

Statement

on the first 9
months of 2023

When it
tastes great,
we all speak
**the same
language.**

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Key Figures

In m EUR	3rd quarter 2023	3rd quarter 2022	Change absolute	Change in %	9 months 2023	9 months 2022	Change absolute	Change in %
Sales revenues by region								
Germany	27.2	31.4	-4.2	-13	91.6	93.1	-1.5	-2
Europe (excluding Germany)	105.0	110.3	-5.3	-5	341.6	318.4	+23.2	+7
North America	69.4	65.8	+3.6	+5	195.3	150.0	+45.3	+30
Latin America	16.9	15.3	+1.6	+10	48.5	39.2	+9.3	+24
Asia	40.6	36.1	+4.5	+13	110.8	90.7	+20.1	+22
Rest of the world	13.2	15.4	-2.2	-14	45.2	40.6	+4.6	+11
Sales revenues generated abroad (in %)	90	89	+1	-	89	87	+2	-
Sales revenues by product group								
iCombi	242.8	239.0	+3.8	+2	745.8	634.0	+111.8	+18
iVario	29.5	35.2	-5.7	-16	87.3	97.9	-10.6	-11
Sales revenues and earnings								
Sales revenues	272.3	274.2	-1.9	-1	833.1	731.9	+101.2	+14
Cost of sales	116.1	124.2	-8.1	-6	362.1	334.6	+27.5	+8
Gross profit	156.2	150.1	+6.1	+4	470.9	397.3	+73.6	+19
in % of sales revenues	57.4	54.7	+2.7	-	56.5	54.3	+2.2	-
Sales and service expenses	63.3	59.2	+4.1	+7	189.7	170.2	+19.5	+11
Research and development expenses	12.6	9.9	+2.7	+27	37.3	32.1	+5.2	+16
General administration expenses	13.4	11.6	+1.8	+16	39.1	34.4	+4.7	+14
Earnings before financial result and taxes (EBIT)	65.9	70.3	-4.4	-6	201.9	163.4	+38.5	+24
in % of sales revenues	24.2	25.6	-1.4	-	24.2	22.3	+1.9	-
Profit or loss after taxes	52.3	53.8	-1.5	-3	158.4	124.7	+33.7	+27
Return on capital employed (ROCE)					39.4	35.4	+4.0	+11
Balance Sheet								
Total equity and liabilities					917.7	835.6	+82.1	+10
Equity					681.1	613.2	+67.9	+11
Equity ratio in %					74.2	73.4	+0.8	-
Cash flow								
Cash flow from operating activities					197.4	114.9	+82.5	+72
Cash-effective investments					23.4	27.1	-3.7	-14
Free cash flow ¹					174.0	87.7	+86.3	+98
Number of employees as at 30 September					2,524	2,356	+168	+7
Key figures for RATIONAL shares								
Earnings per share (in EUR)					13.93	10.97	+2.96	+27
Quarter-end closing price ² (in EUR)					600.00	500.50	+99.50	+20
Market capitalisation ^{2,3}					6,822.0	5,690.7	+1,131.3	+20

1 Cash flow from operating activities less capital expenditures

2 Xetra

3 As of balance sheet date

RATIONAL AG: Sales revenues up 14% after nine months

- › Sales revenues rose by 14% to 833 million euros as at the end of September
- › North America remains the most important growth driver
- › EBIT of 201.9 million euros – EBIT margin at 24.2% in the first nine months
- › Three innovations strengthen technological lead
- › 2023 forecast confirmed

Sales revenues up 14% as at September 2023

At 272,3 million euros (2022: 274.2 million euros), sales revenues were on a level with the prior-year quarter as well as with the first two quarters of the current fiscal year. The continued normalisation of orders on hand again had a positive impact. Total orders on hand stood at 130 million euros at the end of September, around 30 million euros down from the level at the end of the first half of 2023.

In the first nine months of this year, sales revenues rose by 14% to 833.1 million euros (2022: 731.9 million euros). Thanks to special factors from the reduction in orders on hand and price increases, year-on-year growth rates were particularly high, especially in the first six months of 2023. As expected, these effects diminished in the course of the year. Adjusted for exchange rate movements, growth amounted to 16% compared with the previous year.

Business in overseas markets remains strong

The overseas markets showed very good growth performance, with North America once again confirming its position as the number 1 growth market. Driven by strong business with small and medium-sized customers in the United States, sales revenues went up by an encouraging 30% in the first nine months of 2023. Expansion in the Asia and Latin America regions was similarly strong in the first three quarters of 2023. The encouraging growth rates of 24% in Latin America were attributable to strong sales revenues in Brazil and Mexico. In Asia, sales revenues increased by 22% on the back of strong demand from Japan, China and Southeast Asia. Thanks to positive business performance in the Middle East, sales revenues in the rest of the world were 11% higher than in the prior-year period. Strong sales revenues in the UK, Spain and France led to a 7% rise in sales revenues in Europe (excluding Germany) compared to the first nine months of 2022. Our home market of Germany recorded sales revenues at the high level of the previous year in the first nine months of 2023.

iCombi sales revenues 18% higher

In the iCombi product group, sales revenues were up 18% year-on-year in the first nine months of 2023, at 745.8 million euros (2022: 634.0 million euros). In the iVario product group, we generated sales revenues of 87.3 million euros (2022: 97.9 million euros). The decline was due to the previous year's high growth rates: in the first nine months of 2022, iVario sales revenues had climbed by 63% compared with the previous year.

56.5% gross margin after three quarters of 2023

Cost of sales increased more slowly than sales revenues in the first nine months, up 8% to 362.1 million euros (2022: 334.6 million euros). The gross margin improved by 2.2 percentage points to 56.5% (2022: 54.3%). This is attributable firstly to the positive effects of the previous year's price increases and secondly to positive market and appliance mix effects. On the costs side, we benefited from falling freight charges and material costs, especially for chemicals and stainless steel. Moreover, higher productivity in production had beneficial effects on the gross margin. With 57.4% in the third quarter, gross margin was up 2.7 percentage points on the prior-year figure (2022: 54.7%).

24.2% EBIT margin after nine months

EBIT (earnings before financial result and taxes) for the first nine months was 201.9 million euros, 24% higher than in the previous year (2022: 163.4 million euros). The EBIT margin increased to 24.2% (2022: 22.3%). Third-quarter EBIT was 65.9 million euros (2022: 70.3 million euros), which also corresponds to an EBIT margin of 24.2%. Earnings continued to benefit from the healthy sales revenue performance in combination with cost levels that increased more slowly than sales revenues. While sales revenues rose by 14% year-on-year, operating costs were only 12% above the prior-year period. Total operating costs amounted to 266.0 million euros in the first nine months of 2023 (2022: 236.7 million euros).

Operating costs in sales and service stood at 189.7 million euros in the first nine months (2022: 170.2 million euros), a year-on-year increase of 11%. The rise in costs was driven especially by higher personnel costs due to the ramp-up of capacity in sales and marketing as well as increased costs for trade fairs and customer events. Research and development expenses were 16% up on the previous year, at 37.3 million euros (2022: 32.1 million euros). Administration expenses went up by 14% to 39.1 million euros (2022: 34.4 million euros).

Net currency losses of 5.0 million euros were incurred in the first three quarters, compared with slight gains (1.7 million euros) making a positive contribution to EBIT in the previous year. Adjusted for all exchange rate effects, the EBIT margin was over 25% at the end of September.

197 million euros in operating cash flow

In the first nine months, cash provided by operating activities amounted to 197.4 million euros (2022: 114.9 million euros). The significant increase in cash from operating activities is mainly attributable to the higher profit after taxes and the smaller rise in inventories and trade accounts receivable than in the previous year.

The cash flows from investing activities include investments in property, plant and equipment and in intangible assets. They amounted to 23.4 million euros in the first nine months of 2023 (2022: 27.3 million euros) and related mostly to the expansion and maintenance of the Landsberg and Wittenheim locations and the new production facility in China.

Financing activities led to a cash outflow of 162.3 million euros (2022: 121.2 million euros); this mainly reflects the dividend distribution of 153.5 million euros and payments for lease liabilities in accordance with IFRS 16 in an amount of 7.3 million euros.

Number of employees worldwide tops 2,500 for the first time

In keeping with our financial strength and long-term outlook, we again invested in our employees, whom we refer to as “entrepreneurs in the company” (U.i.U.), in the third quarter of 2023. They once again demonstrated their full commitment in the service of our customers. At the end of September 2023 the RATIONAL Group employed 2,524 U.i.U., including around 1,450 in Germany.

New products and services confirm power to innovate

At partner events and the international food and hospitality trade fair Host in Milan, we recently presented our latest innovations, ranging from new software solutions through enhancements to an existing product down to a completely new product category. For more detailed information on the products and the launch of sales, please refer to our publication of 13 October 2023.

Forecast confirmed

In the year 2023 to date, we have benefited from the positive special factors relating to the reduction of the high orders on hand. As at the end of the third quarter, our orders on hand had largely returned to a normal level. At the same time, our order intake increased from quarter to quarter. For the fourth quarter of 2023, we expect sales revenues to be slightly down on the level of the third quarter. For full-year 2023, we confirm our forecast of growth in the high single-digit percentage range.

On the costs side, we are still planning to raise certain operating expenses specifically, especially in sales. In addition, there will be investments in our international locations. Due to delays, the costs are currently below our expectations. Furthermore, movements in the relevant foreign currencies – particularly the US dollar – were less impactful than expected at the half-year mark. Overall, we expect the EBIT margin to be similar to that of the previous year. If the effects referred to above resulting from project delays and favourable exchange rates continue, the EBIT margin could even be slightly higher than that of the previous year.

Statement of Comprehensive Income

RATIONAL Group

in kEUR

Period: 1 January – 30 September	3rd quarter 2023	3rd quarter 2022	9 months 2023	9 months 2022
Sales revenues	272,288	274,239	833,076	731,914
Cost of sales	-116,097	-124,151	-362,134	-334,642
Gross profit	156,191	150,088	470,942	397,272
Sales and service expenses	-63,330	-59,170	-189,682	-170,198
Research and development expenses	-12,604	-9,918	-37,267	-32,111
General administration expenses	-13,376	-11,561	-39,058	-34,367
Other operating income	3,920	9,212	13,648	25,613
Other operating expenses	-4,907	-8,343	-16,659	-22,771
Earnings before financial result and taxes (EBIT)	65,894	70,308	201,924	163,438
Interest income	2,028	145	4,744	295
Interest expenses	-259	-177	-773	-482
Other financial result	-77	-52	-516	-476
Gain or loss on the net monetary position in accordance with IAS 29	288	121	344	229
Earnings before taxes (EBT)	67,874	70,345	205,723	163,004
Income taxes	-15,612	-16,530	-47,317	-38,307
Profit or loss after taxes	52,262	53,815	158,406	124,697
Items that may be reclassified to profit and loss in the future:				
Differences from currency translation	-181	-376	328	-1,211
Differences from IAS 29 Hyperinflation	-278	-136	-384	33
Items that will not be reclassified to profit and loss:				
Actuarial gains and losses from defined benefit obligations	0	0	0	0
Other comprehensive income	-459	-512	-56	-1,178
Total comprehensive income	51,803	53,303	158,350	123,519
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, based on profit or loss after taxes and the number of shares	4.60	4.73	13.93	10.97

Balance Sheet

RATIONAL Group

Assets

in kEUR	30 September 2023	31 December 2022	30 September 2022
Non-current assets	251,396	237,293	233,555
Intangible assets	20,394	15,978	14,000
Property, plant and equipment	207,988	203,917	203,182
Other financial assets	1,622	1,158	1,102
Deferred tax assets	18,397	14,040	12,985
Other assets	2,995	2,200	2,286
Current assets	666,324	661,929	602,006
Inventories	114,347	116,297	101,240
Trade accounts receivable	165,359	174,663	162,850
Other financial assets	226,688	133,757	56,800
Income tax receivables	1,433	1,004	8,410
Other assets	30,313	28,307	20,490
Cash and cash equivalents	128,184	207,901	252,216
Total equity and liabilities	917,720	899,222	835,561

Equity and liabilities

in kEUR	30 September 2023	31 December 2022	30 September 2022
Equity	681,095	676,240	613,182
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	646,310	641,399	580,407
Other components of equity	-4,643	-4,587	-6,653
Non-current liabilities	33,337	31,430	32,618
Pension and similar obligations	4,076	4,025	5,891
Other provisions	10,447	10,600	11,065
Financial debt	-	-	236
Other financial liabilities	13,670	11,423	12,325
Deferred tax liabilities	3,826	3,704	1,847
Income tax liabilities	820	820	820
Other liabilities	498	858	434
Current liabilities	203,288	191,552	189,761
Other provisions	96,526	79,050	85,055
Financial debt	236	944	1,642
Trade accounts payable	31,809	36,352	35,590
Other financial liabilities	13,173	21,971	16,400
Income tax liabilities	23,963	21,821	19,088
Other liabilities	37,581	31,414	31,986
Liabilities	236,625	222,982	222,379
Total equity and liabilities	917,720	899,222	835,561

Cash Flow Statement

RATIONAL Group

in kEUR

Period: 1 January – 30 September	9 months 2023	9 months 2022 ¹
Earnings before taxes (EBT)	205,723	163,004
Depreciation and amortisation	23,936	22,967
Other	4,730	2,567
Net interest	-3,970	187
Changes in		
Inventories	2,484	-8,839
Trade accounts receivable and other assets	-3,027	-69,314
Provisions	17,374	22,402
Trade accounts payable and other liabilities	17	13,482
Income taxes paid	-49,839	-31,566
Cash flow from operating activities	197,428	114,891
Capital expenditures in intangible assets and property, plant and equipment	-23,433	-27,295
Proceeds from asset disposals	155	149
Change in fixed deposits	-94,795	29,503
Interest received	3,526	238
Cash flow from investing activities	-114,547	2,595
Dividends paid	-153,495	-113,700
Repayment of liabilities to banks	-708	-945
Change in other liabilities to banks	0	645
Payments for lease liabilities	-7,322	-6,717
Interest paid	-774	-480
Cash flow from financing activities	-162,299	-121,197
Effects of exchange rate fluctuations in cash and cash equivalents	-299	2,232
Change in cash and cash equivalents	-79,717	-1,479
Cash and cash equivalents as at 1 January	207,901	253,695
Cash and cash equivalents as at 30 September	128,184	252,216

1 Prior-year figures adjusted in accordance with IAS 8.14. For further details, please refer to the 2022 Annual Report.

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	Other changes (e.g. acc. to IAS 29)	
Balance as at 1 January 2022	11,370	28,058	569,377	-4,630	-845	-	603,330
Dividend	-	-	-113,700	-	-	-	-113,700
Profit or loss after taxes	-	-	124,697	-	-	-	124,697
Other changes	-	-	33	-	-	-	33
Other comprehensive income	-	-	-	-1,178	-	-	-1,178
Balance as at 30 September 2022	11,370	28,058	580,407	-5,808	-845	-	613,182
Balance as at 1 January 2023	11,370	28,058	641,399	-5,278	934	-243	676,240
Dividend	-	-	-153,495	-	-	-	-153,495
Profit or loss after taxes	-	-	158,406	-	-	-	158,406
Other comprehensive income	-	-	-	328	-	-384	-56
Balance as at 30 September 2023	11,370	28,058	646,310	-4,950	934	-627	681,095

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Disclaimer

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