

Recommendation:
BUY Prel. results 2008

Risk:
Medium

Fair Value:
EUR 60 (EUR 60)

11 March 2009

Solid performance in 2008

Meeting expectations

Revenues increased 20.7% to €280.2m

Management reported preliminary results 2008. Revenues increased 20.7% to €280.2m. Order intake increased 3.4% from €271.9m to €281.2m. EBIT improved disproportionately 55% to €21.9m and EBIT margin increased from 6.1% to 7.8%. Net results increased 60.4% from €8.2m to €13.1m before minority interests. Net debt reached €37.7m from €41.4m in 2007. Due to the strong results management is suggesting a dividend increase from €0.30 to €0.50 per share (estimate: €0.35).

Revenues in the fourth quarter increased 7.4% to €68.9m. EBIT increased 5.8% from €3.6m to €3.8m. EBIT margin declined marginally from 5.6% to 5.5%. According to our estimates management has already strengthened the financials in the fourth quarter. We therefore expect that provisions have increased to reduce company specific risks in the future.

Outlook for 2009 remained nearly unchanged

- For 2009 management is expecting revenues and earnings to remain flat. Revenues are expected to reach €280m and EPS should be in the region of €6.20 per share.
- We leave our "BUY" recommendation and target price of €60 per share unchanged. The stable outlook for 2009 supported by the order backlog of €181.6m and infrastructure investment programs should help to increase the present share price. Based on our conservative earnings estimates the company is clearly undervalued.

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



Source: CBS Research AG, fairesearch

change	2008P		2009E		2010E	
	new	old	new	old	new	old
Revenues	280.2	279.6	284.8	289.7	292.8	297.9
EBITDA	27.8	25.4	27.6	27.1	25.2	25.9
EPS	6.35	5.61	6.30	6.15	5.36	5.65

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

Share data:

Share Price:	EUR 29.90
Shares outstanding (mill.):	1.87
Market capitalisation:	EUR 56.9m
Enterprise Value (EV):	EUR 94.6m
Ø daily trading volume:	1,448

Performance data:

High 52 weeks:	EUR 55.68
Low 52 weeks:	EUR 27.80
Absolute performance: (12 months)	-19.4%
Relative performance (SDax):	
1 month	9.6%
3 months	4.7%
6 months	10.8%
12 months	20.5%

Shareholders:

Dr. Cammann family:	11.63%
Zimmermann family:	9.59%
Golden Peaks Capital:	9.51%
IFOS International Fonds Service:	3.52%
Free float:	65.75%

Financial calendar:

Next event:	2008 – 22nd, April 09 www.schaltbau.de
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Key data

Y/E 31.12., in €m	2006	2007	2008P	2009E	2010E
Revenues	212.7	232.1	280.2	284.8	292.8
EBITDA	16.8	19.4	27.8	27.6	25.2
Net profit	5.0	7.2	11.8	11.7	10.0
EPS	2.67	3.85	6.35	6.30	5.36
EBITDA margin	7.9%	8.3%	9.9%	9.7%	8.6%
EBIT margin	5.5%	6.1%	7.8%	7.6%	6.5%
EV/EBITDA	5.8	6.2	4.8	3.7	3.8
EV/EBIT	8.3	8.6	6.1	4.7	4.9
P/E	9.3	9.3	6.6	4.7	5.6

Source: fairesearch, CBS Research AG, company data

Information sourced from fairesearch, Analyst Heinz Steffen

Financials

Profit and Loss Statement 2006-2010E

in €m	2006	2007	2008P	% +/-	2009E	2010E	% +/-
Net sales	212.7	232.1	280.2	20.7%	284.8	292.8	2.8%
Stationary traffic technology	60.6	77.9	104.8	34.5%	105.8	109.6	3.5%
Mobile traffic technology	152.7	154.7	175.4	13.4%	178.9	183.2	2.4%
Changes in stocks of goods	1.7	2.9	2.0	-30.9%	2.0	2.0	-1.0%
Other capitalized work	1.3	1.2	1.3	8.8%	1.3	1.3	0.0%
Total operating performance	215.8	236.1	283.5	20.1%	288.0	296.0	2.8%
Material expenses	110.3	123.5	152.3	23.3%	155.3	163.0	2.2%
Personnel expenses	71.9	74.8	84.0	12.3%	85.6	87.9	2.7%
Depreciation	5.0	5.3	5.9	12.3%	6.0	6.1	1.7%
Other income	2.7	3.2	2.6	-19.6%	2.6	2.7	1.4%
Other expenses	19.5	21.7	22.0	1.3%	22.2	22.6	1.7%
Total Expenses	204.0	222.1	261.6	17.8%	266.4	276.9	3.9%
EBITDA	16.8	19.4	27.8	43.6%	27.6	25.2	-8.6%
EBITDA margin	7.9%	8.3%	9.9%		9.7%	8.6%	
EBITA	11.8	14.1	21.9	55.4%	21.6	19.2	-11.4%
EBITA margin	5.5%	6.1%	7.8%		7.6%	6.5%	
Amortisation	0.0	0.0	0.0		0.0	0.0	
EBIT	11.8	14.1	21.9	55.4%	21.6	19.2	-11.4%
EBIT margin	5.5%	6.1%	7.8%		7.6%	6.5%	
Income/losses from at equity	1.1	1.4	1.5	7.0%	1.3	1.1	-10.0%
Income/losses from participations	0.0	0.1	0.1	-16.0%	0.1	0.1	-5.0%
Other financial results	0.0	0.0	0.2	0.0%	0.2	0.2	-5.0%
Total financials	1.1	1.5	1.8	18.3%	1.6	1.4	-9.1%
Interest income	0.1	0.3	0.3	2.0%	0.3	0.3	-4.0%
Interest expense	-4.4	-5.8	-6.6	-6.0%	-6.2	-5.8	-6.0%
Interest results	-4.3	-5.6	-6.3	24.1%	-5.9	-5.6	6.1%
PBT	8.6	10.0	17.4	73.0%	17.3	15.0	-13.0%
Taxes	2.6	1.9	4.3	127.9%	4.32	3.75	-13.0%
<i>Tax rate</i>	<i>34.4%</i>	<i>21.7%</i>	<i>26.9%</i>		<i>25.0%</i>	<i>25.0%</i>	
Profit after tax	6.0	8.17	13.10	60.4%	12.95	11.26	-13.0%
Minorities	-1.1	-0.97	-1.3	-34.4%	-1.24	-1.30	-5.0%
Net reported profit	5.0	7.20	11.80	63.9%	11.71	9.96	-14.9%
EPS reported profit	2.67	3.85	6.35	64.8%	6.30	5.36	-14.9%

Source: [fairresearch](#)

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BUY: The expected performance of the share price is above +10%.

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	Target Price
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

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