781 |
| Group earnings | | | | | | 17,293 | 17,293 |
| Differences from currency conversion | | | -34 | | | | -34 |
| Other changes not affecting operating results | | | -1,291 | -1,291 | | 845 | -446 |
| Balance on Sept. 30, 2003 | | 11,370 | 27,679 | -2,911 | 514 | 41,398 | 80,961 |
| Balance on Jan.1, 2004 | | 11,370 | 27,790 | -2,753 | 514 | 50,911 | 90,585 |
| Dividends | | | | | | -21,035 | -21,035 |
| Group earnings | | | | | | 21,782 | 21,782 |
| Differences from currency conversion | | | 317 | | | | 317 |
| Other changes not affecting operating results | | | | | | | |
| Balance on Sept. 30, 2004 | | 11,370 | 28,107 | -2,753 | 514 | 51,658 | 91,649 |

| Cash Flow Statement RATIONAL Group | Thousands of euros | 9 Months 2004 | 9 Months 2003 |
|---------------------------------------|-----------------------------------|----------------|---------------|
| | Earnings from ordinary activities | | 35,438 |
| Cash flow from operating activities | | 22,532 | 22,103 |
| Cash flow from investing activities | | -2,579 | -4,080 |
| Cash flow from financing activities | | -27,978 | -7,750 |
| Exchange rate changes | | 4 | -90 |
| Change in cash funds | | -8,021 | 10,183 |

| Sales | Thousands of euros | 9 Months 2004 | | 9 Months 2003 | |
|----------------------------|--------------------|----------------|---------------|----------------|---------------|
| | Germany | | 24,190 | 15.4% | 23,576 |
| Europe (excluding Germany) | | 82,741 | 52.8% | 71,136 | 53.4% |
| Americas | | 18,665 | 11.9% | 13,516 | 10.2% |
| Asia | | 23,755 | 15.2% | 20,296 | 15.2% |
| Rest of the world*) | | 7,285 | 4.7% | 4,646 | 3.5% |
| Total | | 156,636 | 100.0% | 133,170 | 100.0% |

*) Australia, New Zealand, Near/Middle East, Africa

The sales per region are shown according to customer location.

| Segment reporting 9 Months 2004 | Activities of the subsidiaries in: | | | | Activities of the parent company | Total for segments | Reconcil. | Group |
|------------------------------------|------------------------------------|-------------------------|----------|-------|--|-----------------------|-----------|----------------|
| | Germany | Europe excl. Germany | Americas | Asia | | | | |
| Thousands of euros | | | | | | | | |
| External sales | 23,769 | 58,160 | 12,391 | 9,369 | 52,947 | 156,636 | 0 | 156,636 |
| vs. previous year | +3% | +12% | +32% | +7% | +32% | +18% | 0 | +18% |
| share | 15.2% | 37.1% | 7.9% | 6.0% | 33.8% | 100% | 0 | 100% |
| Inter-company sales | 0 | 0 | 0 | 0 | 76,320 | 76,320 | 0 | 76,320 |
| Segment sales | 23,769 | 58,160 | 12,391 | 9,369 | 129,267 | 232,956 | 0 | 232,956 |
| vs. previous year | +3% | +12% | +32% | +7% | +24% | +18% | 0 | +18% |
| Segment result | -442 | 3,211 | 497 | 142 | 33,648 | 37,056 | -1,742 | 35,314 |
| vs. previous year | -14 | +728 | -69 | -112 | +8,568 | +9,101 | 0 | +7,466 |

| Segment reporting 9 Months 2003 | Activities of the subsidiaries in: | | | | Activities of the parent company | Total for segments | Reconcil. | Group |
|------------------------------------|------------------------------------|-------------------------|----------|-------|--|-----------------------|-----------|----------------|
| | Germany | Europe excl. Germany | Americas | Asia | | | | |
| Angaben in Tausend € | | | | | | | | |
| Außenumsätze | 23,090 | 51,722 | 9,353 | 8,745 | 40,260 | 133,170 | 0 | 133,170 |
| Anteil | 17.3% | 38.8% | 7.0% | 6.7% | 30.2% | 100% | 0 | 100% |
| Innenumsätze | 0 | 0 | 0 | 0 | 63,967 | 63,967 | 0 | 63,967 |
| Segmentumsätze | 23,090 | 51,722 | 9,353 | 8,745 | 104,227 | 197,137 | 0 | 197,137 |
| Segmentergebnis | - 428 | 2,483 | 566 | 254 | 25,080 | 27,955 | -107 | 27,848 |

Segment reporting

RATIONAL activities are focussed on one business segment: the development, production and marketing of devices used for the thermal preparation of food in industrial kitchens. The company does currently not engage in further significant independent product lines which are also reported internally as segments. That is why the primary and only reporting format for the segments is organised geographically.

In the segments RATIONAL summarises the subsidiaries in the geographical regions in accordance with the stipulations in IAS 14.13 governing the structure according to the location of assets. Besides the segments Germany, Europe excl. Germany, Americas and Asia the fifth segment represents the activities of the parent company, including the Lechmetall Landsberg GmbH and the RATIONAL Technical Services GmbH hived off from the AG in April 2004. The activity of this segment comprises the development, production and delivery of the products to the subsidiaries, but also the supply of both partners in markets that are not covered by any subsidiary and OEM-customers around the world. The reconciliation column reflects the effects of consolidation.

| Accounting principles

The group financial statements of RATIONAL AG as per Sept. 30, 2004 were prepared in compliance with the International Accounting Standards (IAS) respectively the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standard Board (IASB) and the interpretation by the Standing Interpretations Committee (SIC) respectively the International Financial Reporting Interpretations Committee (IFRIC).

The accounting and valuation methods as well as the consolidation methods remain unchanged from those used last year. For transparency reasons, the balance sheet position "Cash in hand and cash in bank accounts" as per Sept. 30, 2003 was specified into "Securities" and "Cash in hand and cash in bank accounts".

| Consolidated companies

The consolidated companies as per Sept. 30, 2004 comprise three domestic and nine foreign subsidiaries, besides RATIONAL AG as the parent company. Starting from half year 2004 RATIONAL Technical Services GmbH, founded in April, is part of the consolidated companies. RATIONAL Technical Services GmbH merges all international service and after sales activities of RATIONAL AG.

| DVFA result

DVFA result as per Sept. 30, 2004 matches to earnings per share according to IAS/IFRS as shown in the profit and loss statement.

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