Report on the first 9 months of 2011

RATIONAL

Key Figures

m EUR	3rd Quarter 2011	3rd Quarter 2010	Change absolute	Change in %	9 Months 2011	9 Months 2010	Change absolute	Change in %
Sales and earnings								
Sales	92.4	86.4	+6.0	+7	272.7	244.0	+28.7	+12
Sales abroad in %	85	84	+1	–	85	84	+1	-
Cost of sales	38.3	31.8	+6.5	+20	108.7	93.9	+14.8	+16
Sales and service expenses	24.1	20.4	+3.7	+18	71.5	60.9	+10.6	+17
Research and development expenses	3.9	3.2	+0.7	+21	11.0	9.7	+1.3	+13
General administration expenses	4.0	3.9	+0.1	+3	12.6	11.6	+1.0	+9
Earnings before interest and taxes (EBIT)	23.2	25.9	-2.7	-10	68.8	69.2	-0.4	-1
Group earnings	17.7	19.5	-1.8	-9	52.2	51.6	+0.6	+1
Balance sheet								
Balance sheet total					253.2	274.5	-21.3	-8
Working Capital[1]					68.0	58.7	+9.3	+16
Equity					180.0	201.9	-21.9	-11
Equity ratio in %					71.1	73.5	-2.4	–
Cash flow								
Cash flow from operating activities					51.0	61.5	-10.5	-17
Investments					3.8	2.8	+1.0	+36
Free cash flow[2]					47.2	58.7	-11.5	-20
Key figures RATIONAL share								
Earnings per share (in EUR)					4.59	4.54	+0.05	+1
Share price (in EUR)[3]					169.50	155.40	+14.10	+9
Market capitalization					1,927.2	1,766.9	+160.3	+9
Employees								
Number of employees as of Sep. 30					1,193	1,072	+121	+11
Number of employees (average)	1,196	1,067	+129	+12	1,171	1,045	+126	+12
Sales per employee (in kEUR)	77.3	81.0	-3.7	-5	232.8	233.4	-0.6	+/-0

[1] Excluding liquid funds.
[2] Cash flow from operating activities less investments.
[3] XETRA-closing share price on the last trading day of the fiscal period.

Letter from the Executive Board

Dr. Günter Blaschke
Chief Executive Officer

Dear Shareholders, Customers and Business Partners,

Sustainability has always been a matter of crucial importance to our company. The successful launch of the SelfCookingCenter® whitefficiency® now marks the opening of a new chapter in terms of efficiency and cooking perfection. Customer benefit and the attractiveness of our products and services have been further boosted and our technological lead has been extended accordingly.

whitefficiency® is a holistic approach to derive the maximum benefit from everything we use, be it energy, water, time, place, raw material or cleaner. To us, this means sustainable operation along the whole value chain, from research and development to everyday use by customers, from after-sales service to recycling components that still retain their value.

The colour white stands for our profound connection to our target group, the people who cook hot food in the professional kitchens of the world. White is the colour of the kitchen. With 250 chefs in applied research, applied development and consultancy as well as in sales, we are truly the chefs' company.

Based on the enthusiastic customer response to the product launch of the SelfCookingCenter® whitefficiency®, the correspondingly high volume of new orders currently being received and the still positive economic trends, we are expecting sales growth of around 10% for 2011, together with a positive development regarding earnings.

Contents

Management Report

Economic Report

Global economy continues on course for growth

The global economy is still on course for growth. Global growth forecasts by economic research bodies and economists, however, are now sounding a more cautious note following the boom phase in the first part of the year. In particular, because of the crisis in the Eurozone and the weakness of the US economy, growth in both the industrialised nations and in the emerging markets is slowing. The International Monetary Fund (IMF) forecast for 2011 and 2012 assumes a global rise in economic output of 4.0% each year.

Business Conditions and General Situation

The new SelfCookingCenter® whitefficiency®

Market launch of the new SelfCookingCenter® whitefficiency® in Moskow at September 22, 2011

September 2011 saw the presentation of the new SelfCookingCenter® whitefficiency® in all major European cities to our dealers, partners, large end customers and the trade press. It replaces the previous generation of appliances, the SelfCookingCenter®.

The SelfCookingCenter® whitefficiency® features an optimum design. It minimises consumption of energy, water, time, space and cleaners. It guarantees the highest quality of food every time, while cutting the use of raw materials and minimising waste. A 30% higher capacity utilisation is possible compared to conventional combi-steamers. Comprehensive service always guarantees optimum performance throughout the product‘s service life. In addition, the enhanced range of applications significantly increases the attractiveness of the SelfCookingCenter® whitefficiency® for the snack and bakery market sector.

Along with improved performance features, a new operating concept, an enhanced range of applications and maximum ease of cleaning and upkeep, RATIONAL is outright setting new standards in regards to efficiency and benefits.

FOUR PATENTED INNOVATIONS IN ONE APPLIANCE

1. HiDensityControl® – A quantum leap in cooking perfection

The new SelfCookingCenter® whitefficiency® shines in terms of cooking quality and performance. Thanks to the innovation, the patented HiDensityControl®, dynamic air mixing, extremely effective dehumidification and maximum steam saturation in the cooking cabinet are possible. As a consequence, maximum uniformity is achieved even with a full load. HiDensityControl® increases capacity by 30% compared to conventional combi-steamers, with the same size of cooking cabinet. As a result, consumption of resources is cut by a further 20%.

2. SelfCookingControl® – Time for the essentials

With RATIONAL's wealth of worldwide cooking experience built into the SelfCookingCenter® whitefficiency®, routine tasks, like controlling and adjusting, are things of the past. The chef selects the desired result for any product, for example external browning from light to dark and the degree of cooking from rare to well-done. That's it!

The appliance uses sensors to detect the type and size of the food plus the load size and automatically comes up with the perfect cooking process so that the desired result is always precisely achieved. The chef now has time for the essentials, this means devoting himself to creative preparation and to customer satisfaction.

Maximum ease of use, also for auxiliary staff, an end to time-consuming routine tasks, full utilisation of all technical facilities and best cooking results repeatable at any time, are the main advantages.

3. Efficient LevelControl® for intelligent mixed loads

The new Efficient LevelControl® means cooking those things together that belong together. Production times are cut, utilisation of the appliance improved and overall efficiency maximised. Thanks to multiple, intelligent mixed loads, food is cooked up to 30% quicker, enabling maximum flexibility and efficiency in pre-production and in à la carte operation. The appliance displays what can be cooked together and helps in compiling application-oriented product mixes. Each rack is individually monitored. Depending on the loading time, the quantity of food and on how often and for how long the door is open, Efficient LevelControl® corrects the cooking time so that everything is always cooked to perfection.

4. CareControl – 20% less use of resources

The new CareControl brings with it a considerable rise in efficiency. It recognises levels of soiling and upkeep, and intelligently suggests exactly the right cleaning level. Thereby, it ensures cleanliness that sparkles, thanks to automatic, need-based descaling combined with 20% less use of chemicals, energy and water, and which can be done overnight if desired.

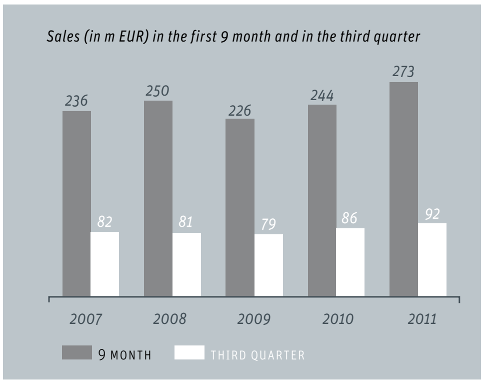
"My Display" for the personalised user interface

The new SelfCookingCenter® whitefficiency® is continuously learning and automatically adjusts itself to individual operating behaviour. If desired the user interface can be customised for every user or to a menu tailored to the time of day. Functions that are not required are simply removed from the display. This makes the SelfCookingCenter® whitefficiency® safe to operate straightaway even for auxiliary staff.

Net Assets, Financial Position and Results of Operations

Sales after nine months up 12% compared to previous year

In the first nine months of 2011, sales revenues rose by 12% to 272.7 million (previous year 244.0 million euros). In the third quarter, sales grew by 7% to 92.4 million euros compared to the same quarter last year (previous year 86.4 million euros). The lower rise in sales in the third quarter is largely due to the market launch of the new SelfCookingCenter® whitefficiency®.



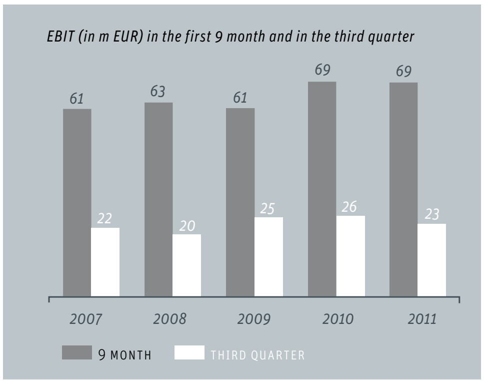
New orders rallied appreciably in September and are 16% up on the previous year in both the third quarter and the nine-month period as a whole. But it has not yet proved possible to deliver the increased volume of orders on hand as quickly as usual because of the modifications needed to the production process in the start-up phase for the new product. At the end of September 2011, orders on hand were accordingly unusually high. Since October, however, productivity is back at the normal level as a result of the positive learning curve. In addition, in line with the trend in orders, additional production capacity is being put in place. As a result, from the fourth quarter on lead times will be unrivalled low again and orders on hand will be put back to customary levels.

Growth in all regions

All regions in the world contributed to growth in the first nine months of 2011. In Asia, sales revenues posted a 33% rise; in the Americas the figure was 14%. The rest of the world (Australia, New Zealand, Near/Middle East, Africa) saw sales rise by 17%. Weaker growth of 6% in Germany and 8% in the rest of Europe respectively is primarily due to the ongoing market launch of the SelfCookingCenter® whitefficiency® and the resultant impact of the modifications this entailed.

Gross Profit grows by 9%

Gross profit stand at 164.0 million euros after nine months (previous year 150.1 million euros). This equates to growth of 9%. The gross margin is 60% after nine months (previous year 62%). As a result of higher costs caused by phasing out the old and phasing in the new product lines, gross profit suffered in the third quarter. They stand at 54.2 million euros (previous year 54.6 million euros) and are thus on last year's level. The gross margin in the third quarter is 59% (previous year 63%).



25% EBIT margin

Operating costs, including expenses for sales and marketing, research and development as well as general administration, rose over the nine months as a whole and also in the third quarter by 16% compared to the previous year. As a result of the product launch of the SelfCookingCenter® whitefficiency®, expenses for sales and marketing and for research and development, in particular, were slightly higher in the third quarter.

After nine months, the earnings before interest and taxes (EBIT) are 68.8 million euros and, therefore, slightly lower than last year (previous year 69.2 million euros). In the third quarter the EBIT stands at 23.2 million euros, and both because of higher costs, as well as, for sales reasons fell by 10% compared to last year (previous year 25.9 million euros). The EBIT margin is 25% both after nine months and in the third quarter.

71% equity ratio

In the first nine months, RATIONAL achieved an operating cashflow of 51.0 million euros (previous year 61.5 million euros). The fall compared to the previous year can be ascribed, in particular, to the higher income tax payments of around 7 million euros compared to the same period last year, as well as, to inventories that are higher in the wake of the product changeover.

The equity ratio stands at 71% as at September 30, 2011. Cash and cash equivalents of 106.1 million euros represent around 42% of the balance sheet total.

Employees

Vocational training is increasing in importance

RATIONAL is conscious of its social responsibility as a major employer in the region. In future, it is planned to expand the range of training, together with the number of apprentices. Besides traditional vocational training, dual bachelor studies courses are becoming ever more important. In addition, to the existing specialisms of mechanical engineering and international business, two further ones have been added this year. In 2011, the first students began their dual studies at RATIONAL in the specialisms of mechatronics and commercial IT.

At present, a total of 48 young people are being trained as industrial managers, mechatronics engineers, industrial mechanics, IT engineers, media designers and chefs. The increase in the number of technical/ commercial training places and the more attractive structure and quality of the training are an important building block for the sustainability of the company.

RATIONAL invests in future growth

The planned expansion in sales capacities in order to consistently exploit the global potential for growth is proceeding on schedule. In the third quarter alone, 14 extra jobs were created. As at the end of September, the company employed 1,193 people, 101 more than at the start of the year.

From left to right: Prof. Dr. Günther Schuh (RWTH Aachen), Peter Wiedemann, Axel Roddewig, Franz Ehelechner (RATIONAL), Günter Butschek (Chief Technical Officer Airbus)

Non-financial Performance Indicators

Winners of the "Production System Award 2010" – Exemplary combination of traditional craftsmanship and cutting-edge industrial production

The renowned machine tool laboratory at the Rheinisch-Westfälische Technische Hochschule (RWTH) in Aachen declared RATIONAL AG the winner in the European Best Practice "Production Systems 2010" competition. At issue was how professionally the principles of "lean production" are practised in manufacturing and in other corporate processes.

The jurors were won over by RATIONAL's production system not only because of the consistent application of five basic "lean methods", such as the "pull principle" and the "flow principle", but above all by the culture change achieved by the workforce as a whole. Furthermore, all divisions of RATIONAL are process-oriented. Company-wide cooperation and the self-image of all employees is formed by the principle of Entrepreneur within the Enterprise (U.i.U®), with high levels of personal responsibility and self-organisation.

Risk report

RATIONAL's global risk management system makes every effort to ensure that risks are detected and analysed early on and that appropriate corrective measures are taken as necessary. The existing uncertainties regarding developments in the global economy continue to represent an uncertainty factor; however, there are no significant changes to the statement of risks given in the last group financial statements.

Outlook

The International Monetary Fund is assuming positive growth in the global economy of 4.0% both for this year and for 2012. The emerging markets in particular will continue to be the driver for this rise in global output in future.

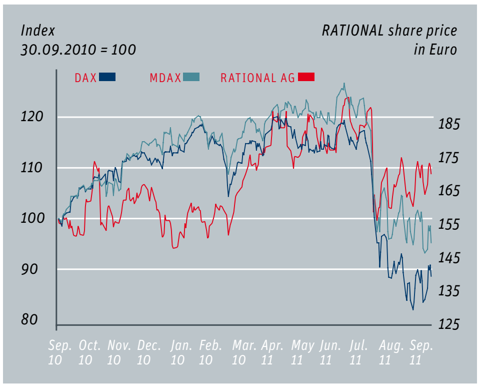
Against the backdrop of continuing positive prospects, as well as due to the very successful launch of the new SelfCookingCenter® whitefficiency® and the favourable order situation in the first nine months, we confirm our forecast of sales growth of around 10% for 2011, set out in the last consolidated financial statements. For the operating result, we also believe the trend will continue to be positive.

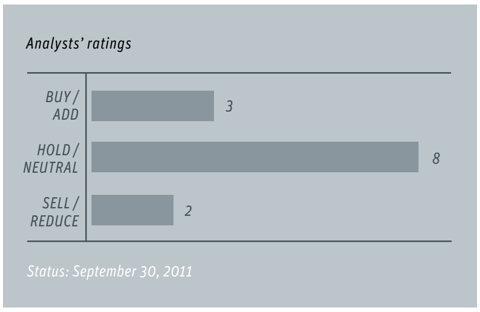
Landsberg am Lech, November 2, 2011

RATIONAL AG

The Executive Board

RATIONAL Shares





RATIONAL shares less cyclical

When global share markets plunged in August 2011, RATIONAL shares were not exempt. Similar to the market as a whole, the price fell by almost 30%. Whereas the share market has not yet managed to decisively recover from this fall and as at September 30, 2011, was around 30% lower than the peak in July 2011, the price of RATIONAL shares rose again significantly and on September 30, 2011 stood at 169.50 euros, just 12% below July's high.

Viewed over 12 months, the share price is up over 9%. Together with the dividend distribution of 9 euros per share the overall return stands at 15%.

Analysts' ratings

All equity analysts have been impressed by the very good quality of RATIONAL's business and its extraordinary earning power. The appreciable fall in price as a result of the slump in share markets in August 2011 was rated by some analysts as too excessive, given the company's positive prospects for the future. The result was that potential for a rise in price was seen and hence several analysts are recommending buying the shares again. Following the subsequent recovery in price, however, the valuation is rated as ‚fair' by the majority of the analysts and subsequently they are recommending holding on to them.

Significant importance attached to the work of Investor Relations

In view of the significant importance attached to the work of Investor Relations, the Executive Board gave presentations of the company at numerous investment conferences and roadshows in Europe and North America in the first nine month 2011. Many investors and analysts also took the opportunity to find out more in individual meetings with the Executive Board in the company's headquarters in Landsberg. The positive performance by the share is due to, but not limited to, the prompt, open and transparent communication on financial matters.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

kEUR	3rd Quarter 2011	3rd Quarter 2010	9 Months 2011	9 Months 2010
Sales	92,440	86,406	272,651	243,953
Cost of sales	-38,281	-31,806	-108,681	-93,888
Gross profit	**54,159**	**54,600**	**163,970**	**150,065**
Sales and service expenses	-24,141	-20,447	-71,460	-60,897
Research and development expenses	-3,913	-3,225	-10,967	-9,666
General administration expenses	-4,038	-3,910	-12,635	-11,617
Other operating income	2,783	1,294	4,766	7,570
Other operating expenses	-1,608	-2,452	-4,858	-6,290
Earnings before interest and taxes (EBIT)	**23,242**	**25,860**	**68,816**	**69,165**
Financial results	55	-37	259	-276
Earnings from ordinary activities (EBT)	**23,297**	**25,823**	**69,075**	**68,889**
Taxes on income	-5,569	-6,341	-16,867	-17,282
Group earnings	**17,728**	**19,482**	**52,208**	**51,607**
Differences from currency translation	141	-264	-125	321
Total comprehensive income	**17,869**	**19,218**	**52,083**	**51,928**
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 and the number of shares	1.56	1.71	4.59	4.54

BALANCE SHEET

ASSETS

kEUR	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
Long-term assets	57,921	59,045	59,415
Intangible assets	1,006	1,192	1,155
Property, plant and equipment	52,697	54,240	54,155
Financial assets	–	50	50
Other long-term assets	256	238	245
Deferred tax assets	3,962	3,325	3,810
Short-term assets	195,254	215,493	246,299
Inventories	24,637	18,919	19,347
Trade receivables	57,224	52,136	58,726
Other short-term assets	7,284	4,358	5,089
Deposits with maturities of more than 3 months	26,900	100,000	115,900
Cash and cash equivalents	79,209	40,080	47,237
Balance sheet total	253,175	274,538	305,714

EQUITY AND LIABILITIES

kEUR	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
Equity	180,019	201,883	230,266
Subscribed capital	11,370	11,370	11,370
Capital reserves	28,058	28,058	28,058
Retained earnings	142,272	164,208	192,394
Other components of equity	-1,681	-1,753	-1,556
Long-term liabilities	21,584	23,018	22,755
Provisions for pensions	665	654	697
Other long-term provisions	3,312	2,872	3,076
Non-current loans	17,607	19,492	18,982
Short-term liabilities	51,572	49,637	52,693
Liabilities for current tax	3,923	6,059	7,172
Short-term provisions	24,089	23,077	17,261
Current portion of non-current loans	1,936	2,424	2,315
Trade accounts payable	11,276	7,242	9,240
Other short-term liabilities	10,348	10,835	16,705
Liabilities	73,156	72,655	75,448
Balance sheet total	253,175	274,538	305,714

CASH FLOW STATEMENT

kEUR	9 Months 2011	9 Months 2010
Earnings from ordinary activities	69,075	68,889
Cash flow from operating activities	51,004	61,455
Changes in fixed deposits with maturities of more than 3 months	89,000	-4,000
Cash flow from other investing activities	-2,637	-2,207
Cash flow from investing activities	86,363	-6,207
Cash flow from financing activities	-105,252	-51,069
Net changes in cash and cash equivalents	32,115	4,179
Changes in cash from exchange rate changes	-143	272
Change in cash funds	31,972	4,451
Cash and cash equivalents on Jan. 1	47,237	35,629
Cash and cash equivalents on Sep. 30	79,209	40,080
Deposits with maturities of more than 3 months on Sep. 30	26,900	100,000
Cash funds including fixed deposits on Sep. 30	106,109	140,080

STATEMENT OF CHANGES IN EQUITY

kEUR	Subscribed capital	Capital reserves	Retained earnings	Differences from currency translation	Total
Balance on Jan. 1, 2010	11,370	28,058	152,396	-2,074	189,750
Dividend	–	–	-39,795	–	-39,795
Total comprehensive income	–	–	51,607	321	51,928
Balance on Sep. 30, 2010	11,370	28,058	164,208	-1,753	201,883
Balance on Jan. 1, 2011	11,370	28,058	192,394	-1,556	230,266
Dividend	–	–	-102,330	–	-102,330
Total comprehensive income	–	–	52,208	-125	52,083
Balance on Sep. 30, 2011	11,370	28,058	142,272	-1,681	180,019

Notes

SALES BY REGION

kEUR	9 Months 2011	% of total	9 Months 2010	% of total
Germany	40,908	15	38,710	16
Europe (excluding Germany)	137,399	50	127,397	52
Americas	42,128	16	36,847	15
Asia	35,067	13	26,285	11
Rest of the world*	17,149	6	14,714	6
Total	272,651	100	243,953	100

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

OPERATING SEGMENTS

9 Months 2011	*Activities of the subsidiaries in:*				*Activities of the parent company*	*Total of segments*	*Reconciliation*	*Group*
kEUR	*Germany*	*Europe excl. Germany*	*Americas*	*Asia*				
External sales	40,171	185,097	33,558	13,087	738	**272,651**	–	**272,651**
Intercompany sales	–	11,619	–	83	183,063	**194,765**	-194,765	**–**
Segment sales	40,171	196,716	33,558	13,170	183,801	**467,416**	-194,765	**272,651**
Segment result	**148**	**20,185**	**931**	**1,265**	**46,690**	**69,219**	**-403**	**68,816**
Financial result								259
Earnings before taxes								**69,075**

9 Months 2010	*Activities of the subsidiaries in:*				*Activities of the parent company*	*Total of segments*	*Reconciliation*	*Group*
kEUR	*Germany*	*Europe excl. Germany*	*Americas*	*Asia*				
External sales	38,057	155,649	30,563	11,207	8,478	**243,953**	–	**243,953**
Intercompany sales	–	10,248	–	50	156,273	**166,571**	-166,571	**–**
Segment sales	38,057	165,897	30,563	11,257	164,750	**410,524**	-166,571	**243,953**
Segment result	**66**	**18,709**	**1,172**	**423**	**50,372**	**70,742**	**-1,577**	**69,165**
Financial result								-276
Earnings before taxes								**68,889**

Description and explanation of business activities

September 2011 saw the presentation of the new SelfCookingCenter® whitefficiency®. It replaces the previous generation of appliances, the SelfCookingCenter®.

Fundamental accounting principles

The group nine-month report was prepared in line with the principles of the International Financial Reporting Standards (IFRS). The same valuation and balance sheet methods were, therefore, applied as in the group's last financial statements. The rules in IAS 34 on condensed financial statements were applied in this case.

This was the first time use was made of the new or amended standards and interpretations IAS 24 "Related Party Disclosures", IAS 32 "Classification of rights issues", IFRS 1 "Limited exemption from comparative IFRS 7 disclosures for first-time adopters", IFRIC 14 "Prepayments of a minimum funding requirement" and IFRIC 19 "Extinguishing financial liabilities with equity instruments". The mandatory first use did not result in any effects on the net assets, the financial position or the results of operations in the present interim financial statements.

Consolidated companies

On September 30, 2011, RATIONAL AG's consolidated group includes, besides the parent company RATIONAL AG, six German and 19 foreign subsidiaries. MEIKU Vermögensverwaltung GmbH, which had not previously been included in the consolidated companies, took over the assets of TAGO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Landsberg KG in June 2011 and was subsequently merged into RATIONAL AG. This had no material effect on the net assets, the financial position or the results of operations of the group.

Notes on the statement of comprehensive income and balance sheet

Due to the modifications to the production process required for the new product, orders on hand could not be delivered as quickly as usual, hence the low rise in sales in the third quarter. The higher inventories and some of the higher sales costs can likewise be ascribed to the market launch of the new SelfCookingCenter® whitefficiency®. In addition, the gross profit in the third quarter suffered from higher costs caused by phasing out the old and phasing in the new product lines.

Operating segments

In its business segments, RATIONAL combines the subsidiaries located in the different regions. This corresponds to the internal reporting structure and thus the management approach set forth in IFRS 8. Business segments are organisational units for which information is communicated to management in order to measure success and allocate resources.

Besides the Germany, Europe excluding Germany, Americas and Asia segments, the fifth segment covers the work of the parent company. This segment represents the development, manufacture and supply of products to subsidiaries. The effects arising from the consolidation procedures are reflected in the reconciliation column.

Associated companies and persons

Apart from the information shown under the topic Consolidated companies, no significant transactions occurred in the first nine months of 2011 with companies or individuals in any way associated with RATIONAL AG.

Private Notes

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