

Recommendation:
BUY Company Update

Risk:
Medium (-)

Fair Value:
EUR 73.88 (70.30)

29 May 2008

Dynamic first quarter

Revenues increased 17.1% and EBIT 37.7%

- In the first quarter 2008 ending March revenues increased 17.1% to €65.1m. The recently acquired Bubenzer Group contributed €7.7m to total revenues in the first quarter. Excluding Bubenzer revenues would have increased 3.2%. EBIT increased disproportionately by 37.7% to €5.5m. EBIT margin improved from 7.2% in the first quarter 2007 to 8.4%.
- The two divisions "Stationary and Mobile Traffic Technology" both contributed to the EBIT increase. EBIT margin of "Stationary Traffic Technology" increased from 10.8% to 11.8%. This increase was mainly due to higher earnings contribution from Bubenzer. The company also increased revenues of "Stationary Traffic Technology" by 47.4% and excluding the acquisition 1.2%. EBIT margin of "Mobile Traffic Technology" increased from 7.4% to 8.4%. Strong demand for buses improved the capacity utilisation rate of the Bode Group significantly. EBIT increased 18.2% to €3.4m.

Strong order intake

- Order intake increased 25.6% to €82.5m. This increase was mainly attributable to the first time integration of the Bubenzer group and unexpectedly strong demand for bus doors. Order backlog jumped 42% from €139.6m to €198.3m.
- Results of the first quarter were better than expected. We therefore adjusted our target price accordingly from €70.30 to €73.88. We leave our "BUY" recommendation unchanged.

Key data

Y/E 30.12., in €	2007	2008E	2009E	2010E
Sales	232.1	255.2	268.6	281.3
EBITDA	19.4	23.1	25.2	27.5
Net profit	7.2	9.5	11.1	12.8
EPS	3.85	5.09	5.93	6.85
EV/EBITDA	6.2	6.5	5.9	5.4
EV/EBIT	8.6	8.5	7.7	6.9
P/E	9.3	9.7	8.4	7.2

Source: [fairesearch](#), CBS Research AG, company data

Information sourced from [fairesearch](#), Analyst Heinz Steffen

Share price vs SDAX (1 year)



Source: CBS Research AG, [fairesearch](#)

Change	2007		2008E		2009E	
	new	old	new	old	new	old
Sales	255.2	255.2	268.6	268.6	281.3	281.3
EBITDA	23.1	23.1	25.2	25.2	27.5	27.5
EPS	5.09	5.09	5.93	5.93	6.85	6.85

Internet: www.schaltbau.de Sector: Mechanical Engineering
WKN: 7170300 ISIN: DE0007170300
Reuters: SLTG.DE Bloomberg: SLT:GR

Share data:

Share Price:	EUR 49.49
Shares outstanding (mill.):	1.87
Market capitalisation:	EUR 92.3m
Enterprise Value (EV):	EUR 156.8m
Ø daily trading volume:	2,954

Performance data:

High 52 weeks:	EUR 30.35
Low 52 weeks:	31.8%
Absolute performance: (12 months)	
Relative performance (SDax):	0.8%
1 month	29.9%
3 months	33.2%
6 months	59.0%
12 months	

Shareholders:

Dr. Cammann family:	11.1%
Zimmermann family:	9.5%
Golden Peaks:	5.4%
IFOS International Fonds Service:	3.5%
Universal Investment:	2.8%

Financial calendar:

Next event:	AGM 12th, June 2008 www.schaltbau.de
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Strong performance will continue

Revenues by division (€65.1m)	EBIT by division (€5.3m)
<p>Stationary Traffic Technology 37.8%</p> <p>Mobile Traffic Technology 62.2%</p>	<p>Stationary Traffic Technology 46.0%</p> <p>Mobile Traffic Technology 54.0%</p>
Source: fairesearch	Source: fairesearch

Revenues in the first quarter jumped 17.1% to €65.1m (adjusted 3.2%). The recently acquired Bubenzer group contributed €7.7m to revenues. Bubenzer also contributed to the strong performance of the business division “Stationary Traffic Technology”. Revenues increased 47.4% to €24.6m and without Bubenzer 1.2%. EBIT increased 61.1% from €1.8m to €2.9m.

In the first quarter order intake increased 25.6% from €65.7m to €82.5m. The book-to-bill ratio improved from 1.18 to 1.27. This increase was mainly driven by the first time integration of the Bubenzer Group and the surprisingly strong demand from the bus manufacturers for door systems. The registration for new buses over 3.5t increased 26.2% to 16,581 buses (January-April 2008) in total Europe (EU and EFTA). Especially the new member countries contributed to growth (+82.9%). Registration in Europe also increased 18.5% to 13,680 (mainly UK +32.5% to 3,108). Order backlog jumped 42% to €198.3m.

Strong order backlog

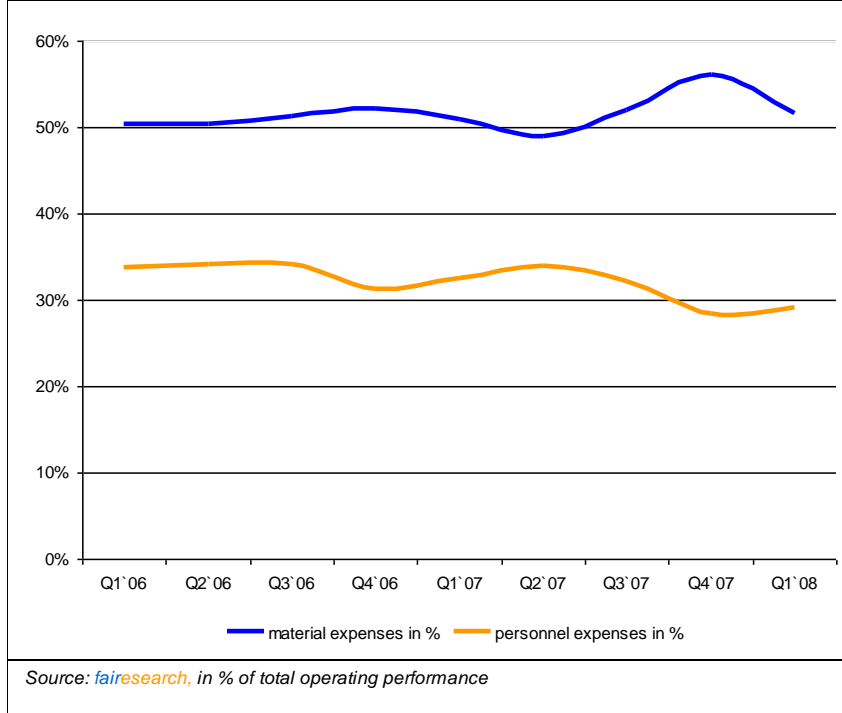
Key ratios

(in €m)	Q1'07	Q1'08	% +/-
Revenues	55.62	65.12	17.1%
Order intake	65.70	82.50	25.6%
Book-to-Bill	1.18	1.27	7.3%
Order backlog	139.60	198.30	42.0%

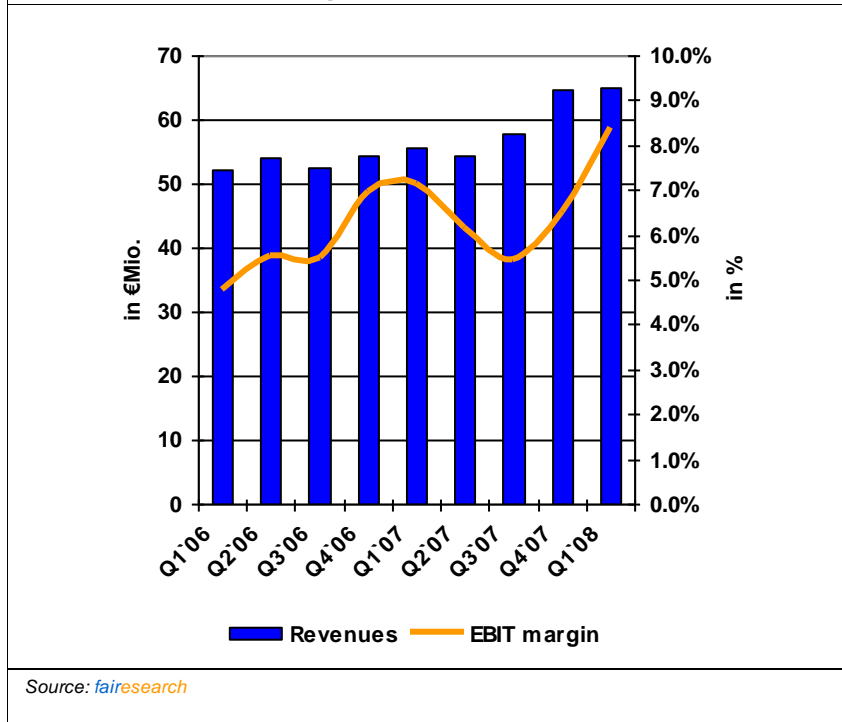
Source: [fairesearch](#)

Costs are under control

In the first quarter material expenses increased 22.3% to €34.4m and personnel expenses 8.4% to €19.5m. The increase of material expenses is mainly due to the revenue mix. The material expense ratio compared to the total operating performance increased from 50.9% in the first quarter 2007 to 51.5%. Personnel expense ratio declined from 32.5% to 29.2%. We think that costs are under tight

Material and personnel expenses 2006-2008

control and management is improving operating performance further. The performance of the first quarter was surprisingly strong. The high capacity utilisation (Bode Group) and earnings contribution from Bubenzer mainly contributed to the increase of the EBIT margin.

Revenues and EBIT margin per quarter 2006-2008

First quarter results

Quarterly results 2006-2008

(in €m)	Q1'06	Q2'06	Q3'06	Q4'06	Q1'07	Q2'07	Q3'07	Q4'07	Q1'08	% +/-
Revenues	52.1	54.1	52.6	54.3	55.6	54.3	57.9	64.8	65.1	17.1%
Stationary Traffic Technology	15.9	14.6	12.6	17.5	16.7	14.7	15.5	31.0	24.6	47.4%
Mobile Traffic Technology	36.2	39.8	40.0	36.7	38.9	39.6	42.4	33.7	40.5	4.1%
Changes in stocks of goods	0.7	-0.8	0.3	1.5	-0.5	-0.4	1.5	2.3	1.4	-362.7%
Other capitalized work	-0.1	0.5	0.5	0.5	0.1	0.2	0.6	0.2	0.2	
Total operating performance	52.7	53.8	53.4	56.2	55.2	54.198	60.1	67.3	66.7	20.8%
Material expenses	26.6	27.0	27.4	29.3	28.1	26.5	31.2	37.7	34.4	22.3%
Personel expenses	17.8	18.3	18.2	17.6	18.0	18.4	19.3	19.1	19.5	8.4%
Depreciation	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	9.1%
Other income	0.2	0.2	0.7	1.6	0.4	0.6	0.4	1.9	0.3	-28.3%
Other expenses	4.8	4.4	4.4	6.0	4.2	5.3	5.4	6.9	6.2	47.3%
Total Expenses	50.2	50.8	50.6	52.5	51.2	50.8	56.9	63.1	61.2	19.5%
EBITDA	3.7	4.3	4.1	5.0	5.3	4.6	4.5	5.6	6.9	30.7%
EBITDA margin	7.2%	7.9%	7.9%	9.3%	9.5%	8.5%	7.8%	8.6%	10.6%	
EBITA	2.5	3.0	2.9	3.8	4.0	3.3	3.2	4.2	5.5	37.7%
EBITA margin	4.8%	5.5%	5.5%	6.9%	7.2%	6.2%	5.5%	6.5%	8.4%	
Amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EBIT	2.5	3.0	2.9	3.8	4.0	3.3	3.2	4.2	5.5	37.7%
EBIT margin	4.8%	5.5%	5.5%	6.9%	7.2%	6.2%	5.5%	6.5%	8.4%	
Income/losses from at equity	0.0	0.1	0.3	0.7	0.2	0.6	0.4	0.2	0.2	-9.6%
Income/losses from participations	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
Other financial results	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total financials	0.0	0.1	0.3	0.7	0.2	0.6	0.5	0.2	0.15	-9.6%
Interest income	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	-12.9%
Interest expense	-0.9	-1.0	-1.0	-1.4	-1.3	-1.1	-1.5	-1.8	-1.6	15.8%
Interest results	-0.9	-1.0	-1.0	-1.4	-1.3	-1.1	-1.5	-1.7	-1.5	17.2%
PBT	1.6	2.1	2.2	3.1	2.9	2.9	2.2	2.7	4.122	44.2%
Taxes	0.5	0.26	0.4	1.4	0.5	0.41	0.3	0.7	0.61	23.5%
Tax rate	33.0%	12.4%	19.1%	44.4%	17.1%	14.2%	12.0%	26.2%	14.7%	
Profit after tax	1.06	1.83	1.76	1.72	2.37	2.49	1.94	1.97	3.52	48.5%
Minorities	-0.6	-0.2	-0.1	-0.1	-0.6	-0.23	0.0	-0.1	-0.38	-38.0%
Net reported profit	0.50	1.61	1.64	1.58	1.75	2.27	1.90	1.89	3.14	78.9%
EPS reported profit	0.26	0.86	0.88	0.84	0.94	1.21	1.01	1.01	1.68	78.9%

Source: [fairesearch](#)

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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
28 th April 2008	Buy	44.15 (Initiating Coverage)	73.88 EUR

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