

Company Alert

Schaltbau

Results Initial View: Dividend of EUR 0.50 plus bonus of EUR 0.20 per share



RATING
BUY (UNCHANGED)

TARGET PRICE
43 EUR (UNCHANGED)

HIGHLIGHTS

- Order entry declined by 10.5%
- Sales 2009 decreased by -3.7%
- Special effect resulted in an increase of net profit (+4.2%)
- Dividend of EUR 0.50 plus bonus dividend of EUR 0.20

Order entry and sales below last year's level. With orders of EUR 251.7m Schaltbau's orders decreased by 10.5% especially due to a weakness in industrial business. Total sales of nearly EUR 270m are more or less in line with our estimate.

Net profit positively influenced by special effect. EBIT in Q4 2009 came in with EUR 5.5m and an EBIT margin of 8.5%. We expected only 8.1%. For FY 2009 EBIT reached EUR 20.3m. From the disposal of Beijing Bode, Schaltbau realised special earnings of EUR 1.1m (after tax). As a consequence, earnings per share with EUR 6.62 are higher than originally planned.

Total dividend of EUR 0.70 per share. As we expected, Schaltbau intends to pay a dividend of EUR 0.50. Resulting from the earnings out of the disposal the company plans to pay a bonus dividend of EUR 0.20 per share.

Confirmation of the outlook. Schaltbau expects to reach an order volume of EUR 275m. Sales should remain stable at the level of EUR 270m. Earnings per share should reach EUR 5.40.

In our view, Schaltbau showed a very stable development in recession times. Nevertheless, 2010 should be a weaker year. We will rework our estimates. For the time being, we maintain our rating and target price.

in EUR m	Q4/2009	LBBW E	Consensus	12M/2009	LBBW E	Consensus
Sales	64.8	65.1	n.a.	269.8	270.1	n.a.
EBIT	5.5	5.3	n.a.	20.3	20.1	n.a.
Net profit	4.0	3.3	n.a.	12.3	11.6	n.a.
EPS (in EUR)	2.15	1.72	n.a.	6.62	6.19	n.a.

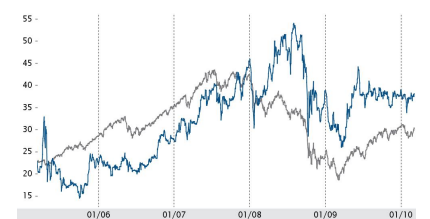
Source: Schaltbau, LBBW Research

+++ Reuters: SLTG +++ Bloomberg: SLT GR +++

Current Price (XETRA (Germany); 2010-03-09; 03:41 pm)....38.45 EUR
CLOSING PRICE (2010-03-08): 38.06 EUR
 EXPECTED PERFORMANCE:..... 13.0%
 MARKET CAPITALIZATION:..... 71.25 EUR m
 ENTERPRISE VALUE:..... 140.78 EUR m
 NUMBER OF SHARES:.....1.87 m
 FREE FLOAT:.....73.0 %
 INDEX (WEIGHT):.....CDAX (n.a.)
 AVG. DAILY TRADEVOL.:2.615
 ISIN:..... DE0007170300
 SECTOR:Capital Goods

KEY DATA (DEC)	2009E	2010E	2011E
Sales (EUR m)	270.1	267.0	283.5
EBITDA (EUR m)	26.0	24.3	26.4
EBIT (EUR m)	20.1	17.7	19.7
Net profit (EUR m)	11.6	10.2	12.2
FCF (EUR m)	4.2	7.8	8.3
FCF yield	5.9%	10.9%	11.7%
EPS (EUR)	6.19	5.43	6.53
DPS (EUR)	0.50	0.50	0.70
EV / Sales (x)	0.5	0.5	0.5
EV / EBITDA (x)	5.4	5.8	5.3
EV / EBIT (x)	7.0	8.0	7.1
P / E (x)	6.1	7.0	5.8
P / BV (x)	4.22	2.73	1.91
Dividend yield	1.3 %	1.3 %	1.8 %

PRICE PERFORMANCE



Source: Schaltbau, LBBW Research, Thomson Reuters

UPCOMING EVENTS

April 21-10 Annual report

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LBBW Research Rating-Systematics (absolute share rating system)

Rating definitions:

Buy:	Based on a time horizon of up to 12 months, we recommend that investors buy the stock.
Sell:	Based on a time horizon of up to 12 months, we recommend that investors sell the stock.
Hold:	We take a neutral view on the stock and, based on a time horizon of up to 12 months, do not recommend either a Buy or Sell.
Under review:	The rating is currently updated.
Suspended:	The evaluation of the company is currently not feasible.

Percentage of companies within this rating category

Buy:	47,3%
Sell:	14,5%
Hold:	36,1%
Under review:	0,8%
Suspended:	1,2%

Notes: Rating definitions prior to 6th April, 2009 were:

Buy: The price potential of the share is at least 10%. Hold: The price potential of the share is between 0% and 10%. Sell: A negative price performance of the share is expected.

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