

Recommendation:
BUY (BUY) Preview Q3'09

Risk:
Medium (Med.)

Price Target
EUR 60 (€60)

3 November 2009

Weak industrial business expected

Q3 will be challenging

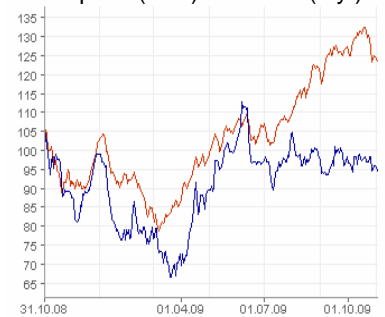
EBIT margin will reach 5.3%

- In the third quarter 2009 ending September we expect revenues to decline 9.3% to €64.6m. EBIT will decline 34.8% to €3.4m. EBIT margin is expected to reach 5.3% compared to 7.3% in the third quarter 2008. Net profit after minorities will reach €1.69m compared to €3.15m in 2008.
- In the first nine months revenues are expected to decrease 2.5% to €206.1m. EBIT will decline 24% from €18.1m to €13.7m and EBIT margin from 8.6% to 6.7%. Net profit after minorities will reach €7.67m compared to €11.6m in the first nine months 2008. Due to the large order backlog management should be able to reach the guidance for 2009. Especially the fourth quarter should contribute disproportionately to overall performance compared to the very weak fourth quarter 2008.

Industry outlook is deteriorating

- The railway industry is already experiencing the weak outlook despite a solid order backlog. In the first half year total order intake declined 23% to €4.7bn. Total order intake of Schaltbau declined only 7.4% however the business division stationary transportation technology experienced a decline of 20.9% in the first half year. The mobile transportation technology division (Bode group) mainly profited from two large orders of railway doors (+3.8%). In the third quarter the mobile transportation division will also face declining orders. In addition the brake business (Pintsch Bamag) will suffer.
- We leave our "BUY" recommendation and price target of €60 per share unchanged.

Share price (blue) vs SDAX (1 y.)



Source: CBS Research AG, Deutsche Börse AG

change	2009E		2010E		2011E	
	new	old	new	old	new	old
Revenues	285.3	285.3	294.5	293.3	303.6	301.1
EBITDA	25.1	25.1	24.4	24.5	25.3	25.6
EPS	5.52	5.62	4.33	4.26	4.72	4.74

Internet: www.schaltbau.de Sector: Mechanical
WKN: 717030 Engineering
Reuters: SLTG.DE ISIN: DE0007170300
Bloomberg: SLT: GR

Share data:

Share Price: EUR 37.00
Shares outstanding (mill.): 1.87
Market capitalisation: EUR 69.1m
Enterprise Value (EV): EUR 117.2m
Ø daily trading volume: 2,126

Performance data:

High 52 weeks: EUR 45.00
Low 52 weeks: EUR 25.01
Absolute performance: (12 months) -4.7%
Relative performance (SDax):
1 month -0.5%
3 months -18.1%
6 months -20.3%
12 months -28.6%

Shareholders:

Dr. Cammann family: 11.81%
Zimmermann family: 10.09%
Golden Peaks Capital: 9.51%
IFOS International Fonds Service: 3.52%
Free float: 65.07%

Financial calendar:

Next event: Q3'09 – 5th, Nov. 09
www.schaltbau.de

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Key data

Y/E 31.12., in €m	2007	2008	2009E	2010E	2011E
Revenues	232.1	280.2	285.3	294.5	303.6
EBITDA	19.4	27.8	25.1	24.4	25.3
Net profit	7.2	11.8	11.0	8.6	9.4
EPS	3.85	5.94	5.52	4.33	4.72
EBITDA margin	8.3%	9.9%	8.8%	8.3%	8.3%
EBIT margin	6.1%	7.8%	6.7%	6.2%	6.2%
EV/EBITDA	6.2	4.6	4.6	4.4	4.0
EV/EBIT	8.6	5.9	6.0	5.9	5.4
P/E	9.3	6.9	6.7	8.5	7.8

Source: fairresearch, CBS Research AG, company data

Information sourced from fairresearch, Analyst Heinz Steffen

Third quarter results estimates

Third quarter results 2006-2009E

(in €m)	Q3'06	Q3'07	Q3'08	Q1-Q3'08	Q3'09E	% +/-	Q1-Q3'09E	% +/-
Revenues	52.6	58.2	71.2	211.3	64.6	-9.3%	206.1	-2.5%
Mobile traffic technology	40.0	38.0	45.0	97.0	31.0	-31.1%	86.0	-11.3%
Stationary traffic technology	12.6	20.2	26.2	79.9	17.5	-33.2%	69.5	-13.0%
Components				34.5	15.1		50.6	
Holding				0.1	0.0		0.0	
Changes in stocks of goods	0.3	1.5	0.5	2.9	-3.0		-9.8	
Other capitalized work	0.5	0.3	0.2	0.5	0.3	77.5%	0.8	38.1%
Total operating performance	53.4	60.1	71.9	214.8	61.9	-13.9%	197.0	-8.3%
Material expenses	27.4	31.2	39.0	113.9	33.8	-13.4%	101.8	-10.6%
Personnel expenses	18.2	19.3	20.2	59.6	18.4	-8.7%	59.9	0.4%
Depreciation	1.3	1.3	1.5	4.3	1.3	-11.4%	4.4	2.6%
Other income	0.7	0.4	0.4	1.0	0.4	-6.8%	2.2	122.2%
Other expenses	4.4	5.4	6.4	19.9	5.4	-16.1%	19.3	-3.0%
Total Expenses	50.6	56.9	66.7	196.7	58.5	-12.3%	183.2	-6.9%
EBITDA	4.1	4.5	6.7	22.3	4.7	-29.7%	18.1	-18.9%
<i>EBITDA margin</i>	7.9%	7.7%	9.4%	10.6%	7.3%		8.8%	
EBITA	2.9	3.1	5.2	18.1	3.4	-34.8%	13.7	-24.0%
<i>EBITA margin</i>	5.5%	5.4%	7.3%	8.6%	5.3%		6.7%	
Amortisation	0.0	0.0	0.0	0.0	0.0		0.0	
EBIT	2.9	3.1	5.2	18.1	3.4	-34.8%	13.7	-24.0%
<i>EBIT margin</i>	5.5%	5.4%	7.3%	8.6%	5.3%		6.7%	
Income/losses from at equity	0.3	0.4	0.5	1.3	0.4	-18.2%	0.9	-33.0%
Income/losses from participations	0.0	0.1	0.0	0.0	0.0		0.0	
Other financial results	0.0	0.0	0.0	0.0	0.0		0.0	
Total financials	0.3	0.5	0.49	1.3	0.40		0.9	-32.8%
Interest income	0.0	0.0	0.0	0.1	0.0	-100.0%	0.0	-65.7%
Interest expense	-1.0	-1.5	-1.8	-5.0	-1.4	-20.1%	-4.4	-12.3%
Interest results	-1.0	-1.5	-1.7	-4.8	-1.4	-17.8%	-4.3	-10.7%
PBT	2.2	2.2	4.00	14.5	2.40	-40.0%	10.3	-29.2%
Taxes	0.4	0.3	0.62	2.0	0.31	-49.3%	1.2	-38.2%
Tax rate	19.1%	12.8%	15.4%	13.7%	13.0%		11.9%	
Profit after tax	1.76	1.93	3.38	12.5	2.09	-38.3%	9.07	-27.7%
Minorities	-0.1	0.0	-0.23	-0.9	-0.40	70.9%	-1.4	47.8%
Net reported profit	1.64	1.89	3.15	11.60	1.69	-46.4%	7.67	-33.9%
EPS reported profit	0.88	1.01	1.56	5.76	0.84	-46.1%	3.83	-33.5%

Source: [fairresearch](#)

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NEUTRAL: The expected performance of the share price trend is between +5% and +10%.

SELL: The expected performance of the share price is below 5%.

Recommendation history for the company analysed in this report:

Date	Recommendation	Price at change date	Price Target
26 th April 2008	Buy	44.15 EUR	70.30 EUR
29 th May 2008	Buy	(Initiating Coverage) 49.49 EUR (Q1 results)	77.27 EUR
27 th August 2008	Buy	48.11 EUR (Q2 results)	77.27 EUR
24 th October 2008	Buy	34.75 EUR (Q3 prel.)	70.00 EUR
23 rd , February 2009	Buy	29.50 EUR (Prel. 2008e)	60.00 EUR
11 th , March 2009	Buy	29.90 EUR (Prel. 2008)	60.00 EUR
6 th , May 2009	Buy	34.75 EUR (Prel. Q1'09)	60.00 EUR
23 rd , July 2009	Buy	37.51 EUR (Prel. Q2'09)	60.00 EUR
3 rd , November 2009	Buy	37.00 EUR (Preview Q3)	60.00 EUR

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MEDIUM: The volatility is expected equal to the volatility of the benchmark

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