

Recommendation:
BUY (BUY) Prel. results Q2'09

Risk:
Medium (Med.)

Price Target:
EUR 60 (€60)

23 July 2009

Weaker performance in Q2 but still solid

EBIT margin reached 7.6% in Q2

Revenues declined 6.8% to €69.9m

▪ **The company reported preliminary second quarter results ending June.** Revenues declined 6.8% to €69.9m compared to €75m in 2008. EBIT declined 28.1% to €5.3m and EBIT margin dropped from 9.8% to 7.6%. Order intake declined 11.6% from €69.1m to €61.1m. Order backlog reached €179.7m compared to €192.1m at the end of June 2008.

▪ **In the first half year 2009 order intake declined 7.4% from €151.6m to €140.4m.** Revenues increased 1.5% from €140.1m to €142.5m. According to the management the business division mobile traffic technology profited from strong demand for door systems for trains and the unit braking systems from the large order backlog. The business division stationary traffic technology however suffered from project delays of Deutsche Bahn AG. The newly introduced business division components (Schaltbau GmbH) experienced reduced revenues from the general industry but still solid business from the railway industry. In the first half year EBIT margin declined from 9.2% to 8% which is still very healthy.

EPS Outlook for 2009 remained unchanged

- Management is expecting EPS of €6.20 per share (undiluted) compared to €6.35 in 2008. Group equity improved from €5.1m to €14.4m in the second quarter 2009.
- We leave our "BUY" recommendation and price target of €60 per share unchanged.

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



Source: CBS Research AG, fairesearch

change	2009E		2010E		2011E	
	new	old	new	old	new	old
Revenues	285.3	285.3	293.3	293.3	301.1	301.1
EBITDA	28.3	27.7	24.5	24.3	25.6	25.5
EPS	5.62	5.78	4.26	4.20	4.74	4.69

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

Share data:

Share Price: EUR 37.51
Shares outstanding (mill.): 1.87
Market capitalisation: EUR 70.0m
Enterprise Value (EV): EUR 118.1m
Ø daily trading volume: 1,533

Performance data:

High 52 weeks: EUR 55.68
Low 52 weeks: EUR 25.01
Absolute performance: (12 months) -26.7%
Relative performance (SDax):
1 month -7.5%
3 months -2.8%
6 months 4.4%
12 months 3.5%

Shareholders:

Dr. Cammann family: 11.63%
Zimmermann family: 10.09%
Golden Peaks Capital: 9.51%
IFOS International Fonds Service: 3.52%
Free float: 65.25%

Financial calendar:

Next event: Q2'09 – 21st, Aug. 09
www.schaltbau.de

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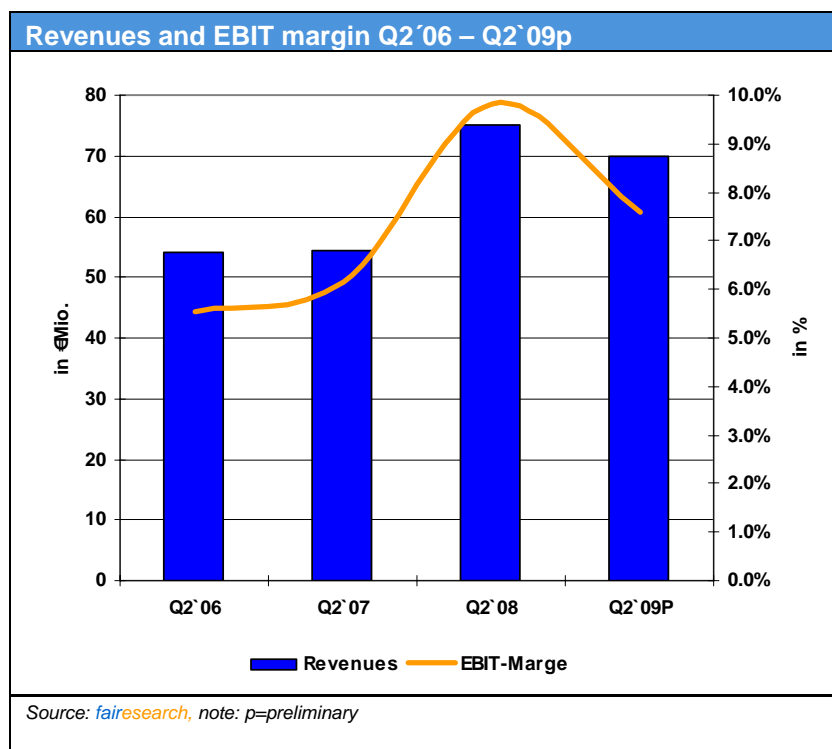
Key data

Y/E 31.12., in €m	2007	2008	2009E	2010E	2011E
Revenues	232.1	280.2	285.3	293.3	301.1
EBITDA	19.4	27.8	28.3	24.5	25.6
Net profit	7.2	11.8	11.2	8.5	9.5
EPS	3.85	5.94	5.62	4.26	4.74
EBITDA margin	8.3%	9.9%	9.9%	8.3%	8.5%
EBIT margin	6.1%	7.8%	7.8%	6.2%	6.4%
EV/EBITDA	6.2	4.6	4.0	4.3	4.0
EV/EBIT	8.6	5.9	5.2	5.8	5.2
P/E	9.3	6.9	6.7	8.8	7.9

Source: fairesearch, CBS Research AG, company data

Information sourced from fairesearch, Analyst Heinz Steffen

Investment Summary



In the first half year ending in June revenues increased 1.5% to €142.5m. Order backlog declined 6.5% to €179.7m and order intake declined 7.4% to €140.4m. EBIT margin reached 8% compared to 9.2% in the first half year 2008. Net earnings per share declined 16.6% to €3.76. Management is confident to reach EPS of €6.20 (undiluted) in the current year. We consider this target as being realistic.

Order intake and order backlog Q1-Q2'08 and '09

(€m)	Q1'08	Q2'08	% +/-	Q1-Q2'08	% +/-	Q1'09	Q2'09p	% +/-	Q1-Q2'09p	% +/-
Order intake	82.50	69.1	5.8%	151.6	15.6%	79.30	61.10	-11.6%	140.4	-7.4%
Order backlog	198.30	192.10	27.2%	192.1	27.2%	188.70	179.70	-6.5%	179.7	-6.5%
Book-to-bill ratio	1.27	0.92	-23.4%	1.08	-9.4%	1.09	0.87	-5.1%	0.99	-8.7%

Source: *fairesearch*, p=preliminary

The difficult economic environment however is already visible in the second quarter. Order intake declined 11.6% to €61.1m. The book-to-bill ratio reached 0.87 compared to 0.92 in the second quarter 2008. Revenues declined 6.8% to €69.9m and EBIT 28.1% to €5.3m. EBIT margin dropped from 9.8% to 7.6% but is still on a healthy level. The strong order backlog of €179.7m will support the revenue target of around €280m. In the first half year alone the company generated total revenues of €142.5m.

Second quarter preliminary figures

Second quarter and half year results Q2-06-Q2'09p

(€m)	Q2'06	Q2'07	Q2'08	Q1-Q2'08	Q2'09p	% +/-	Q1-Q2'09p	% +/-
Revenues	54.1	54.3	75.0	140.4	69.9	-6.8%	142.5	1.5%
Stationary traffic technology	14.6	14.7	29.1	53.9	25.0	-14.0%	51.6	-4.3%
Mobile traffic technology	39.8	39.6	45.9	86.5	30.0	-34.7%	58.2	-32.7%
Components					14.9		32.7	
Changes in stocks of goods	-0.8	-0.4	1.0	2.4	1.0	1.2%	2.0	-16.4%
Other capitalized work	0.5	0.2	0.2	0.4	0.1		0.3	-30.7%
Total operating performance	53.8	54.198	76.2	143.2	71.0	-6.9%	144.8	1.1%
Material expenses	27.0	26.5	40.5	74.9	37.7	-6.9%	76.7	2.4%
Personnel expenses	18.3	18.4	20.0	39.5	20.5	2.5%	41.5	5.2%
Depreciation	1.3	1.3	1.4	2.8	2.0	45.0%	3.5	25.7%
Other income	0.2	0.6	0.3	0.5	0.5	71.2%	0.8	53.3%
Other expenses	4.4	5.3	7.3	13.5	6.0	-17.5%	12.5	-7.4%
Total Expenses	50.8	50.8	68.8	130.1	65.7	-4.6%	133.4	2.5%
EBITDA	4.3	4.6	8.8	15.9	7.3	-16.6%	14.9	-6.3%
<i>EBITDA margin</i>	7.9%	8.5%	11.7%	11.3%	10.4%		10.5%	
EBITA	3.0	3.3	7.4	13.1	5.3	-28.1%	11.4	-13.1%
<i>EBITA margin</i>	5.5%	6.2%	9.8%	9.3%	7.6%		8.0%	
Amortisation	0.0	0.0	0.0	0.0	0.0		0.0	
EBIT	3.0	3.3	7.4	13.1	5.3	-28.1%	11.4	-13.1%
EBIT-margin	5.5%	6.2%	9.8%	9.3%	7.6%		8.0%	
Income/losses from at equity	0.1	0.6	0.6	0.8	0.4	-36.5%	0.7	-10.3%
Income/losses from participations	0.0	0.0	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	0.1	0.6	0.6	0.8	0.40		0.7	-10.3%
Interest income	0.0	0.0	0.0	0.1	0.1	31.7%	0.1	14.9%
Interest expense	-1.0	-1.1	-1.6	-3.2	-1.2	-27.2%	-2.4	-24.9%
Interest results	-1.0	-1.1	-1.6	-3.1	-1.1	-28.7%	-2.3	-26.1%
PBT	2.1	2.9	6.4	10.8	4.554	-28.8%	9.8	-9.2%
Taxes	0.26	0.41	0.8	1.37	0.86	11.8%	1.8	31.3%
Tax rate	12.4%	14.2%	12.0%	12.7%	18.8%		18.4%	
Profit after tax	1.83	2.49	5.63	9.42	3.70	-34.4%	8.00	-15.1%
Minorities	-0.2	-0.23	-0.3	-0.71	-0.30	-9.6%	-0.9	26.2%
Net reported profit	1.61	2.27	5.30	8.71	3.40	-35.9%	7.10	-18.5%
EPS reported profit	0.86	1.21	2.63	4.33	1.80	-31.7%	3.76	-13.0%

Source: fairesearch, p=preliminary

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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

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