9-Month Report 2009

At a Glance

Thousands of euros	**3rd Quarter 2009**	3rd Quarter 2008	Change	**9 Months 2009**	9 Months 2008	Change
Sales	78,747	81,184	-3%	226,433	249,743	-9%
Sales abroad as a percentage of sales	82%	84%	-2%-pts.	84%	85%	-1%-pts.
Cost of sales	29,654	34,401	-14%	89,131	101,141	-12%
as a percentage of sales	37.7%	42.4%		39.4%	40.5%	
Sales and service expenses	17,423	20,748	-16%	57,643	65,242	-12%
as a percentage of sales	22.1%	25.6%		25.5%	26.1%	
Research and development expenses	2,543	3,370	-25%	8,392	9,534	-12%
as a percentage of sales	3.2%	4.2%		3.7%	3.8%	
General administration expenses	3,671	3,985	-8%	11,343	12,024	-6%
as a percentage of sales	4.7%	4.9%		5.0%	4.8%	
EBIT – earnings before interest and taxes	25,431	19,854	+28%	60,690	62,507	-3%
as a percentage of sales	32.3%	24.5%		26.8%	25.0%	
EBT – earnings before taxes	25,233	19,783	+28%	60,434	62,876	-4%
as a percentage of sales	32.0%	24.4%		26.7%	25.2%	
Group earnings	18,745	14,630	+28%	44,592	46,239	-4%
as a percentage of sales	23.8%	18.0%		19.7%	18.5%	
per share in euros	1.65	1.29		3.92	4.07	
Cash flow from operating activities				60,174	53,332	+13%
per share in euros				5.29	4.69	
Balance sheet total				246,559	191,902	+28%
Equity				167,057	118,793	+41%
as a percentage of the balance sheet total				67.8%	61.9%	
Working capital (without liquid funds)				59,759	65,945	-9%
as a percentage of sales				26.4%	26.4%	
Employees (as an annual average)	1,011	1,096	-8%	1,042	1,081	-4%
Sales per employee	77.9	74.1	+5%	217.3	231.0	-6%

Management Report

Dear Shareholders,

Dear Business Partners,

Many thanks for your interest in RATIONAL AG.

This report sets out information on business performance in the first nine months of 2009.

Economic report

Further signs of recovery in the global economy

The first half of 2009 was dominated by a reluctance to invest in consequence of the worldwide economic crisis, but there are now increasing signs that this recession has bottomed out and that the global economy is now back on track for moderate growth. The International Monetary Fund (IMF) has again adjusted the forecasts for global economic growth upwards. Even though a fall of 1.1 percent is still expected for the current year, a return to growth of 3.1 percent is forecasted for 2010. On the corporate front, assessments of the current situation and of future prospects are becoming more optimistic. The ifo global business climate index is showing a definite easing in how companies in all economically significant regions of the world view the macroeconomic situation.

Net assets, financial position and results of operations

Sales in third quarter of 2009 at previous year's level

Following a significant drop in sales in the first half of 2009, revenues in the third quarter of 78.7 million euros were virtually back to the previous year's figure of 81.2 million euros. After nine months, accumulated sales stand at 226.4 million euros, which is 9 percent less than the previous year (249.7 million euros).

The negative development in the pound sterling, the Polish zloty and the Swedish krona was offset in the first nine months by the rise in value of the Japanese yen and the temporary recovery of the US dollar. In the third quarter, however, the trend was somewhat negative, triggered by a significant weakening in the pound sterling and the US dollar.

The benefits of being international

The international nature of the business is an advantage even in the present crisis. In some markets, revenues in the third quarter actually exceeded the figures of the previous year. For example, in Asia as well as in the regions included in "Rest of the world", growth was well into double digits. In the third quarter, Germany grew by 6 percent. Even in the Americas, a recovery was noticeable, although in the third quarter sales here were still 3 percent below last year.

The countries, Russia and Spain, which are still being especially hit hard by the crisis, now represent around half of the groupwide drop in sales.

Gross profit margin in the third quarter at 62.3 percent

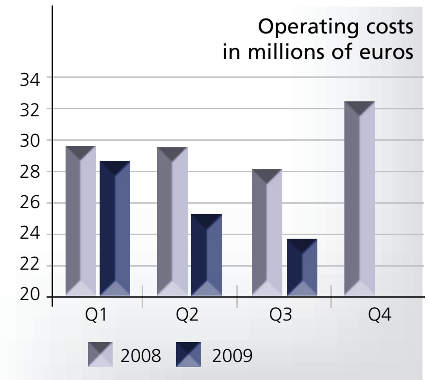
RATIONAL manufactures only in response to orders. The RATIONAL production system can adjust very flexibly to fluctuations in order intake, whether up or down, and is the guarantee to maximum productivity. In addition, measures to boost efficiency and the fall in raw material prices in the second and third quarters of 2009 had a positive impact on cost of sales. In the third quarter, the gross profit margin (gross profit as a percentage of sales) reached an excellent 62.3 percent (previous year 57.6 percent).

11 percent cost reduction

In the first nine months, the operating costs fell by 9.4 million euros or 11 percent compared to the previous year.

The biggest cost reduction was in sales, thanks to selective structural adjustments, made to counteract the market situation. The costs were cut by 12 percent, or went from 65.2 million euros in the previous year to 57.6 million euros in the first nine months of 2009.

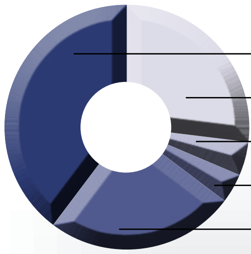
The general administration expenses fell by 6 percent to 11.3 million euros. The research and development expenses resided at the high level of around 4 percent of sales.



32 percent EBIT margin in the third quarter

Thanks to the fall in operating costs plus the procurement benefits derived from lower raw material prices, it was possible to further improve the company's high earning capacity. In the third quarter of 2009, an EBIT (earnings before interest and taxes) of 25.4 million euros was achieved, representing a rise of 28 percent or 5.6 million euros compared to the previous year. This equates to an EBIT margin of 32.3 percent (previous year 24.5 percent).

Cost and earnings structure 9 months



	2009	2008
Cost of Sales	39.4%	40.5%
Sales and Service	25.5%	26.1%
Research and Development	3.7%	3.8%
Administration and Others	4.6%	4.6%
EBIT	26.8%	25.0%

After nine months, the EBIT margin stands at 26.8 percent and thus is 1.8 percentage points higher than in the comparable period last year. EBIT is 60.7 million euros (previous year 62.5 million euros).

Operating cash flow up 13 percent

In the first nine months of 2009, an operating cash flow of 60.2 million euros was achieved, up 13 percent compared to the previous year.

The cash flow from investing activities of 47.7 million euros is largely the result of investments in fixed deposits with terms of more than three months (47.0 million euros). At 1.6 million euros, investment in property, plant, and equipment is well below the level of the previous year (28.5 million euros). The cash funds including fixed deposits are 112.0 million euros as at Sep. 30, 2009 (Dec. 31, 2008: 57.1 million euros).

68 percent equity ratio

Based on consistent resource management in all parts of the company, it was possible to further significantly improve the equity ratio from 62 percent in the previous year to 68 percent. RATIONAL thus possesses an extremely sound finance structure which guarantees considerable room for manoeuvre, flexibility and extensive independence in all future business decisions which are necessary. On this basis, RATIONAL will succeed in emerging even stronger from the crisis.

Qualitative strengths

Corporate quality means employee quality

Qualified apprentices are an important element of long-term personnel development at RATIONAL. In 2009 eight employees successfully completed their apprenticeship, and they were all hired on a permanent basis.
Thirteen new employees started their training in September 2009. In total, RATIONAL currently employs 46 apprentices. Besides industrial managers, mechatronics engineers and industrial mechanics, RATIONAL also trains IT specialists and media designers.

The new apprentices 2009

Impressive confirmation of the unique selling point of the SelfCooking Center®

In a practical study entitled "Cooking with passion" conducted by trade magazine "Küche" in Germany, the most important individual sales market, over 1,400 participants provided impressive confirmation of RATIONAL's clear competitive edge.

The real time-waster in day-to-day work in the professional kitchen, apart from controlling and monitoring cooking processes, are quality checks, organizing work flows, as well as cleaning and upkeeping appliances. In all these areas, the SelfCooking Center® represents a systematic saving in work. The biggest advantage cited by the chefs surveyed is that costly, laborious routine work can be "delegated" to the intelligent technology, leaving chefs more time for their further tasks as kitchen managers. They can use the time freed up for developing creative menus, presentation and decoration, training, and communicating with their guests in the restaurant.

Risk report

RATIONAL's global risk management system makes every effort to ensure that risks are detected and analysed at an early stage and that appropriate corrective measures are taken when necessary. As no one knows how the global economy will develop in the course of the world recession, there is great uncertainty on the part of market players. In terms of RATIONAL's business performance this, as well, is a risk that was never before encountered in this form. The situation in regards to risk as set out in the last consolidated financial statements remains unchanged.

Outlook

The prognoses for global economic trends have grown increasingly more optimistic in recent months and provide grounds for hoping that the global economy can return to moderate growth next year. Nevertheless, these positive prospects still go hand in hand with many uncertainties and imponderables.

For this reason no meaningful prognosis for the whole fiscal year is possible. Nonetheless, the performance of the RATIONAL group in the first nine months gives us confidence that both, sales and profit development, can be stabilised for the year as a whole on the current trend.

Landsberg am Lech, October 30, 2009

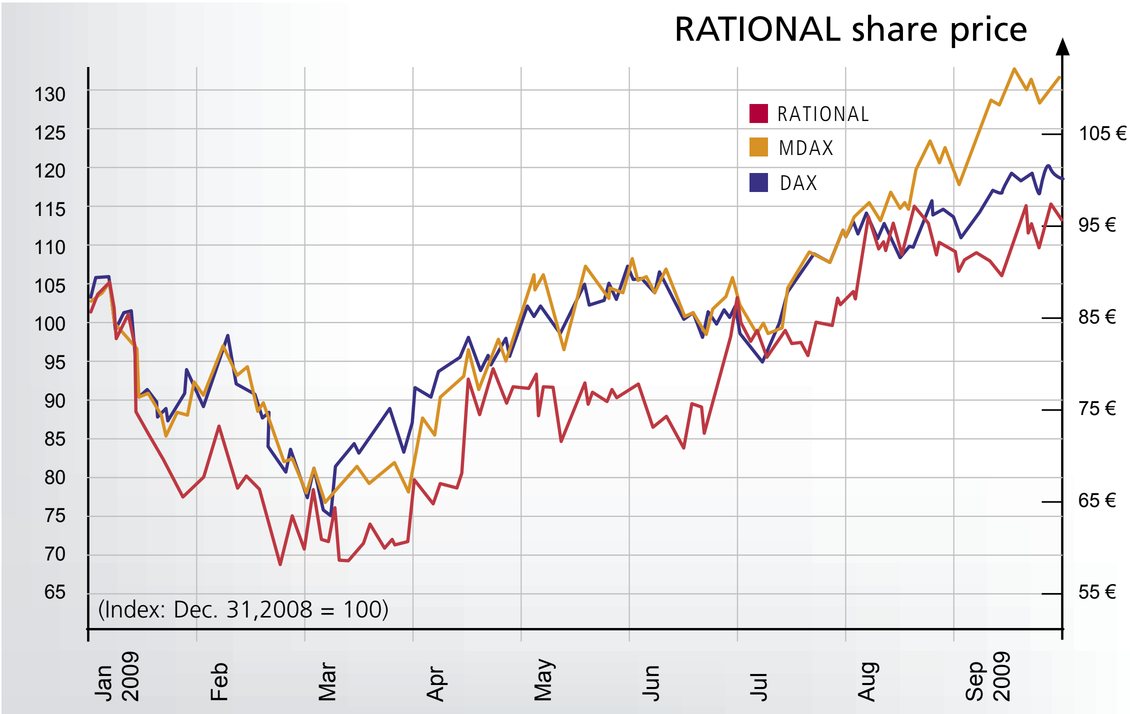
RATIONAL AG

The Executive Board

RATIONAL Shares

Share price stages significant recovery in the third quarter

Compared to the low points in the first quarter of 2009, the RATIONAL share price on Sep. 30, 2009 was up more than 67 percent. The share price of 96 euros on Sep. 30, 2009 was also well above the level of 84 euros at the end of 2008.



Analysts raise share price target

The high earning capacity reported for the first six months and RATIONAL's excellent cash flow came as a welcomed surprise to analysts. As at the same time the macroeconomic prospects are continuing to look brighter, many analysts raised the share price target for RATIONAL shares. Even after the significant price gains for the shares in the second and third quarters of 2009, most analysts recommended buying or holding on to RATIONAL shares.

In-depth communication with investors

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

In order to satisfy the great interest on the part of investors and analysts, the Executive Board of RATIONAL AG attended seven investor conferences in 2009, staged numerous roadshows and held meetings with a number of prospects at the Landsberg site. Around 700 shareholders and guests again took the opportunity to attend this year's General Meeting and obtained first-hand information on the business performance of RATIONAL AG.

RATIONAL ahead in the Return Check

A Handelsblatt survey on September 23, 2009 put RATIONAL in second place with 875 out of a possible 1,000 points. It was rated as an extremely profitable company. This was a further improvement on the already good results of last year, when RATIONAL took fourth place with 775 points.

The survey covered 131 DAX, MDAX, SDAX and TecDAX companies. The average points score for all companies was 433. The categories surveyed were equity ratio, return on investment (ROI), cash flow to total capital and cash flow to sales.

The most profitable companies

Rank	Company	Index	Total Score
1	SMA Solar	TecDax	900
2	**RATIONAL**	MDax	875
	Pfeiffer Vacuum	TecDax	875
4	Hamburger Hafen	MDax	850
5	K+S	Dax	775
	SAP	Dax	775
	Wacker Chemie	MDax	775
8	Fielmann	MDax	750
	Morphosys	TecDax	750
10	Takkt	SDax	725
⋮	⋮	⋮	⋮
Average of all 131 analysed companies			**433**

Handelsblatt
.com

Statement of Comprehensive Income

Thousands of euros	**3rd Quarter 2009**	3rd Quarter 2008	**9 Months 2009**	9 Months 2008
Sales	**78,747**	81,184	**226,433**	249,743
Cost of sales	-29,654	-34,401	-89,131	-101,141
Gross Profit	**49,093**	46,783	**137,302**	148,602
Sales and service expenses	-17,423	-20,748	-57,643	-65,242
Research and development expenses	-2,543	-3,370	-8,392	-9,534
General administration expenses	-3,671	-3,985	-11,343	-12,024
Other operating income	1,903	2,641	6,887	6,211
Other operating expenses	-1,928	-1,467	-6,121	-5,506
Earnings before interest and taxes (EBIT)	**25,431**	19,854	**60,690**	62,507
Financial results	-198	-71	-256	369
Earnings from ordinary activities (EBT)	**25,233**	19,783	**60,434**	62,876
Taxes on income	-6,488	-5,153	-15,842	-16,637
Group earnings	**18,745**	14,630	**44,592**	46,239
Differences from currency conversion	29	-123	278	-269
Total comprehensive income	18,774	14,507	**44,870**	45,970
Average number of shares (undiluted / diluted)	11,370,000	11,370,000	11,370,000	11,370,000
Earnings per share (undiluted / diluted) in euros relating to the group earnings results and the number of shares	**1.65**	1.29	**3.92**	4.07

Balance Sheet

Assets (Thousands of euros)	Sep. 30,2009	Sep. 30,2008	Dec. 31,2008
Long-term assets	**61,338**	64,111	66,291
Intangible assets	1,393	1,755	1,861
Property, plant and equipment	57,195	59,334	61,195
Financial assets	50	218	50
Other long-term assets	240	281	268
Deferred tax assets	2,460	2,523	2,917
Short-term assets	**185,221**	127,791	142,719
Inventories	18,732	20,769	20,564
Trade receivables	50,922	54,586	57,659
Other short-term assets	3,527	7,037	7,386
Deposits with maturities of more than 3 months	72,000	16,000	25,000
Cash and cash equivalents	40,040	29,399	32,110
Balance sheet total	**246,559**	191,902	209,010

Equity and Liabilities (Thousands of euros)	Sep. 30,2009	Sep. 30,2008	Dec. 31,2008
Equity	**167,057**	118,793	133,557
Subscribed capital	11,370	11,370	11,370
Capital reserves	26,004	26,404	25,726
Revenue reserves	514	514	514
Retained earnings	129,169	80,505	95,947
Long-term liabilities	**23,130**	25,005	25,474
Provision for pensions	589	593	614
Non-current loans	21,868	22,935	23,580
Other long-term liabilities	673	1,477	1,280
Short-term liabilities	**56,372**	48,104	49,979
Liabilities for current tax	4,887	3,499	3,264
Short-term provisions	24,720	22,651	18,233
Current portion of non-current loans	2,269	1,660	2,204
Liabilities to banks	10,000	2,653	-
Trade accounts payable	5,506	7,849	10,935
Other short-term liabilities	8,990	9,792	15,343
Liabilities	**79,502**	73,109	75,453
Balance sheet total	**246,559**	191,902	209,010

Statement of Changes in Equity

Thousands of euros	Subscribed capital	Capital reserve	thereof: non-realised	Revenue reserves	Retained earnings	Total
Balance on Jan. 1, 2008	11,370	26,673	-4,137	514	85,431	123,988
Dividend	-	-	-	-	-51,165	-51,165
Total comprehensive income	-	-269	-269	-	46,239	45,970
Balance on Sep. 30, 2008	11,370	26,404	-4,406	514	80,505	118,793
Balance on Jan. 1, 2009	**11,370**	**25,726**	**-5,084**	**514**	**95,947**	**133,557**
Dividend	-	-	-	-	-11,370	-11,370
Total comprehensive income	-	278	278	-	44,592	44,870
Balance on Sep. 30, 2009	**11,370**	**26,004**	**-4,806**	**514**	**129,169**	**167,057**

Cash Flow Statement

Thousands of euros	9 Months 2009	9 Months 2008
Earnings from ordinary activities	60,434	62,876
Cash flow from operating activities	**60,174**	53,332
Changes in cash funds including fixed deposits	-47,000	1,000
Cash flow from other investing activities	-676	-26,847
Cash flow from investing activities	**-47,676**	-25,847
Cash flow from financing activities	**-4,681**	-43,301
Net changes in cash and cash equivalents	7,817	-15,816
Changes in cash from exchange rate changes	113	-80
Change in cash funds	**7,930**	-15,896
Cash and cash equivalents on January 1	32,110	45,295
Cash and cash equivalents on Sep. 30	**40,040**	29,399
Deposits with maturities of more than 3 months on Sep. 30	72,000	16,000
Cash funds including fixed deposits on Sep. 30	112,040	45,399

Sales

Thousands of euros	9 Months 2009	% of total	9 Months 2008	% of total
Germany	37,399	16%	37,781	15%
Europe (excluding Germany)	114,613	51%	135,690	54%
Americas	29,813	13%	34,709	14%
Asia	29,465	13%	28,641	12%
Rest of the world	15,143	7%	12,922	5%
Total	**226,433**	**100%**	249,743	100%

Operating Segments

9 Months 2009 Thousands of euros	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales	36,985	141,166	24,951	10,253	13,078	**226,433**	-	**226,433**
vs. previous year	+1%	-13%	-6%	+36%	-23%	-9%	-	-9%
% of total	16%	62%	11%	5%	6%	100%	-	100%
Intercompany sales	-	3,127	-	-	142,952	**146,079**	-146,079	-
Segment sales	36,985	144,293	24,951	10,253	156,030	**372,512**	-146,079	**226,433**
vs. previous year	+1%	-13%	-6%	+36%	-14%	-11%	-	-9%
Segment result	25	10,406	983	846	46,816	**59,076**	1,614	60,690
Financial result								-256
Earnings before taxes								60,434

9 Months 2008 Thousands of euros	Activities of the subsidiaries in:				Activities	Total	Reconcil.	Group
	Germany	Europe excl. Germany	Americas	Asia	of the parent company	for segments		
External sales	36,713	161,933	26,600	7,541	16,956	249,743	-	249,743
% of total	15%	65%	10%	3%	7%	100%	-	100%
Intercompany sales	-	3,210	-	-	163,640	166,850	-166,850	-
Segment sales	36,713	165,143	26,600	7,541	180,596	416,593	-166,850	249,743
Segment result	-1,708	13,063	-501	-234	52,062	62,682	-175	62,507
Financial result								369
Earnings before taxes								62,876

Notes

Basis of preparation

The group quarterly report was prepared in line with the principles of the International Financial Reporting Standards (IFRS). With the exception of the changes set out below, the same valuation and balance sheet methods were used as in the last group closing statements. The rules in IAS 34 on condensed financial statements were applied in this case.
The revised IAS 1 standard (presentation of financial statements (revised 2007)) replaces the version of IAS 1 in force to date and is mandatory for fiscal years beginning on or after January 1, 2009. The revision of IAS 1 includes changes in the presentation of the profit and loss account and the equity change account compared to the last group closing statements.
The IFRS 8 standard (operating segments) is mandatory for fiscal years beginning on or after January 1, 2009 and replaces the IAS 14 standard on segment reporting.

Basis of consolidation

On September 30, 2009 RATIONAL AG's consolidated group includes, besides the parent company RATIONAL AG, five domestic and eighteen foreign subsidiaries. There were no changes to the composition of the consolidated group compared to September 30, 2008 and to the balance sheet date of December 31, 2008.

Operating segments

RATIONAL groups the subsidiaries based in the various regions into the business segments. This corresponds to the management approach laid down in IFRS 8. Business segments are organization units, for which information is passed to the management in order to measure success and allocate resources. There are no significant changes compared to the segmentation undertaken in line with IAS 14 for the last group closing statements. The comparative figures considered in the segment results of the previous year have been eliminated in the present closing statements in application of IFRS 8.36.

Besides the segments Germany, Europe excluding Germany, Americas and Asia, 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, production and supply of products to subsidiaries and the provision of services. In addition, the parent company makes supplies to OEM customers around the world. The effects arising from the consolidated operations are reflected in the reconciliation column.

Associated businesses and persons

In the first nine months of 2009, no significant transactions occurred with companies or individuals in any way associated with RATIONAL AG.

DVFA result

The DVFA result on September 30, 2009 corresponds to the profit per share as per IAS or IFRS in the profit and loss account.

Private Notes

RATIONAL AG, Iglinger Straße 62, 86899 Landsberg am Lech, Germany, Tel. +49 8191 3270, Fax +49 8191 327272, www.rational-online.com