

Statement

on the first three months of 2021

re-imagined
re-invented



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Key Figures

	1st Quarter 2021	1st Quarter 2020	Change absolute	Change in %
in m EUR				
Sales revenues by region				
Germany	19.1	21.7	-2.6	-12
Europe (excluding Germany)	71.9	85.3	-13.4	-16
North America	30.9	33.2	-2.3	-7
Latin America	7.3	9.2	-1.9	-20
Asia	29.4	23.2	+6.2	+27
Rest of the world	9.1	8.7	+0.5	+6
Sales revenues abroad (in %)	89	88	+1	-
Sales revenues by product group				
Combi-steamer	149.9	164.4	-14.5	-9
VarioCookingCenter/iVario	17.8	16.9	+0.9	+6
Sales and earnings				
Sales revenues	167.7	181.3	-13.6	-7
Cost of sales	73.8	79.8	-6.0	-8
Gross profit	93.9	101.5	-7.6	-7
as a percentage of sales revenues	56.0	56.0	+0.0	-
Sales and service expenses	42.5	50.3	-7.8	-15
Research and development expenses	11.4	11.9	-0.5	-4
General administration expenses	9.7	10.3	-0.6	-6
Earnings before financial result and taxes (EBIT)	32.2	26.0	+6.2	+24
as a percentage of sales revenues	19.2	14.3	+4.9	-
Profit or loss after taxes	24.4	16.7	+7.7	+46
Balance sheet				
Balance sheet total	689.7	680.0	+9.7	+1
Equity	558.4	534.3	+24.1	+5
Equity ratio (in %)	81.0	78.6	+2.4	-
Cash flow				
Cash flow from operating activities	13.5	-22.3	+35.8	161
Cash-effective investments	4.0	7.5	-3.5	-47
Free cash flow ¹	9.5	-29.8	+39.4	-132
Number of employees as at 31 Mar				
	2,174	2,310	-136	-6
Key figures RATIONAL shares				
Earnings per share (in EUR)	2.15	1.47	+0.68	+46
Quarter-end closing price ² (in EUR)	662,50	483.80	+178.70	+37
Market capitalisation ^{2,3}	7,532.6	5,500.8	+2,031.8	+37

RATIONAL AG: Encouraging business performance in March results in EBIT margin of 19% — another investment push in Wittenheim and U.S.

Business performance in the first quarter of 2021:

- › Sales revenues of 167.7 million euros, down 7% year on year
- › Improvement in EBIT and EBIT margin to 32.2 million euros and 19.2% (2020: 14.3%) respectively
- › Faster recovery possible than previously assumed
- › Investments of around 55 million euros expected for 2021

Strong final month for sales revenues and new orders in the first three months

After a business performance at RATIONAL AG as expected in January (sales revenues down 13% on the same month of the previous year) and February (down 22%), sales revenues for the first quarter as a whole benefited from a sharp rise in sales figures in March (up 14%). In March, there was also a positive trend in new orders, which were down 21% in January, 23% in February and up 39% in March (2020: down 32%) compared to the respective month of the previous year.

We see the growing number of customers no longer suffering or suffering less from coronavirus restrictions, the catch-up effect of investment, the in some instances massive stimulus packages and, as the base effect, the fact that March 2020 was the first month to be affected by coronavirus as reasons for this recovery in March. In the first quarter of 2021, the company generated sales revenues totalling 167.7 million euros and was therefore around 7% (currency-adjusted 5%) below the figure for the prior-year quarter (2020: 181.3 million euros).

Sales revenues in Asia grow by 27% compared to Q1 2020 — the other regions are still down year on year

Progress in combating the pandemic varies worldwide. Accordingly, performance in the market regions in the first quarter of 2021 also varied greatly. Asia, which was the first region to be affected by coronavirus in 2020, is displaying a trend towards getting back to normal: quarterly sales revenues here are 27% above the prior-year quarter. This positive development benefited additionally from the good street- and strong partner business. North America, where daily life is also rapidly getting back to normal thanks to an effective vaccination strategy, is now only down by 7%. In Europe (excluding Germany), sales revenues are 16% lower than in the previous year, and 12% lower in Germany. Latin America continues to be heavily affected by the coronavirus crisis with a drop in sales revenues of 20% compared to the same period last year.

iVario growth of 6% — iCombi 9% down year on year

Sales revenues in the iVario product group in the first three months of 2021 were 6% up year on year at 17.8 million euros (2020: 16.9 million euros). The product group benefited in the first three months from last year's market launch in China and North America. Sales revenues in Japan also performed well thanks to strong partner business.

Sales revenues in the iCombi product group in the first three months were 9% down year on year at 149.9 million euros (2020: 164.4 million euros).

The decline in sales revenues just for appliances was relatively low, which underscores the appeal of the new appliance generation. Due to the coronavirus-related restrictions on our customers' business activity, the drop in sales revenues from cleaning products and spare parts was somewhat steeper.

Investment push in Wittenheim and U.S.

In Wittenheim, the production site for iVario appliances, construction of a customer centre, an administration building and a production facility began in mid-April. The total investment volume here is around 25 million euros over the next 24 months.

In addition, RATIONAL is in the process of acquiring a plot of land in the greater Chicago area. In the first step, a customer centre, an administration building and a warehouse are to be erected on a generous plot and will replace the current leased properties from mid-2023. The plot should also offer the option of erecting a production facility in a later step.

RATIONAL anticipates an investment volume of around 55 million euros for 2021 as a whole.

56.0% gross margin in the first quarter of 2021

The gross margin of 56.0% is at the prior-year level (2020: 56.0%). The past fiscal year was still dominated by the conversion of the production processes in Landsberg and Wittenheim due to the roll-out of the new product generations and dealing with the crisis-induced logistical constraints. In the current year, we are benefiting in the production process from improved productivity.

Adjusted for negative currency effects, the gross margin reached around 57%.

The cost of sales was successfully adjusted to the new sales revenue level and at 73.8 million euros was around 8% below the prior-year level (2020: 79.8 million euros). Personnel costs in production, in particular, fell significantly, since RATIONAL managed to achieve considerable savings for auxiliary and temporary staff.

EBIT margin up 4.9 percentage points to 19.2%

EBIT (earnings before financial result and taxes) in the first three months of the current fiscal year was 32.2 million euros, up 24% on the prior-year quarter (2020: 26.0 million euros). The EBIT margin was 19.2% (2020: 14.3%).

The EBIT margin for the previous year came under strong pressure due to the emerging coronavirus crisis, the resulting sudden slump in sales revenues in March and the related uncertainty at a still unchanged cost level. This year's EBIT margin for the first quarter benefited from the above-average drop in operating costs in relation to the decline in sales revenues. The unexpectedly high sales revenues in March alone with a still comparatively low cost base were the main driver for the significantly better than expected EBIT margin.

In total, the operating costs in the first quarter were successfully cut by 12% to 63.6 million euros (2020: 72.5 million euros). The operating costs in sales and service in the first quarter stood at 42.5 million euros (2020: 50.3 million euros) due to a reduction in expenses on trade fairs, travel, personnel costs, and transport and logistics costs of around 15% below the prior-year level. Major reductions in research and development expenses were only consciously made. They fell by 4% to 11.4 million euros (2020: 11.9 million euros). Administration expenses went down by 6% to 9.7 million euros (2020: 10.3 million euros).

In the current year, the currency result of 1.5 million euros had a positive impact on the EBIT margin, while it fell sharply to -2.9 million euros in the prior-year quarter. Adjusted for all currency effects, the EBIT margin after three months was 19.4%.

13.5 million euros in operating cash flow in the first quarter

In the first three months of the current fiscal year, cash flow from operating activities was 13.5 million euros, while cash flow from operating activities in the prior-year quarter was around minus 22.3 million euros. This particular situation in

the previous year was due primarily to low pre-tax earnings and a temporary build-up of inventories in connections with the converting to the new appliance generations. The improvement in the first quarter of 2021 is mainly due to the higher pre-tax earnings in conjunction with lower advance tax payments and a less extensive build-up of inventories.

The cash flow from investing activities includes investments in property, plant and equipment and in intangible assets. In the first three months of the current fiscal year, these investments amounted to 4.0 million euros (2020: 7.5 million euros).

The cash flow from financing activities of –2.9 million euros mainly reflects the repayment of principal and interest in connection with bank loans (–0.8 million euros) and payments for lease liabilities in accordance with IFRS 16 (–2.1 million euros).

2020 dividend back to a payout ratio of around 70%

A high level of liquidity and the resultant independence from capital markets and bank loans, preserving entrepreneurial freedom and a high payout ratio to the shareholders have always been vital for RATIONAL. To continue to maintain this independence and freedom, while returning to a payout ratio of around 70%, the Executive Board and Supervisory Board will propose a dividend of 4.80 euros per share for fiscal year 2020 to the General Meeting of Shareholders on 12 May 2021, which corresponds to a total distribution of 54.6 million euros.

Slight decline in number of employees

As in fiscal year 2020, RATIONAL also pursued a cautious personnel policy in the first three months of 2021. The RATIONAL Group had a total of 2,174 employees worldwide as at the end of March 2021, compared to 2,310 at the same time in the previous year. Around 1,200 people were employed in Germany as at the balance sheet date.

Good first quarter provides slightly positive outlook for the year as a whole

The company published the last forecast on 24 February 2021. The positive development in new orders and sales revenues in March was above the February expectations of RATIONAL and the entire commercial kitchen appliances industry. Since the market environment continues to be volatile, it remains, however, to be seen whether this positive development in new orders and sales revenues lasts or is a case of short-term catch-up effects.

General factors indicating that the recovery among customers will continue are the rising vaccination successes, the spread of tests, the decline in positive cases in more and more regions and the milder summer temperatures. On the industry side, the factors are the in some instances massive financial aid packages, as in the U.S., for example, and the dealers' depleted inventories.

Risks that remain are new virus mutations and further waves of the pandemic that could lead to renewed lockdowns.

The company's management currently still expects growth in sales revenues in the medium single-digit range. Based on the assumption that other markets will benefit sooner or more strongly from catch-up effects among restaurant and communal catering guests and our end customers, sales revenue growth for the fiscal year could turn out to be somewhat better than previously expected.

The risk of supply shortages for electronic components and production stoppages as a result still remains. There is also the risk of rising costs in material procurement. There are already signs of price increases for some raw materials and especially electronic components, as well as rising transport and logistics costs. In addition, operating costs for trade fairs, customer visits and travel will rise again as things continue to get back to normal.

If the positive trend in sales revenues and the favourable cost situation of the first quarter continue and the risks described do not materialise in full, then the EBIT margin will be higher than the previous year.

Statement of Comprehensive Income

RATIONAL Group

	in kEUR	
for the period 1 January – 31 March	1st Quarter 2021	1st Quarter 2020
Sales revenues	167,699	181,259
Cost of sales	-73,798	-79,789
Gross profit	93,901	101,470
Sales and service expenses	-42,528	-50,317
Research and development expenses	-11,370	-11,868
General administration expenses	-9,683	-10,324
Other operating income	3,940	4,379
Other operating expenses	-2,088	-7,362
Earnings before financial result and taxes (EBIT)	32,172	25,978
Interest income	53	195
Interest expenses	-192	-194
Other financial result	-150	-3,968
Earnings before taxes (EBT)	31,883	22,011
Income taxes	-7,493	-5,277
Profit or loss after taxes	24,390	16,734
Items that may be reclassified to profit and loss in the future: Differences from currency translation	-1,051	197
Other comprehensive income	-1,051	197
Total comprehensive income	23,339	16,931
Average number of shares (undiluted/diluted)	11,370,000	11,370,000
Earnings per share (undiluted/diluted) in euros, based on profit or loss after taxes and the number of shares	2.15	1.47

Balance Sheet

RATIONAL Group

Assets

	in kEUR		
	31 Mar 2021	31 Mar 2020	31 Dec 2020
Non-current assets	215,058	208,579	217,003
Intangible assets	6,204	6,963	6,508
Property, plant and equipment	192,668	185,917	194,977
Other financial assets	1,171	1,443	1,145
Deferred tax assets	13,178	13,319	12,514
Other assets	1,837	937	1,859
Current assets	474,594	471,391	453,743
Inventories	79,108	84,218	79,285
Trade accounts receivable	100,833	116,630	98,750
Other financial assets	13,153	90,688	25,928
Income tax receivables	10,141	4,039	8,279
Other assets	20,075	21,797	10,373
Cash and cash equivalents	251,284	154,019	231,128
Total assets	689,652	679,970	670,746

Equity and liabilities

	in kEUR		
	31.03.2021	31.03.2020	31.12.2020
Equity	558,430	534,299	535,091
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	524,680	501,737	500,290
Other components of equity	-5,678	-6,866	-4,627
Non-current liabilities	31,970	34,575	34,456
Pension and similar obligations	6,650	6,218	6,508
Other provisions	9,128	8,766	9,056
Financial debt	1,771	3,269	2,126
Other financial liabilities	13,421	14,256	14,524
Deferred tax liabilities	30	444	406
Income tax liabilities	497	91	497
Other liabilities	473	1,531	1,339
Current liabilities	99,252	111,096	101,199
Other provisions	36,414	37,928	40,044
Financial debt	2,145	3,733	2,550
Trade accounts payable	22,949	26,456	21,154
Other financial liabilities	9,029	10,851	12,236
Income tax liabilities	5,513	10,833	7,013
Other liabilities	23,202	21,295	18,202
Liabilities	131,222	145,671	135,655
Total equity and liabilities	689,652	679,970	670,746

Cash Flow Statement

RATIONAL Group

	in kEUR	
for the period 1 January – 31 March	1st Quarter 2021	1st Quarter 2020
Earnings before taxes (EBT)	31,883	22,011
Cash flow from operating activities	13,517	-22,259
Capital expenditures in intangible assets and property, plant and equipment including proceeds from asset disposals	-3,964	-7,523
Cash flow from financial investments	12,902	8,274
Cash flow from investing activities	8,938	751
Cash flow from financing activities	-2,890	-4,962
Effects of exchange rate fluctuations in cash and cash equivalents	591	-901
Change in cash and cash equivalents	20,156	-27,371
Cash and cash equivalents as at 1 January	231,128	181,390
Cash and cash equivalents as at 31 March	251,284	154,019

Statement of Changes in Equity

RATIONAL Group

in kEUR

	Subscribed capital	Capital reserves	Retained earnings	Other components of equity		Total
				Differences from currency translation	Actuarial gains and losses	
Balance as at 1 January 2020	11,370	28,058	485,003	-5,474	-1,589	517,368
Dividend	-	-	-	-	-	-
Profit or loss after taxes	-	-	16,734	-	-	16,734
Other comprehensive income	-	-	-	197	-	197
Balance as at 31 March 2020	11,370	28,058	501,737	-5,277	-1,589	534,299
Balance as at 1 January 2021	11,370	28,058	500,290	-3,078	-1,549	535,091
Dividend	-	-	-	-	-	-
Profit or loss after taxes	-	-	24,390	-	-	24,390
Other comprehensive income	-	-	-	-1,051	-	-1,051
Balance as at 31 March 2021	11,370	28,058	524,680	-4,129	-1,549	558,430

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Disclaimer

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