

Letter from the Executive Board on the first quarter of 2023



“The original idea and corporate philosophy of RATIONAL continue to be right and successful: with the focus on the preparation of hot food. With the determination for continuous improvement. And above all with the conviction that it doesn't start with sales revenues, profit and growth, but with customer benefit.”

Dr Peter Stadelmann
CEO RATIONAL AG

**Dear Shareholders,
Customers and Business Partners,**

Siegfried Meister established our company 50 ago with the intention of supplying the best cooking appliances to the kitchens of this world. He had the vision that processes in industrial kitchens could be significantly speeded up and perfected, and that the work of chefs could be made easier while at the same time improving the quality of the food served to guests.

As Siegfried Meister remembered at the time, what made his mother's duck so delicious was, above all, that she continually basted it with pan juices while it was in the oven. He wanted to apply this principle in a cooking appliance. The revolutionary result was the invention of the combi steamer in 1976. It combines hot air with the steam essential for keeping in the moisture and can therefore boil, roast, steam, grill and perform many other tasks.

Our company's founder decided in 1983 to focus exclusively on the combi steamer, even though it generated less than half of the company's sales revenues back then. Siegfried Meister was convinced that the combi steamer would offer the greatest customer benefit and therefore provide people in industrial kitchens with maximum assistance. All other products were discontinued – against the wishes of many who were less familiar with the concept of the bottleneck-driven strategy than Siegfried Meister. By the way, 1983 was also the first year in which over 1,000 combi steamers a year were manufactured. At the time, sales revenues amounted to 8.6 million Deutsche Mark (DM), which translates into 4.4 million euros. The chosen path proved to be the right one: sales revenues amounted to DM 18 million in 1985 – generated exclusively with combi steamers. In 1986, this rose to DM 36 million. In 1988 – the year in which Meister celebrated his 50th birthday with all employees – RATIONAL's sales revenues reached DM 64 million.

Only if you understand customer wishes better than the competition are you able to offer maximum benefit. To this day – years after the establishment of our company – this strategy continues to have an effect, driving our actions related to making our cooking systems even better. And the more we focus, the easier it becomes: we become better faster, as focus leads to specialisation.

We are celebrating our company's 50-year anniversary under the motto "When it tastes great, we all speak the same language". There are different people, cultures, traditions, religions, languages and – not least – foods and cooking methods, but when they taste good, they all agree: mmm! This is what we work for every day at RATIONAL. If you want to find out more, please visit our website, where we mark this anniversary year by telling interesting stories about customers and the company.

In addition to numerous occasions at the Landsberg location, we will also invite our customers to celebrate with us internationally at trade fairs and other events. Each meeting will be an opportunity for us to thank our customers. But with each contact, we also learn about their needs and challenges. We want to understand what occupies them in their daily work, what trends they have identified, and where they need support.

Generally, the industry is confident at present, given the high levels of demand. However, major challenges remain in relation to the shortage of professionals and, above all, the persistently high energy and food prices. The efficient use of energy and raw materials has always been a key concern for us. It is a way for us not only to make a positive contribution to sustainability and the protection of our environment, but also to reduce the production costs at our customers. Internationally, the US Energy Star is believed to be the most important seal of energy efficiency. Since January 2023, it has been subject to even more stringent requirements. We took the announcement of Energy Star 3.0 last year as an opportunity to make further improvements to the energy efficiency and water consumption of our cooking systems. As a result, we are not only meeting, but exceeding the new requirements. Compared to the model launched in 2020, energy consumption in hot-air mode has been cut by another 10%. In steam mode, the reduction is as much as 13%. These figures are all the more impressive if you know that RATIONAL combi steamers are already among the most efficient in their segment. Investing in modern, efficient equipment is making sense for an increasing number of customers, especially in view of the current high – and still rising – energy prices.

Through ConnectedCooking, we also provide the option of central digital monitoring of our cooking systems as a way to make the processes more efficient and save energy. A chef can see unnecessary idle times or where doors have been left open too frequently or for too long. It also allows them to space out production and in this way avoid peak loads.

It is this and many other reasons that justify the use of our cooking systems from the customer's perspective. Together, the iCombi and iVario are setting new standards in large-scale catering – just like 50 years ago. This has been confirmed by the feedback from our customers. They benefit not only from high food quality and simplified workflows, but also financially from lower costs of energy, water, food and staff.

Due to our extraordinary market position, our image of being the best problem solver in the industry, and being best placed for finding the best possible solutions for the current and future bottlenecks of our customers, we remain very confident for 2023 and subsequent years.

After this look back at the establishment and early years of our company, I now turn to current business performance.

In the first three months of 2023, sales revenues of 282 million euros is about one quarter up on the prior-year quarter. EBIT was 66.5 million euros, 39% higher than in the first quarter of 2022. The EBIT margin increased to 23.5% (previous year 21.2% year).

Sales revenue growth of 20% in 2021 and of as much as 31% in 2022 had been driven by catch-up effects and price increases following the pandemic and the subsequent supply crisis. For full-year 2023, we now expect normalised growth in the high single-digit percentage range, which corresponds to our past long-term growth trend. At such a rate of expansion, the people working for RATIONAL and the organisation as a whole are able to devote themselves to the needs of existing and new customers. In this way, we can also improve our cooking systems based on need, guarantee top product quality, offer continuing training and development to our staff, and appropriately select and properly phase in the new employees that will be key to our growth.

Appropriate participation of our shareholders is another of our concerns. There are many reasons why we are particularly looking forward to this year's General Meeting of Shareholders. In addition to the historically high dividend totalling 13.50 euros, we will – after an interval of three years – be welcoming our shareholders in person again at the Messe Augsburg exhibition centre on 10 May 2023. As we last did in 2019, as a company of chefs, we want to demonstrate to all those attending the General Meeting of Shareholders what our cooking systems are capable of by offering you a culinary experience.

Lastly, I want to thank you, our shareholders, for your loyalty and trust over the past years. Things were not easy either for you or for us all. You can rest assured that each entrepreneur in the company (U.i.U.) at RATIONAL will continue to work every day in the future to provide better help to our customers than all the others. This will ensure our success, which will likewise benefit you. Even if the company and the economy were to continue to go through difficult times, we are confident that, compared to most alternatives, RATIONAL is and remains a worthwhile investment.

Together with all the people at RATIONAL, our partners, suppliers and the shareholders of our company, I am delighted to continue writing this success story. I wish you every success, best of luck and good health.

Best regards,



Peter Stadelmann
CEO RATIONAL AG