

Full Company Report

Reason: Initiation of coverage

3 April 2018

Buy

from

Share price: EUR 25.80

closing price as of 02/04/2018

Target price: EUR 32.20

Upside/Downside Potential 24.8%

Reuters/Bloomberg

SLTG.DE/SLT GY

Market capitalisation (EURm) 228

Current N° of shares (m) 9

Free float 32%

Daily avg. no. trad. sh. 12 mth

Daily avg. trad. vol. 12 mth (m)

Price high/low 12 months 23.30 / 38.40

Abs Perfs 1/3/12 mths (%) 5.74/-0.07/-17.38

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	509	518	486
EBITDA (m)	16	16	26
EBITDA margin	3.2%	3.1%	5.5%
EBIT (m)	(15)	(22)	15
EBIT margin	nm	nm	3.1%
Net Profit (adj.)(m)	(16)	(24)	4
ROCE	-2.9%	0.6%	3.7%
Net debt/(cash) (m)	148	156	86
Net Debt Equity	1.4	1.9	0.6
Net Debt/EBITDA	9.1	9.9	3.2
Int. cover(EBITDA/Fin.int)	3.1	2.0	3.7
EV/Sales	0.8	0.8	0.8
EV/EBITDA	25.6	26.1	15.2
EV/EBITDA (adj.)	25.6	10.1	15.2
EV/EBIT	nm	nm	26.8
P/E (adj.)	nm	nm	nm
P/BV	2.4	3.5	2.3
OpFCF yield	3.2%	-13.9%	0.2%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(2.57)	(3.59)	0.41
BVPS	11.98	7.27	11.41
DPS	0.00	0.00	0.00

Shareholders

Acting in concert-group (Zimmermann, Luxempart, Monolith, Coleano, Elrena) 29%; Active Ownership 20%;



Analyst(s)

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Traffic lights are green again




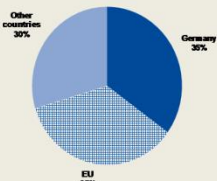
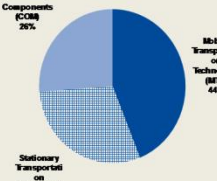
Schaltbau is currently going through an existential restructuring process of which the start towards recovery has become feasible. In terms of solvency, the short-term liquidity squeeze is solved while long-term the financial debt will be reduced, with practically no near term maturities for the group. Rail markets are moderately growing and Schaltbau will participate based on its highly diversified product portfolio and its leading market position in a variety of segments. We are confident with regard to the successful turnaround and initiate our coverage for the Schaltbau Holding shares with a Buy rating and a target price of EUR 32.20 per share.

- ✓ **Schaltbau is remediable:** After an in-depth analysis an external restructuring consultant confirmed that the group is remediable. A detailed plan has been created and first steps are already set in place.
- ✓ **Long-term concentration on Mobile Transportation Technology (MTT)?:** As carefully indicated by the management, over long-term there could be an option to concentrate purely on MTT and sell the smaller Stationary Transport Technology (STT) division. Due to its excellent margin level, we hope that Components (COM) will remain a core activity.
- ✓ **Successful capital increase:** Following the capital increase in May 2017 with a cash inflow of EUR 15.6m another increase was successfully placed in February 2018 in the amount of net EUR 46.1m. The full number of 2.24m new shares was placed at a price of EUR 22.00 what is a success in our view. The equity ratio (equinet) 2018e is expected to reach ~22% while the book value per share reached more than EU 12.00 per share.
- ✓ **Cash inflow through sale of Pintsch Bubenzer:** At the end of February the sale of Pintsch Bubenzer was closed and resulted in the expected cash inflow of EUR 30.3m. With a total fresh liquidity of EUR 92m, the group was able to pay back financial debt of EUR 32.5m end of February and is still able to continue reducing financial debt, or maintaining a sizeable cash cushion.
- ✓ **Recovery of profitability:** Each of Schaltbau's three divisions have a detailed plan for improving the profitability. MTT is expected to reach 2019e to an EBIT-margin of 5.5% ('17e: -9.3%), while STT will swing to 3.4% ('17e: -7.7%). The COM division reported sound EBIT-margins of up to 17% also in the "crisis years". Long-term EBIT-margins for the group of more than 8% are possible while in our DCF-model we use a sustainable margin of 7.0% (all equinet).
- ✓ **Key risks comprise e.g.:** 1) The expected growth of the global railway markets will not meet Schaltbau's expectations with regard to their own growth targets. 2) The company will not meet all milestones fixed in the general restructuring plan, e.g. profitability improvement or working capital reduction targets. 3) Reduction of the group's financial debt might take longer than expected. 4) General inherent risks of the project business could lead to cost overruns or other burdening factors. 5) Further impairment risks in the group's company portfolio.

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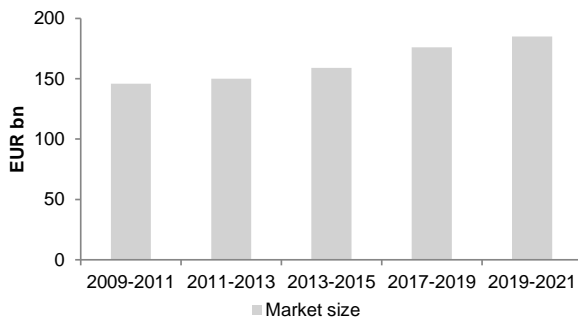
Exhibit 1: Schaltbau Holding at a glance

Business Units	<div>Mobile Transportation Technology (MTT)</div> 		<div>Stationary Transportation Technology (STT)</div> 		<div>Components (COM)</div> 												
Products/ applications	Covers the entire value chain of door and boarding systems for trains, buses and commercial vehicles. Provides complete sanitary systems, interior fittings and air conditioning units and tanks for rolling stock		Level crossing systems (such as computer-controlled RBUET and RBUEP technologies), control and safety systems for trains, point heating systems, platform screen doors, signalling equipment, tunnel safety lighting equipment		Develops, manufactures and sells connectors, snap-action switches and contractors for multiple applications in the rail and other sectors; supplies master controllers and integrated driver's desks for the operation of rolling stock												
Customers	Rail train and public transport operators, OEMs		Public and private rail infrastructure operators, such as Deutsche Bahn AG and rail systems suppliers		Public and private rail infrastructure operators												
	Concentrated customer base of several train operators and OEMs		Oligopolistic market structure with increasing pricing power of customers		Broad customer base												
Market share/ positioning	With the exception of refurbishment activities Schaltbau companies rank among the four leading players in its relevant markets		Leading position in Germany		Leading position in Germany and selected European countries												
Drivers	Macroeconomic developments and especially economic growth of the relevant markets of Germany and EU. Regulatory legislation of rail transportation, e.g. LuFVII and of environment pollution (fostering public transportation).		More specifically, the company benefits from such trends as urbanisation and demand for safety and convenience in public transportation. Similarly, digitalization of transportation services and higher awareness of environment pollution have a positive effect on the company's operations.		Digitalisation and autonomous driving												
Main competitors	Door systems: IFE (Knorr-Bremse), Kangni, Faiveley (WABTEC Corp.), Ventura, Masats, IWN, Snop, Rollmech, Edscha. Sanitary systems: EVAC, BFG, SEMVAC		Level crossing technology: Scheidt & Bachmann, Siemens. Signalling equipment: Frauscher, Siemens, Bombardier, Thales. Other: Ansaldo STS SpA, Construcciones y Auxiliar de Ferrocarriles SA, Westinghouse Air Brake Technologies Corporation		Driver desks: Alfa Union (Czech Republic), Gessmann (GER), Kaitan (China); Electromechanical components: Sécheron (CH), Microelettrica Scientifica S.p.A. (Italy); Other: Crouzet, FreightCar America Inc.												
Entry barriers/ competitive advantage	The company has developed a long-lasting expertise and stable customer relationships with leading providers of rail transportation services and OEMs. High technological know-how is necessary to meet customer needs. Schaltbau is able to offer complete system solutions including MRO services and overall is a reliable partner																
Strategy & Guidance	Strategy (I) Securing and improving the global market position and competitiveness (II) Concentration on profitable business areas with growth perspectives (III) Exploitation of new business areas			Guidance (FY 2017e) Revenue: lower end of EUR 515 - 525m y/y +1.2% - 3.1% EBIT * at least EUR 2.0m * before special items													
2016	Sales (EURm) 509,1 <i>y/y</i> 1,4%		EBITDA (EURm) 16,3 <i>Margin</i> 3,2%		EBIT adj. (EURm) -24,3 <i>Margin</i> n.m.												
Sales & EBIT Split	Sales 5Y hist. CAGR 9,8%		Organic growth y/y n.a.														
	Sales split by region (average 2014 - 2016)		Sales split by division (average 2014 - 2016)		EBIT split by division (average 2014 - 2016)												
					<table><tr><th>Divisional EBIT Split</th><th>Average 14 - 16</th></tr><tr><td>Mobile Transportation Technology (MTT)</td><td>11,3</td></tr><tr><td>Stationary Transportation Technology (STT)</td><td>-8,1</td></tr><tr><td>Components (COM)</td><td>19,8</td></tr><tr><td>Total amount segments</td><td>23,0</td></tr></table>		Divisional EBIT Split	Average 14 - 16	Mobile Transportation Technology (MTT)	11,3	Stationary Transportation Technology (STT)	-8,1	Components (COM)	19,8	Total amount segments	23,0	
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Total amount segments	23,0																
Shareholder structure & management	CEO <u>Dr. Bertram Stausberg</u> <i>Board member (speaker) since 2017</i> • Studies in mechanical engineering • Management positions at BE Printers, Bertelsmann Printing Group, Berryville Graphics, Prinovis and others		CFO <u>Thomas Dippold</u> <i>Board member since 2017</i> • Background in Reporting and Consulting • Expatriate Management position in Singapur with Schott AG • From 2014 to 2017 CFO of Faber-Castell		CRO <u>Dr. Martin Kleinschmitt</u> <i>CRO (since 2017)</i> • Lawyer and partner of Noerr LLP and member of the board of Noerr Consulting AG • Since 2002 Dr. Kleinschmitt functioned as interim CFO of various firms in distress • Responsible for the restructuring of Schaltbau AG												
	<div>Shareholder structure</div> <table><tr><th>Shareholder structure (end of Jan. 2018) *</th><th>Shareholdings</th></tr><tr><td>Ading in concert group</td><td><30%</td></tr><tr><td>AOC / ACF</td><td>< 10% each</td></tr><tr><td>Accion SA</td><td>< 10%</td></tr><tr><td>Other</td><td>circa 10%</td></tr><tr><td>Free float</td><td>circa 30%</td></tr></table> <div>* Basis: 6,800,770 shares Source: Schaltbau Holding</div>						Shareholder structure (end of Jan. 2018) *	Shareholdings	Ading in concert group	<30%	AOC / ACF	< 10% each	Accion SA	< 10%	Other	circa 10%	Free float
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Year-end number of employees: FY 2016	3.370																

Source: Schaltbau Holding, equinet Research

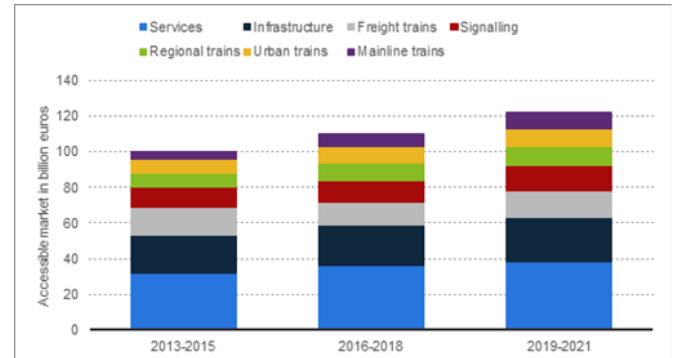
Investment Case in Charts

Exhibit 2: Av. market size: Railway techn. 2009 - 2021



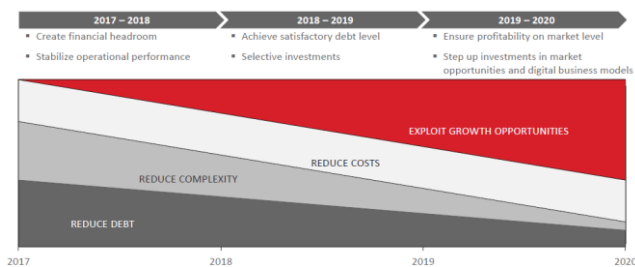
Source: UNIFE, Roland Berger

Exhibit 3: Market development



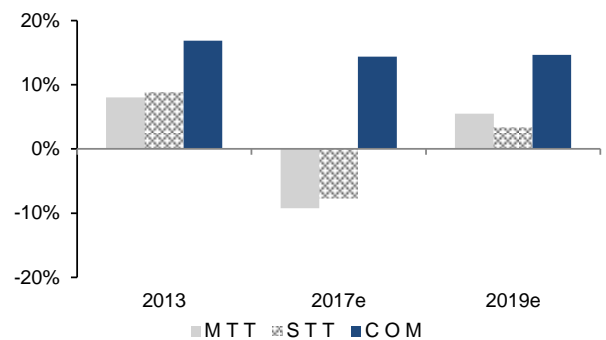
Source: UNIFE, Roland Berger

Exhibit 4: Schaltbau: Restructuring roadmap



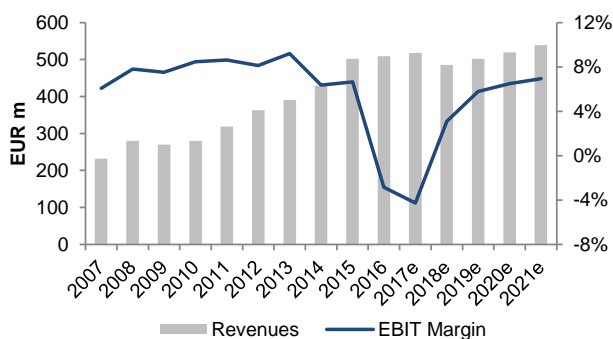
Source: Schaltbau Holding

Exhibit 5: Reported EBIT-margin recovery by segment



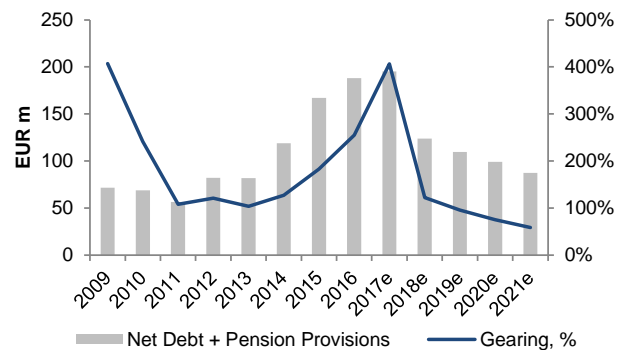
Source: Schaltbau Holding, equinet Research

Exhibit 6: EBIT-margin recovery after failed M&A-policy



Source: Schaltbau Holding, equinet Research

Exhibit 7: Financial recovery – gearing will normalise



Source: Schaltbau Holding, equinet Research

Investment case and SWOT analysis

Until 2013 the development of Schaltbau Holding can be qualified as a growth story in line with a significant margin expansion. Since 2013 an erosion in profitability took place and culminated in negative reported EBIT-figures for 2016 and 2017e. This negative development goes in line with a revaluation of the Schaltbau shares. It seems that not all acquisitions which were made during the last years were integrated successfully.

Today, the company is undergoing a substantial restructuring process. The shares will offer a significant upside potential in our view, if all milestones of the restructuring program will be met in time. One serious point of concern in this context is Schaltbau's financial burden, becoming visible in a gearing of 407% for FY2017e (equinet estimate). These financial constraints are limiting the growth potential in a rapidly changing industrial environment. With regard to these limitations it is no surprise that in the future the group will concentrate mainly on organic growth. With regard to the restructuring program we have identified a number of measures which are directed to revive profitability and we estimate clearly higher EBIT-margins from 2018e onwards. This is the main driver for the future performance of the Schaltbau shares in our view. Keeping in mind a seven to eight years economic upswing in Germany and Europe, mid- to long-term it will be a question if Schaltbau has become more resilient against a possible economic turnaround or if they can ride the wave of a company individual economic driven by for instance new, innovative products. The leading market positions in several areas give us some confidence for the latter scenario.

The market itself is going to change and some megatrends like E-mobility and digitalization will offer interesting growth opportunities.

Exhibit 8: Schaltbau Holding: SWOT - analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Components business is highly profitable • In many areas Schaltbau ranks among the leading four players • Strong focus on system solutions rather than on parts or components • Strong relationship to some key customers like e.g. Deutsche Bahn in Germany 	<ul style="list-style-type: none"> • Burdened financial situation is limiting the group's growth targets • No dividend payments until FY2019e expected • Weak profitability in Stationary Transportation Technology
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Outlook for global rail markets signals moderate growth • Liberalization and deregulation of rail traffic will offer new business opportunities • Portfolio optimization will support the recovery of profitability (strengthening the profitable business) 	<ul style="list-style-type: none"> • Main competitors could use Schaltbau's current weakness to capture market share • Schaltbau will miss all milestones fixed in the restructuring program or incur delays

Source: equinet Research

Valuation

We value the Schaltbau shares and derive the target price from our DCF-model. Using peer-group multiples in our view currently does not cope with Schaltbau's turnaround situation.

DCF valuation

To calculate the equity value for Schaltbau Holding we use our three-stage DCF-model to determine future cash flows. In our first stage, we calculate a detailed P&L, Balance Sheet and Cash Flow statement for the period up to 2021e based on information provided by the company and our own market assessment. In stage two, we switch over to a trend analysis until 2026e for some key drivers like e.g. sales growth, EBIT-margin and investments. In the third stage, we analyse and calculate the terminal value on the basis of a going-concern assumption. In addition to the listed base input factors, currently we use a terminal growth rate of 2% and a sustainable EBIT-margin of 7.0%.

Exhibit 9: Schaltbau Holding: DCF model

EUR m	Phase I					Phase II					Phase III
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Revenues	517.5	485.6	502.0	519.5	539.0	557.7	575.3	591.9	607.2	621.1	
growth rate	17%	-6.2%	3.4%	3.5%	3.8%	3.5%	3.2%	2.9%	2.6%	2.3%	
EBIT	-22.2	15.0	29.0	33.7	37.4	38.8	40.1	41.3	42.4	43.5	
EBIT margin	-4.3%	3.1%	5.8%	6.5%	6.9%	7.0%	7.0%	7.0%	7.0%	7.0%	
Tax	-6.6	-4.5	-8.7	-10.1	-11.2	-11.6	-12.0	-12.4	-12.7	-13.0	
Tax rate	-30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
Depr. & Amort.	38.0	11.5	9.5	9.0	9.0	10.4	11.2	11.9	12.3	12.7	
% of sales	7.3%	2.4%	1.9%	1.7%	1.7%	1.9%	2.0%	2.0%	2.0%	2.0%	
Capex	-14.5	-9.0	-9.0	-11.3	-11.6	-12.0	-12.4	-12.7	-13.1	-13.4	
% of sales	2.8%	1.9%	1.8%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	
Change in WC & P	4.5	-3.0	-2.2	-2.4	-0.8	-0.9	-0.9	-0.9	-0.9	-1.0	
% of sales	-0.9%	0.6%	0.4%	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Free Cash Flow	-0.8	10.0	18.6	18.9	22.8	24.7	26.0	27.1	28.0	28.8	559.1
growth rate	nm	nm	85.7%	14%	20.5%	8.3%	5.6%	4.1%	3.3%	3.0%	2.0%
Present Value FCF	-0.8	9.5	16.5	15.6	17.5	17.7	17.4	16.9	16.3	15.6	302.8
PV Phase I	58.3		Risk free rate			3.50%		Targ. equity ratio		65%	
PV Phase II	83.9		Premium Equity			5.00%		Beta		1.1	
PV Phase III	302.8		Premium Debt			2.00%		WACC		7.3%	
Enterprise value	445.0		Sensitivity			Growth in phase III					
- Net Debt (Cash)	86.0					1.0%	1.5%	2.0%	2.5%	3.0%	
- Pension Provisions	40.2					6.54%	32.8	36.3	40.7	46.1	53.1
- Minorities & Peripherals	33.4					6.90%	29.4	32.5	36.2	40.7	46.3
+ MV of financial assets						WACC	7.26%	26.5	29.1	32.2	36.0
- Paid-out dividends for last FY	0.0					7.63%	23.9	26.2	28.8	32.0	35.9
+/- Other EV items						7.99%	21.5	23.5	25.8	28.6	31.9
Equity value	285.4										
Number of shares	8.85										
Value per share (€)	32.24										
Current Price (€)	25.80										
Upside	25.0%										

Source: equinet Research

Taken into account the detailed restructuring plan of the company and the already achieved milestones we see a significant upside potential for the profitability of the group. With the successful divestment of Pintsch Bubenzer and the recent capital increase, the overall liquidity situation has improved. On this basis, we calculate an enterprise value of EUR 445.0m. Including financial debt, pensions and other items we calculate the equity value at currently EUR 285.4m or rounded EUR 32.20 per share. That gives the shares a significant upside potential of 26% from today's level and we initiate our coverage with a Buy rating.

Peer group analysis

Exhibit 10: Schaltbau Holding: Peer-group comparison

Company	PE 2018e	PE 2019e	EV/EBIT 2018e	EV/EBIT 2019e
Vossloh AG	21.2	16.7	13.0	11.1
Ansaldo STS SpA	30.4	27.2	18.2	16.1
Construcciones y Auxiliar de Ferrocarriles, S.A.	17.1	14.2	10.1	9.1
Talgo SA	16.0	11.2	10.9	8.0
Westinghouse Air Brake Technologies Corporation	20.8	18.4	16.3	14.4
Greenbrier Companies, Inc.	11.8	12.2	5.4	5.9
Median	18.9	15.5	12.0	10.1
Schaltbau Holding AG	60.0	16.9	24.3	12.0

Source: FactSet, equinet Research

Profile of listed peer-group companies

Ansaldo STS

Italian-based Ansaldo STS designs, implements and sells systems and services for signalling and supervision of railway and urban traffic. The company also provides lead contractor, system integrator and turnkey services for large railway and subway mass transit projects, all under a single business segment, Signalling and Transportation Solutions. In FY 2016 Ansaldo STS recorded revenues of EUR 1.327bn and operating income of EUR 127m (margin of 9.6%) while employing 3,950 people. The majority of revenues come from Europe (53%), with smaller contributions from the Americas (19%), Asia/Pacific (19%) and Africa/Middle East (9%). Currently, main shareholders are Hitachi Rail Italy Investments with 50.8% and Elliott (P. Singer) with 25.7% according to the company. Our ESN partner, Banco Acros, currently rates the shares at Neutral with a TP of EUR 10.50.

Construcciones y Auxiliar de Ferrocarriles

Construcciones y Auxiliar de Ferrocarriles, headquartered in Spain, engages in the production of rail system products and solutions. In FY 2016, the company achieved revenues of about EUR 1,318m and an operating income of EUR 119m (margin at 9.0%) The vast majority of revenues were generated with Rolling stock (95%), with the rest attributed to Wheel sets and Components. The Rolling Stock segment consists of high

speed, regional & commuter trains, metros, tram-trains, tram and light metros as well as locomotives. The Wheel Sets and Components segment includes wheel sets and axles, gear units and couplers for the rail market. At the end of December 2017, the company signed a contract exceeding EUR 100m to supply 18 URBOS trams to Larsen & Toubro Ltd. (India) in the Republic of Mauritius.

Greenbrier Companies

Greenbrier, headquartered in the US, designs, manufactures and distributes railroad freight car equipment. For the annual period ending in August 31, 2017, the company achieved sales of converted EUR 1,818m and an operating income of EUR 218m (margin of 12%). Most of the business is in the Manufacturing segment (80% of 2017 revenues) while a remaining part of 14% is Wheels and Parts as well as Leasing and Service (6%). The Manufacturing segment includes double stack intermodal railcars, tank cars and marine vessels. The Wheel and Parts segment produces railroad accessories and provide wheel and axle maintenance and services. The majority of revenues (77%) comes from the US home market.

Talgo S.A.

Talgo, based in Spain, focuses on designing, manufacturing and servicing technologically differentiated fast, lightweight trains. The company specializes in the production of very high speed (>350 km/h), high speed (> 250 km/h) and natural tilting passenger coaches (180-250 km/h). Given this profile it is not a direct competitor to Schaltbau. In FY 2016 the company achieved group sales of EUR 580m and an operating income of EUR 88m (margin of 15.2%) with a headcount of 2,030 people. In 2016 the Los Angeles County Metropolitan Transportation Authority has selected Talgo to refurbish 38 rapid transit trains given a contract value of US\$ 55m with an option for a further US\$ 17m for additional 36 trains.

Vossloh AG

German-based Vossloh AG operates in the global rail technology markets with a strong focus in rail infrastructure, especially rail fastening and switch systems. In FY 2016 the company achieved sales of about EUR 930m and an operating income of EUR 50m (margin of 5.4%) while employing 4,000 people. The company's segments are Customized Modules (sales share of 53%), Core Components (sales share of 28%), Transportation (12%) and Life Cycle Solutions being responsible for the remainder. Vossloh is somewhat diversified geographically, with a bulk of revenues coming from Europe (61%), as well as smaller contributions from Asia (21%), the Americas (11%) and Africa (5%). The biggest single shareholder of Vossloh currently is Heinz-Hermann Thiele (Knorr-Bremse) with 44.73%, according to Vossloh.

Wabtec/Faively

The foundation of the original Westinghouse Air Brake Co. dates back to 1869. Westinghouse Air Brake Company (WABCO) was formed in 1990 when it acquired certain assets and operations from American Standard Inc. The company went public in 1995. Four years later WABCO merged with Motive Power Industries, Inc. and adopted the name of Wabtec. In 2017 the acquisition of Faiveley Transport S.A. (France), a leading provider of value-added, integrated systems and services, primarily for the transit rail market, for a purchase price of US\$ 1.5bn was completed. Today Wabtec sees itself as one of the largest providers of value-added, technology-based equipment, systems and services for the global

passenger transit and freight rail industries. Based on reported figures, 2017 the group achieved sales of US\$ 3,882m and an income from operations of US\$ 421m (non-GAAP: US\$ 508m) resulting in a margin of 10.8% (non-GAAP: 13.1%).

Profile of non-listed peer-group companies

Knorr-Bremse AG

German-based, Knorr-Bremse, develops, manufactures and distributes braking systems for rail and commercial vehicles. Furthermore the company offers electronic control devices, air treatment systems and torsional vibration dampers for commercial vehicles. It also supplies, among other products, intelligent entrance systems, HVAC systems, auxiliary power supply systems, control components, windscreen wipers, platform screen doors (PSD). The group already reported 2017 sales of EUR 6.24m (+13.6%) including EUR 250m sales acquired from Vossloh. Operating margin reached a stable level of 17%. The majority of its revenues come from Europe/Africa at about 50%, smaller contributions from Asia/Australia (28%) and Americas (22%). Market observers speculate about a planned IPO of the group but the time frame so far remains unclear.

Scheidt & Bachmann

The German non-listed Scheidt & Bachmann GmbH was founded in 1872. Over time the company developed to a diversified group with five business segments: Parking Systems, Access Systems, Fare Collection Systems, Fuel Retail Solutions and Signalling Systems. Activities in this last segment are directed to rail markets. Scheidt & Bachmann offers among others interlocking systems, level crossing solutions operations control and simulation systems. Today the group acts on a global basis with 25 subsidiaries and 3,000 employees. Sales in 2015 reached EUR ~350m.

Company profile

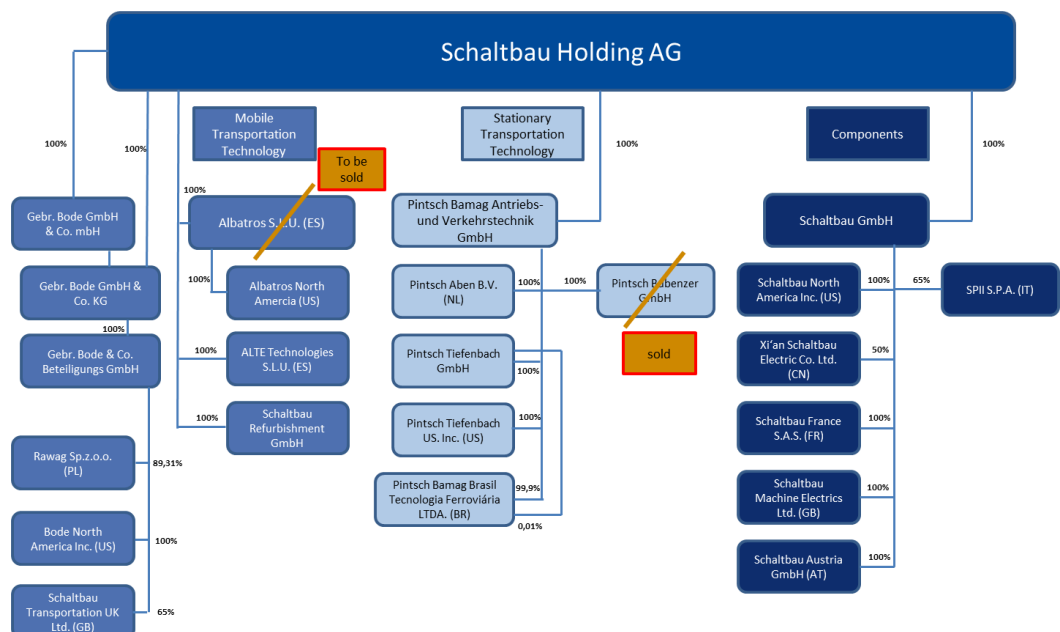
Company overview

The foundation of the group dates back to 1929 when Schaltbau GmbH started to produce rail switchgears and heaters with a total of 12 employees. After a long period of success, in 1992 the group was acquired by Berliner Elektro AG and converted into a stock company. Two years later Schaltbau shares were launched on the regulated market. In 2000 the company's name was changed into Schaltbau Holding AG. Beyond the name change, at that time the operating business was carved out into Schaltbau GmbH (the parent company of the COM segment).

Today the group is organised in a holding structure with 38 operating companies in 17 countries and is a leading supplier in the field of rolling stock, rail infrastructure, automotive and capital goods industry. The activities were separated into the three segments Mobile Transportation Technology, Stationary Transportation Technology and Components. End customer groups are the global railway industry with 65% followed by industrial clients with 22% and automotive customers with 13%.

The CAGR 2006 – 2016 came out at +9.1% and within this period only 2009 was a year with sales declining by 3.7%. For the same period EBIT-margins rank between 9.2% (2013) and -2.8% (2016). Last year the group went into serious financial trouble and various measures were undertaken to stabilise the company as e.g. the divestment of subsidiaries, general cost savings and most recently a capital increase in early 2018. Gone forward the whole industry could capitalize on the change towards digitalisation of the railway industry. Exhibit 11 comprises the fully consolidated entities only.

Exhibit 11: Company Structure as of February 2018



Source: Schaltbau Holding, equinet Research

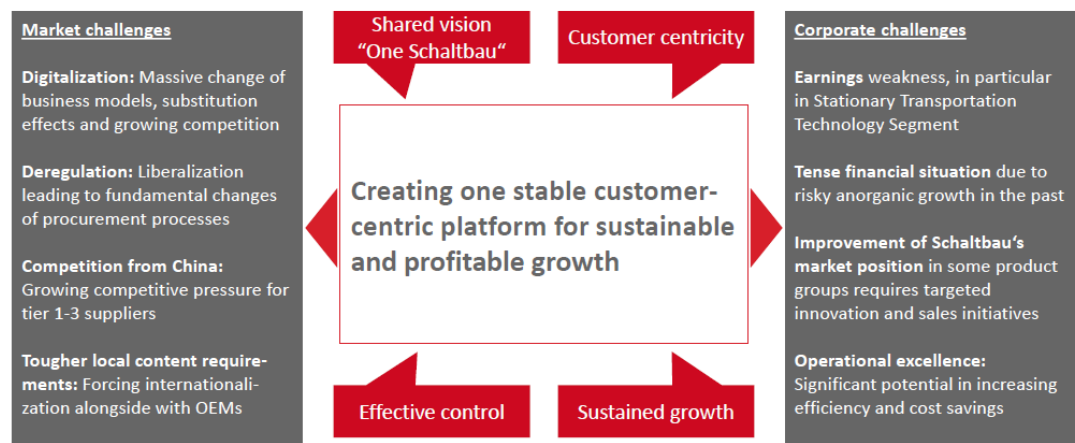
Schaltbau's company strategy for recovery

FY 2016 marked the height of the fundamental crisis of the Schaltbau Holding group, but in our view the trouble started already two years earlier. In particular two acquired companies, Schaltbau Alte and the Schaltbau Sepsa group did not perform as expected and were loss-making. During 2016 the symptoms of the crisis intensified and the group had to publish three profit warnings and the major topics of concern comprised:

- Operational problems with some projects like e.g. platform screen doors in Brazil (total volume of EUR 17.5m) and level crossing projects in Egypt (total volume of EUR 3.4m) and Denmark (total volume of EUR 18.8m) with accumulated losses of EUR 30m. Furthermore there was an impairment of EUR 1.6m at Schaltbau Pintsch Bamag
- Extra costs related to quality issues
- Extra costs for restructuring measures and dismissal wages
- Operational: Declining demand in China and Poland

With the external help from a restructuring consultant the new management fixed a roadmap for the financial and operational recovery for the years until 2020. Key measures are directed to secure short- and long-term financial stability, to reduce the cost base and identify measures for a sales increase. The relevant restructuring measures for the three segments are outlined in more detail in the segments discussion. Total expenses for the restructuring amounted to EUR 7.0m while the consultant fees are expected to reach EUR 3.3m and will incur in 2017 and 2018e.

Exhibit 12: Schaltbau Holding: Major fields of action



Source: Schaltbau Holding

The overall target for the upcoming years is to achieve mainly organic growth in profitable activities. External growth currently is very much limited in our view, due to the weak financial position. The main pillars of the modified strategy are:

- Securing and improving the global market position and competitiveness
- Concentration on profitable business areas with long term growth perspectives

- Exploitation of new business areas
- Better focus on customer needs and closer relationship to customers

In order to secure the global market position, the plan is to strengthen foreign production and distribution facilities so that Schaltbau companies would better meet increased local content needs demanded by customers. Overall R&D efforts should make the group's product portfolio more "digital" and "smart". The management aims to reduce the overall cost base and to intensify the after sales and service business due to its healthy margin level. Over long-term, we would not rule out that the group will purely concentrate on the Mobile Transportation Technology segment. In FY 2016 this segment generated sales of EUR 223m or 44% of the group's total. In our view it would make sense to shift the product portfolio away from parts and components towards a systems approach. The refurbishment activities currently concentrate mainly on door systems and can be expanded to other areas like for instance interior. A better use of synergies between the group companies should help to generate cost synergies and shorten development times.

Mobile Transportation Technology (MTT)

With a sales share of 53% (Q3 2017) MTT is the biggest single division of Schaltbau. The main operating companies in this division are Schaltbau Bode, Schaltbau Alte, Schaltbau Refurbishment and Schaltbau Rawag (Poland). Schaltbau Sepsa is planned to be sold but this transaction is not yet finalised. Sepsa represents sales of some EUR 35-40m per year.

The division has its strengths with a focus on door systems and exteriors for trains, busses and trucks. Furthermore interiors for trains, sanitary systems and air conditioning systems were offered. Main competitors with regard to door systems are IFE (Knorr-Bremse group), Kangni and Faiveley (WABTEC group). For sanitary systems, the main rivals are EVAC, BFG and SEMVAC.

According to the company, Schaltbau ranks among the leading four players in the market in the sub-segment of door systems for various types of trains. For busses and trucks, measured by sales, Schaltbau is the biggest player. With regard to sanitary systems, Schaltbau is the second biggest player in the market.

Exhibit 13: MTT in figures

EUR m	2014	2015	2016	2017e	2018e	2019e	2020e
Incoming orders	195.7	224.9	263.2	320.0	285.0	295.0	310.0
yoy %		14.9%	17.0%	21.6%	-10.9%	3.5%	5.1%
Divisional sales	186.0	225.5	222.9	270.0	280.8	290.0	302.0
yoy %		21.2%	-1.2%	21.1%	4.0%	3.3%	4.1%
EBIT	12.7	16.0	5.2	-25.0	5.0	16.0	20.0
Analysis							
Book-to-bill ratio (x)	1.05	1.00	1.18	1.19	1.01	1.02	1.03
EBIT-margin	6.8%	7.1%	2.3%	-9.3%	1.8%	5.5%	6.6%

Source: Schaltbau Holding, equinet Research

In the first nine months 2017 the division reached sales of EUR 190.6m (+24.5% yoy) and the increase was mainly attributed to the first-time consolidation of Schaltbau Sepsa which

is identified to be sold again, with the transaction not yet being executed. For 2018e we estimate a moderate sales increase of 4.0% to EUR 280.8m. Thanks to a sound order intake there is a realistic chance that the division will return 2019e to a growth path again with estimated sales of EUR 290.0m (+3.3%).

The segment's reported 9M EBIT amounted to EUR -16.2m (from EUR 4.1m) and is negatively impacted by an impairment of EUR -12.0m so that the adjusted EBIT came out at EUR -4.2m. For the full year 2017e we forecast a reported EBIT of EUR -25m; the figure includes EUR -24m of extraordinary expenses related to the planned divestment of Schaltbau Sepso. Due to the shortfall of this one-off item we expect the division 2018e to manage the turnaround and reach an EBIT of EUR 5.0m resulting in an EBIT-margin of 1.8%. The group's restructuring concept had identified several areas to manage the turnaround:

- Realisation of productivity gains
- Intensifying the after-sales business
- Procurement: Reduction of prices
- Reduction of personnel costs
- Increase of number of modular product platforms

Stationary Transportation Technology (STT)

The division's sales amounted to around 26% of the group's total in Q3 2017. The division is active in the two business areas Infrastructure Technology and Brake Systems. The main operating companies are Pintsch Bamag, Pintsch Tiefenbach and Pintsch Aben. As of 21 January 2018 a contract between the Swedish Dellner Brakes AB (Dellner Group) and Pintsch Bamag was signed to sell Pintsch Bubenzer (brake systems) for a planned purchase price of gross EUR 30.3m. In early March, Schaltbau announced the finalisation of the transaction and received from Dellner a cash inflow of EUR 30.3m.

Main activities of this segment are level crossing systems, platform screen doors (PSD), switch systems or tunnel safety lighting systems. According to Schaltbau's own information the segment ranks number two, based on sales figures, at level crossing technology. Here the main competitors are the German players Scheidt & Bachmann and Siemens.

Exhibit 14: STT in figures

EUR m	2014	2015	2016	2017e	2018e	2019e	2020e
Incoming orders	138.9	155.5	157.8	110.0	75.0	80.0	84.0
yoy %		11.9%	1.5%	-30.3%	-31.8%	6.7%	5.0%
Divisional sales	139.5	144.2	149.4	117.0	71.8	74.0	76.0
yoy %		3.4%	3.6%	-21.7%	-38.7%	3.1%	2.7%
EBIT	2.5	1.2	-28.1	-9.0	0.5	2.5	3.0
Analysis							
Book-to-bill ratio (x)	1.00	1.08	1.06	0.94	1.05	1.08	1.11
EBIT-margin	1.8%	0.8%	-18.8%	-7.7%	0.7%	3.4%	3.9%

Source: Schaltbau Holding, equinet Research

After nine months the segment reached sales of EUR 77.5m (-23.4% yoy). The strong decline is mainly due to the breakup of the refurbishment activity into a separate business unit in the amount of EUR 10m. But the decline is also attributable to lower business e.g. for brake systems from Chinese customers. We do not expect a significant change in Q4 and estimate a full-year sales decline of 21.7% to EUR 117.0m. For 2018e we have taken into account the sale of Pintsch Bubenzer with an estimated sales figure of EUR 48m, so that the division again will report a significant sales decline.

For 9M 2017, reported EBIT reached EUR -7.0m (EUR -3.4m) and is explained by the strong sales decline and internal restructuring costs. Pintsch Bubenzer achieved a negative EBIT of EUR 0.6m. We expect a turnaround in 2018e with an EBIT of EUR 0.5m thanks to the elimination of losses from Bubenzer and from internal restructurings, including:

- Efficiency gains in the production process
- Staff reduction and lower personnel costs
- Procurement: Reduction of prices
- Consolidation of production facilities in Sprockhövel and Dinslaken

Components (COM)

On average the Components division generates 25% of total sales. It's a small parts business covering products like e.g. contactors, switches, connectors or driver desks for railway or industrial customers. Operating activities are concentrated at the Schaltbau GmbH. Furthermore, there is a Chinese joint venture company Xi'an Schaltbau Electric Co. Ltd. and in Italy Schaltbau GmbH holds a 65% stake in SPII S.p.A.

With regard to driver desks Schaltbau ranks among the largest players and competes against its rivals Alfa Union (Czech Republic), Gessmann (Germany) and Kaitan from China. In the area of electromechanical components for railway applications Schaltbau ranks among the first three players. The other two are Sécheron from Glarus, Switzerland and Microelettrica Scientifica from Italy.

Exhibit 15: Components in figures

EUR m	2014	2015	2016	2017e	2018e	2019e	2020e
Incoming orders	114.7	131.5	130.1	130.0	133.0	140.0	148.0
yoy %		14.7%	-1.1%	-0.1%	2.3%	5.3%	5.7%
Divisional sales	105.6	133.9	138.1	132.0	135.0	140.0	144.0
yoy %		26.7%	3.2%	-4.4%	2.3%	3.7%	2.9%
EBIT	18.9	23.4	17.2	19.0	19.6	20.5	21.0
Analysis							
Book-to-bill ratio (x)	1.09	0.98	0.94	0.98	0.99	1.00	1.03
EBIT-margin	17.9%	17.5%	12.4%	14.4%	14.5%	14.6%	14.6%

Source: Schaltbau Holding, equinet Research

While the order intake after nine months 2017 was up by 1.4% to EUR 108.1m segment sales declined significantly to EUR 95.8m (-12.1% yoy). This can be mainly explained by lower sales numbers coming from China and Italy. For the full year, we estimate a sales

decline of 4.4% to EUR 132m. Looking forward we expect a moderate organic growth between 2% and slightly more than 4%.

The Components segment by far is the most profitable segment of the group. The 9M EBIT declined with nearly the same magnitude as sales and resulted in a stable EBIT-margin of 16.6% (9M 2016: 16.5%). In line with the other two segments management has identified some areas of improvement:

- Increase of productivity in production
- Optimisations in the Service and spare parts business
- Expansion of refurbishment business in China
- Better use of the Schaltbau distribution network for products from the Italian SPII

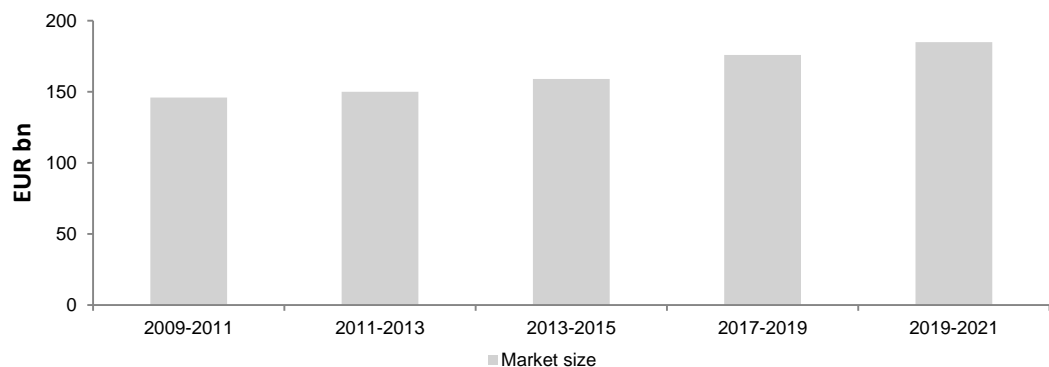
Market environment

The Schaltbau Holding group serves three main end-markets: Railway, Automotive and Capital Goods. Due to the fact that the railway industry with 65% of sales in 2016 by far is the most important end-market, we concentrate our analysis on this market.

Schaltbau's biggest individual end-customer is Deutsche Bahn but there are also big OEMs, for example Siemens, Alstom, Thales and many others as well as bus manufactures. Access to some attractive foreign markets is limited or Schaltbau is faced with high entry barriers due to protectionism with China as a good example for this policy. In contrast, China's biggest railway giant China Railway Rolling Stock Corporation (CRRC), with increasing efforts, shows more presence in international markets.

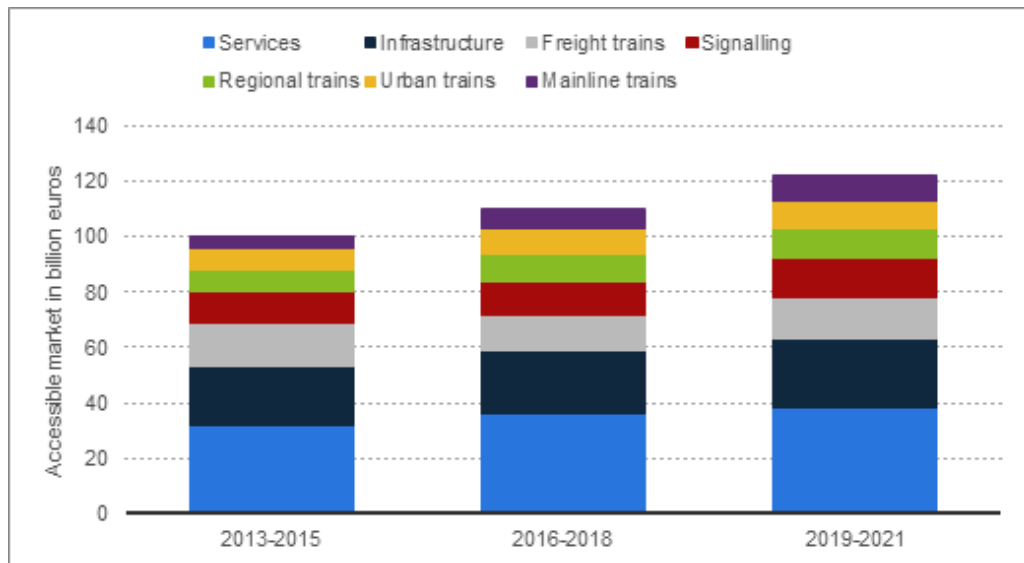
According to the German Verband der Bahnindustrie in Deutschland e.V. (VDB) the global railway market 2015 amounted to EUR 100.9bn of which Western Europe holds a share of 32.2% and is the biggest single region. The German rail market 2016 declined by 4% to EUR 11.8bn, while in the first half 2017 a sales volume of EUR 5.0bn was reached.

Exhibit 16: Av. size of the global market for railway technology between 2009 - 2021



Source: UNIFE, Roland Berger

Using a broader market definition as seen in a UNIFE, Roland Berger study the rail supply market is robust with an average size of the total market value in 2013-2015 of EUR 159bn. During this period the industry grew at 3% CAGR, with over half of the gains in the Rolling Stock segment. The major cause of the growth of the Rolling Stock segment was the record-high purchases of locomotives and freight waggons and from several large-scale orders in other product segments, such as metros, commuter trains and (very) high speed trains. Going forward, the rail supply market is forecasted to grow at 2.6% CAGR until 2021, propelled by urbanisation and an expanding population, according to UNIFE.

Exhibit 17: Av. Size accessible railway market 2013 to 2021 by segment

Source: UNIFE, Roland Berger

The recent high single-digit growth of rolling stock will yield a greater demand for higher infrastructure growth of 2.8%. On the other hand, Rolling stock should grow much slower (+1.9%) than in the last few years due to high current volume. Both rail control and services should grow at 2.9%. Geographically, Western Europe should have the highest growth with slightly over 3% on average.

We believe Schaltbau is in a solid position to take advantage of the positive market forecasts.

According to the VDB the most important growth trend for the railway industry are:

- Climate protection and environmental requirements
- Digitalisation or "rail 4.0"
- Growth of metropolitan areas (megacities)
- Globalisation of the world economy (level playing field)
- Liberalisation and deregulation of rail traffic
- Establishment of a unique European rail market

Turning to China, Schaltbau second largest market with 14.9% of revenues so far has not been a favourable market for the group. Schaltbau's sales 2016 declined by 8% to EUR 78.6m. The demand for brake systems has continued to fail to meet expectations, while orders for locomotives and passenger coaches declined drastically, further hampering demand in China. CRRC continues to play a significant threat to Schaltbau and other foreign players. Furthermore the Chinese giant announced its intention to grow the business outside its home market and plans to establish new plants and look for acquisitions in Europe.

Exhibit 18: Schaltbau Holding: Competitive landscape

Company	Rolling Stock													Rail Infrastructure										
	Trains/Metros/Trams	Wagons/Railcars	Brake Systems	Wheel Sets	Couplers	Sensors & Components	Auxiliary Power	Information & Communication Systems	Seating	Driver Desks	Doors/Windows	Sanitary Systems	Exteriors	Crossing Safety Technology	Point Heating Systems	Shunting Equipment	Platform Screen Doors	Tunnel Equipment	Switches, Sleepers, Ties & Fasteners	Signalling	Railway Design & Turnkey Services	Overhead line equipment		
Schaltbau			X			X	X	X		X	X	X	X	X	X	X	X	X						
Vossloh														X					X	X				
Ansaldo STS SpA								X						X			X				X			
Construcciones y Auxiliar de Talgo	X			X	X		X	X		X				X					X		X			
Nippon Sharyo Ltd	X															X								
Greenbrier Companies		X		X	X																			
Siemens	X					X	X	X						X	X	X			X	X	X	X		
Alstom SA	X					X	X	X												X	X	X		
Bombardier	X					X		X												X				
Stadler Rail	X	X																						
CRRC Corp Ltd	X	X	X		X	X	X					X										X		
Knorr Bremse AG			X			X	X	X			X			X			X							
Scheidt & Bachmann														X		X			X	X				
Gmeinder Bahntechnik GmbH	X		X			X										X								
Bbr Baudis Bergmann Rosch						X		X							X					X				
ZÖLLNER Signal								X						X						X				
Zweilweg																X					X	X		
Ftd Fahrzeugtechnik Dessau AG										X	X		X											
Goldschmidt Thermit Group																			X		X			
Bahntechnik Kaiserslautern GmbH						X																		
SCHOMA Christoph Schottler																X								
Voith Engineering					X			X					X											
Westinghouse Air Brake Technologies	X		X	X	X	X	X	X			X	X	X				X			X				
Progress Rail (A Caterpillar Co.)	X		X	X	X	X							X	X					X	X	X	X		
Škoda Transportation a.s.	X	X						X	X		X	X												
Mitsubishi	X		X				X	X													X			
FreightCar America Inc		X	X		X	X					X													
voestalpine														X	X	X			X		X			
TIER 2																								
Mont-Ele Srl							X											X		X		X		
KI Holdings Co							X	X										X		X				
Gleisfrei s.r.l.		X														X		X				X		
Atelierele CFR Grivita SA									X		X	X	X											
American Railcar Industries		X		X		X																		
Trinity Industries	X	X			X																			
Dako Cz As			X			X	X																	
Cyient																				X	X	X		
General Electric	X					X		X																
NEWAG SA	X	X																						
PESA Bydgoszcz SA	X	X																						
Ste Francaise de Construction		X																	X					
Cembre GmbH																				X	X			
Delachaux SA																			X					
CZ LOKO as	X																							
Kinki Sharyo Co Ltd/The	X																							

Source: Companies, equinet Research

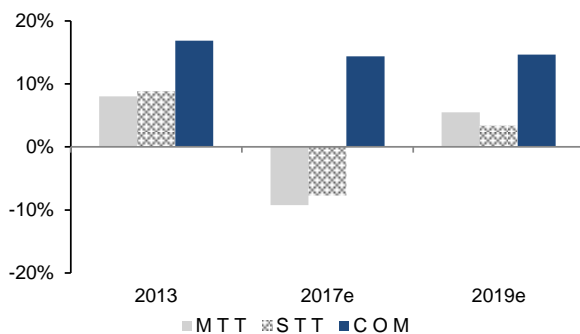
Financials

Schaltbau group is currently going through an existential restructuring process. In the financials area, in short-term the liquidity squeeze is already solved. Moreover, long-term the financial debt has to be reduced in order to meet again all covenants from their partner banks. The second pillar of the planned restructuring is the need of a recovery of the profitability, so that long-term the going-concern assumption will be secured.

Earnings analysis

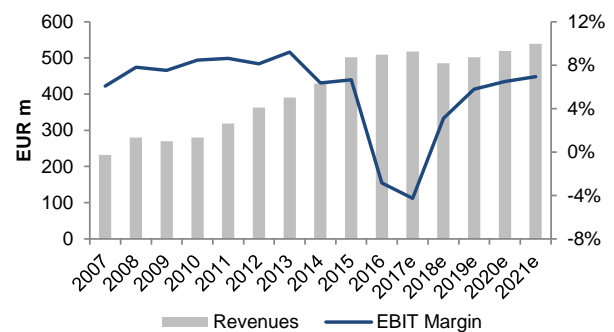
The main reasons for the overall crisis are already outlined in paragraph “Schaltbau’s company strategy for recovery”. The margin erosion already started in 2014 and has sped up in 2016 and 2017e. With regard to the serious difficulties the company made use of an external recovery consultant, which is Roland Berger, and it was confirmed by them that Schaltbau Holding group is remediable.

Exhibit 19: Recovery of EBIT-margin by segment. . .



Source: Schaltbau Holding, equinet Research

Exhibit 20: ...and long-term margin perspective for the group



Source: Schaltbau Holding, equinet Research

Looking back to FY2013, all three segments came out with sufficient reported EBIT-margin levels with the pole position for Components with 16.9%. On group level 9.2% was achieved and marks the last record level for the group. Since then a sustained margin erosion took place. Including the measures from the restructuring plan in 2017e both segments MTT and STT will report substantial losses on reported EBIT level in our view while only Components will report a 14.4% EBIT-margin.

From an accounting perspective the restructuring resulted for FY2017e again in some significant one-off expenses as there are impairment adjustments for Schaltbau Sepsa and Pintsch Bubenzer, of which the latter is already sold to the Swedish Dellner group. On this basis we estimate for 2017e an adj. EBIT of EUR 2.8m compared to Schaltbau’s guidance of “at least EUR 2.0m”.

We do not expect more one-off items to occur in 2018e so that the swing in EBIT mainly is based on the shortfall of these one-offs and the operational performance. We assume that the loss-making large contracts in Brazil (platform screen doors), in Egypt and Denmark (level crossing technology) will be under control and financial burdens will decline.

Exhibit 21: Schaltbau Holding: EBIT bridge

EUR m	2014	2015	2016	2017e	2018e	2019e	2020e	2021e
EBIT reported	27.3	33.4	-14.5	-22.2	15.0	29.0	33.7	37.4
one-off / extraordinary income (-)								
Revaluation of Albatros S.L.U. (Spain) "Sepa"			-7.0					
Revaluation RDS (Poland)		-2.5						
Income related to prior periods		-3.5	-3.4					
one-off / extraordinary expenses (+)								
Revaluation: Schaltbau Sepa				24.0				
Revaluation: Pintsch Bubenzer				1.0				
Expenses related to prior periods		0.6	0.6					
EBIT adjusted	27.3	28.0	-24.3	2.8	15.0	29.0	33.7	37.4

Source: Schaltbau Holding, equinet Research

In line with the sale of companies the sales base will be reduced significantly in 2018e in our view. We estimate for 2018e a decline of 6.2% to EUR 485.6m. This includes the sale of Pintsch Bubenzer with an estimated sales volume of EUR 48m (9M 2017: EUR 35.9m/9*12).

Exhibit 22: Schaltbau Holding: Sales bridge 2017e to 2018e

EUR m	2018e	Comment
Group Sales estimate 2017e	517.5	
Sale of P. Bubenzer	-48.0	realised end of Feb. 2018
Sale of Schaltbau Sepa	0.0	transaction not yet closed
Group Sales adjusted (equinet)	469.5	
Expected organic growth: 3.4%	16.1	
Group Sales estimate 2018e	485.6	

Source: equinet Research

Looking more forward we expect for the overall railway market a moderate growth in the range of 3-5% p.a. In particular the MTT segment is in a good position to participate from that market growth. Other areas of growth are larger volumes for box bodies for the "Street Scooter" for Deutsche Post DHL group and from a planned growth for refurbishment activities. According to the management, over long-term there could be an option purely to concentrate on MTT. We hope that Components will remain a core activity as well due to its excellent margin level.

Financial analysis

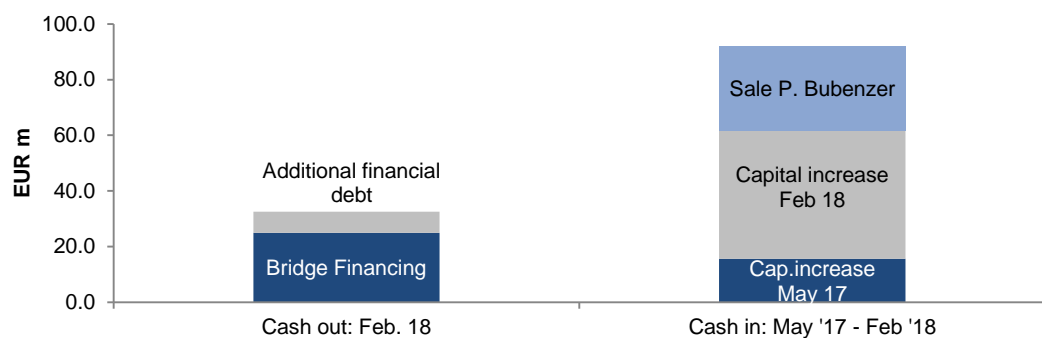
All operational difficulties of the last years culminated in FY2017 and lead to a serious liquidity squeeze for Schaltbau. In line with the overall restructuring of the group the master plan also should bring back financials to „normality“. The short-term liquidity squeeze at this point in time is under control in our view. End of February 2018, the company paid back EUR 32.5m in loans due. This was secured by raising liquidity from three sources as can be seen in Exhibit 23 and 24.

Exhibit 23: Sources of liquidity for financial debt reduction

EUR m	End of Feb. 2018	May 2017 to March 2018
Cash outflow:		
Repayment of credit line (bridge financing)	25.0	
Repayment of additional financial debt due	7.5	
Cash inflow:		
Capital increase: May 2017, net		15.6
Capital increase February 2018, net		46.1
Sale of Pintsch Bubenzer		30.3
Total amount	32.5	92.0

Source: Schaltbau Holding, equinet Research

Exhibit 24: Cash inflow from external sources

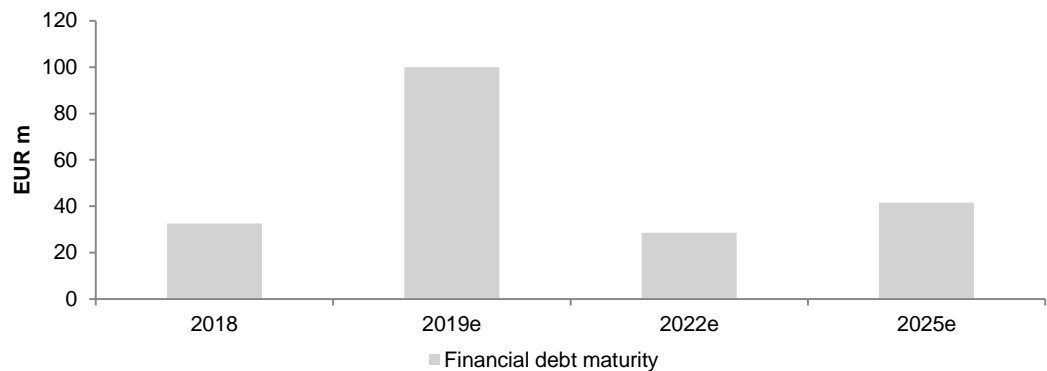


Source: Schaltbau Holding, equinet Research

Also mid- to long-term the financial situation will remain strained in our view. The maturity profile shows a peak in FY2019e when a syndicated credit line of EUR 100m has to be paid back. End of November 2017 Schaltbau used these lines in an amount of EUR 81.4m. A bonded loan in an amount of EUR 28.5m will mature at 30 June 2022. Syndicate members will have an explicit right of termination as of 31 December 2019, if fixed conditions like e.g.

repayment of credit, violation against covenants or other conditions will not be realised. The second bonded loan in an amount of EUR 41.5m will mature at 30 June 2025. Also for this tranche syndicate members will have an explicit right of termination too.

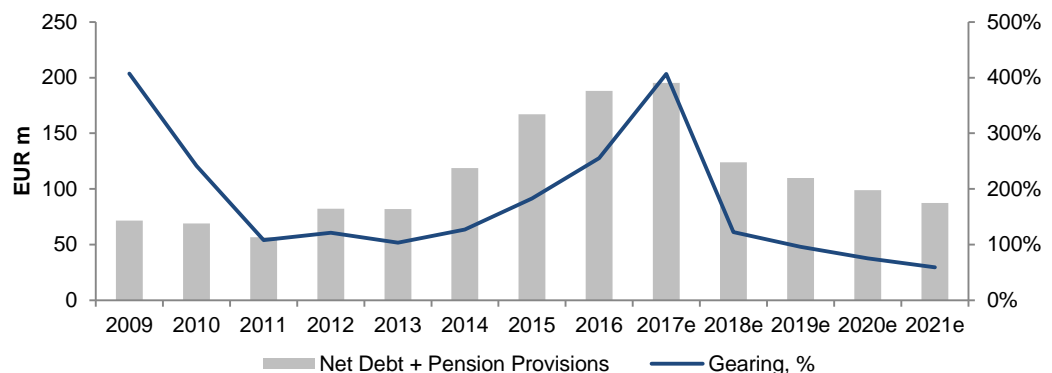
Exhibit 25: Credit lines and bonded loans maturity profile



Source: Schaltbau Holding, equinet Research

Given the new sources of liquidity of EUR 92m and the measures of the overall restructuring plan there is a good chance in our view that the net financial debt (in our definition incl. Pensions) will be reduced significantly.

Exhibit 26: Net financial debt and gearing recovery expected



Source: Schaltbau Holding, equinet Research

Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
16 April 2018:	Annual Report	Publication	FY 2017
08 May 2018:	Q1 18 report		
07 June 2018:	AGM	FY 2017	
08 August 2018:	H1/Q2 18 report		
18 – 21 September 2018:	InnoTrans fair, Berlin		
08 November 2018:	9M/Q3 18 report		

Source: Company data

Schaltbau Holding AG : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Sales	430	502	509	518	486	502
Cost of Sales & Operating Costs	-391	-456	-493	-477	-459	-464
Non Recurrent Expenses/Income	0.0	0.0	0.0	-25.0	0.0	0.0
EBITDA	38.3	46.5	16.3	15.8	26.5	38.5
EBITDA (adj.)*	38.3	46.5	16.3	40.8	26.5	38.5
Depreciation	-11.0	-13.1	-30.8	-38.0	-11.5	-9.5
EBITA	27.3	33.4	-14.5	-22.2	15.0	29.0
EBITA (adj)*	27.3	33.4	-14.5	2.8	15.0	29.0
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<i>of which PPA amortisation</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
EBIT	27.3	33.4	-14.5	-22.2	15.0	29.0
EBIT (adj.)*	27.3	33.4	-14.5	2.8	15.0	29.0
Net Financial Interest	-4.3	-5.4	-5.2	-7.9	-7.1	-7.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	12.2	2.1	3.9	-0.1	0.2	0.2
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	35.2	30.1	-15.8	-30.2	8.1	22.2
Tax	-6.1	-7.7	3.8	-9.1	-2.4	-6.7
<i>Tax rate</i>	<i>17.3%</i>	<i>25.6%</i>	<i>24.0%</i>	<i>n.m.</i>	<i>30.0%</i>	<i>30.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-4.3	-5.6	-3.8	-2.0	-2.0	-2.0
Net Profit (reported)	24.8	16.8	-15.8	-41.2	3.6	13.5
Net Profit (adj.)	24.8	16.8	-15.8	-23.7	3.6	13.5
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	47.2	58.7	36.7	-13.4	12.4	33.9
Change in Net Working Capital	-20.7	-29.3	-10.9	4.5	-3.0	-2.2
Cash Flow from Operations	26.5	29.4	25.8	-8.9	9.4	31.7
Capex	-29.0	-35.7	-20.0	-14.5	-9.0	-9.0
Net Financial Investments	-9.4	-13.3	1.8	7.7	28.4	-1.3
Free Cash Flow	-11.9	-19.6	7.6	-15.7	28.8	21.4
Dividends	-5.9	-6.0	-6.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	-17.8	-25.6	1.6	-15.7	28.8	21.4
NOPLAT	19.1	23.4	-10.2	2.0	10.5	20.3
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Tangible Assets	68.7	77.3	88.4	86.9	52.6	50.6
Net Intangible Assets (incl. Goodwill)	52.4	82.9	83.7	58.7	59.2	60.2
Net Financial Assets & Other	28.0	30.2	22.6	17.9	20.8	22.6
Total Fixed Assets	149	190	195	164	133	133
Inventories	85.6	91.3	101	111	113	115
Trade receivables	80.3	111	115	104	106	107
Other current assets	20.5	20.5	17.8	20.9	29.1	29.5
Cash (-)	-25.7	-32.4	-30.0	-15.8	-33.5	-46.9
Total Current Assets	212	255	264	251	281	298
Total Assets	361	446	459	414	414	432
Shareholders Equity	93.3	91.4	73.7	48.0	101	115
Minority	19.2	33.4	33.4	33.4	33.4	33.4
Total Equity	113	125	107	81.4	134	148
Long term interest bearing debt	95.4	151	166	159	106	103
Provisions	43.5	41.8	59.7	58.5	55.4	55.8
Other long term liabilities	9.0	15.1	8.1	6.3	6.4	6.5
Total Long Term Liabilities	148	208	234	224	167	166
Short term interest bearing debt	10.0	11.0	12.0	13.0	14.0	15.0
Trade payables	31.5	38.8	42.0	44.1	45.4	46.6
Other current liabilities	59.3	63.2	64.2	52.0	52.5	56.3
Total Current Liabilities	101	113	118	109	112	118
Total Liabilities and Shareholders' Equity	361	446	459	414	414	432
Net Capital Employed	245	311	323	303	282	282
Net Working Capital	134	164	175	170	173	175
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
<i>Sales growth</i>	<i>10.0%</i>	<i>16.9%</i>	<i>1.4%</i>	<i>1.7%</i>	<i>-6.2%</i>	<i>3.4%</i>
EBITDA (adj.)* growth	-13.3%	21.3%	-64.9%	150.6%	-35.2%	45.4%
<i>EBITA (adj.)* growth</i>	<i>-24.1%</i>	<i>22.2%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>427.3%</i>	<i>93.5%</i>
<i>EBIT (adj.)* growth</i>	<i>-24.1%</i>	<i>22.2%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>427.3%</i>	<i>93.5%</i>

Schaltbau Holding AG : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Profit growth	16.1%	-32.4%	n.m.	n.m.	n.m.	271.3%
EPS adj. growth	22.5%	-32.4%	n.m.	n.m.	n.m.	271.3%
DPS adj. growth	134.1%	0.0%	n.m.			
EBITDA (adj)* margin	8.9%	9.3%	3.2%	7.9%	5.5%	7.7%
EBITA (adj)* margin	6.4%	6.6%	-2.8%	0.5%	3.1%	5.8%
EBIT (adj)* margin	6.4%	6.6%	n.m.	0.5%	3.1%	5.8%
RATIOS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Debt/Equity	0.7	1.0	1.4	1.9	0.6	0.5
Net Debt/EBITDA	2.1	2.8	9.1	9.9	3.2	1.9
Interest cover (EBITDA/Fin.interest)	8.9	8.6	3.1	2.0	3.7	5.5
Capex/D&A	263.6%	272.5%	64.9%	38.2%	78.3%	94.7%
Capex/Sales	6.8%	7.1%	3.9%	2.8%	1.9%	1.8%
NWC/Sales	31.3%	32.6%	34.3%	32.9%	35.6%	34.9%
ROE (average)	28.8%	18.2%	-19.1%	-39.0%	4.9%	12.6%
ROCE (adj.)	7.5%	7.2%	-2.9%	0.6%	3.7%	7.1%
WACC	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
ROCE (adj.)/WACC	1.0	1.0	-0.4	0.1	0.5	1.0
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Average diluted number of shares	6.2	6.2	6.2	6.6	8.9	8.9
EPS (reported)	4.03	2.73	-2.57	-6.24	0.41	1.53
EPS (adj.)	4.03	2.73	-2.57	-3.59	0.41	1.53
BVPS	15.17	14.86	11.98	7.27	11.41	12.94
DPS	1.00	1.00	0.00	0.00	0.00	0.00
VALUATION	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
EV/Sales	0.9	1.0	0.8	0.8	0.8	0.8
EV/EBITDA	10.4	11.0	25.6	26.1	15.2	10.1
EV/EBITDA (adj.)*	10.4	11.0	25.6	10.1	15.2	10.1
EV/EBITA	14.6	15.4	-28.7	-18.6	26.8	13.4
EV/EBITA (adj.)*	14.6	15.4	-28.7	145.3	26.8	13.4
EV/EBIT	14.6	15.4	n.m.	n.m.	26.8	13.4
EV/EBIT (adj.)*	14.6	15.4	n.m.	n.m.	26.8	13.4
P/E (adj.)	9.9	17.7	n.m.	n.m.	n.m.	16.9
P/BV	2.6	3.2	2.4	3.5	2.3	2.0
Total Yield Ratio	2.5%	2.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	1.6	1.6	1.2	1.3	1.4	1.4
OpFCF yield	-1.0%	-2.1%	3.2%	-13.9%	0.2%	9.9%
OpFCF/EV	-0.6%	-1.2%	1.4%	-5.7%	0.1%	5.9%
Payout ratio	24.8%	36.7%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	2.5%	2.1%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Price** (EUR)	39.79	48.23	29.09	25.47	25.80	25.80
Outstanding number of shares for main stock	6.2	6.2	6.2	6.6	8.9	8.9
Total Market Cap	245	297	179	168	228	228
Net Debt	80	130	148	156	86	72
<i>o/w Cash & Marketable Securities (-)</i>	<i>-26</i>	<i>-32</i>	<i>-30</i>	<i>-16</i>	<i>-34</i>	<i>-47</i>
<i>o/w Gross Debt (+)</i>	<i>105</i>	<i>162</i>	<i>178</i>	<i>172</i>	<i>120</i>	<i>118</i>
Other EV components	74	87	90	88	87	88
Enterprise Value (EV adj.)	399	513	417	413	402	388

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Industrial Engineering/Industrial Machinery

Company Description: The foundation of the Schaltbau group dates back to 1929 when the company produces rail switchgears and heaters. 1992 the group was acquired by Berliner Elektro AG and converted into a stock company. Today the group is a leading supplier in the field rolling stock, rail infrastructure, automotive and capital goods industry in its relevant markets. After some difficult years in 2017 a new management started a restructuring process.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Banco Sabadell	GVC	Air Liquide	CIC	Wendel	CIC
Airbus Se	CIC	Banco Santander	GVC	Avantium	NIBC	Food & Beverage	Mem(*)
Dassault Aviation	CIC	Bankia	GVC	Brenntag	EQB	Acomo	NIBC
Latecoere	CIC	Bankinter	GVC	Fuchs Petrolub	EQB	Atria	OPG
Leonardo	BAK	Bbva	GVC	Holland Colours	NIBC	Bonduelle	CIC
Lisi	CIC	Bcp	CBI	K+S Ag	EQB	Campari	BAK
Mtu Aero Engines	EQB	Bnp Paribas	CIC	Kemira	OPG	Coca Cola Hbc Ag	IBG
Ohb Se	EQB	Bper	BAK	Kws Saat	EQB	Corbion	NIBC
Rheinmetall	EQB	Bpi	CBI	Linde	EQB	Danone	CIC
Safran	CIC	Caixabank	GVC	Siegfried Holding Ag	EQB	Ebro Foods	GVC
Thales	CIC	Commerzbank	EQB	Symrise Ag	EQB	Enervit	BAK
Zodiac Aerospace	CIC	Credem	BAK	Tikkurila	OPG	Fleury Michon	CIC
Alternative Energy	Mem(*)	Credit Agricole Sa	CIC	Electronic & Electrical Equipment	Mem(*)	Forfarmers	NIBC
Daldrup & Soehne	EQB	Creval	BAK	Euro micron Ag	EQB	Heineken	NIBC
Siemens Gamesa Re	GVC	Deutsche Bank	EQB	Neways Electronics	NIBC	Hkscan	OPG
Sif Group	NIBC	Deutsche Pfandbriefbank	EQB	Pkc Group	OPG	La Doria	BAK
Solaria	GVC	Eurobank	IBG	Rexel	CIC	Lanson-Bcc	CIC
Automobiles & Parts	Mem(*)	Intesa Sanpaolo	BAK	Vaisala	OPG	Laurent Perrier	CIC
Bittium Corporation	OPG	Liberbank	GVC	Viscom	EQB	Ldc	CIC
Bmw	EQB	Mediobanca	BAK	Financial Services	Mem(*)	Lucas Bols	NIBC
Brembo	BAK	Merkur Bank	EQB	Amundi	CIC	Massimo Zanetti	BAK
Continental	EQB	National Bank Of Greece	IBG	Anima	BAK	Naturex	CIC
Daimler Ag	EQB	Natisis	CIC	Athex Group	IBG	Olvi	OPG
Elringklinger	EQB	Nordea	OPG	Azimut	BAK	Orsero	BAK
Faurecia	CIC	Piraeus Bank	IBG	Banca Farmafactoring	BAK	Pernod Ricard	CIC
Ferrari	BAK	Poste Italiane	BAK	Banca Generali	BAK	Raisio	OPG
Fiat Chrysler Automobiles	BAK	Procredit Holding	EQB	Banca Ifis	BAK	Refresco Group	NIBC
Groupe Psa	CIC	Rothschild & Co	CIC	Banca Sistema	BAK	Remy Cointreau	CIC
Hella Gmbh & Co. Kgaa	EQB	Societe Generale	CIC	Bb Biotech	EQB	Suedzucker	EQB
Indelb	BAK	Ubi Banca	BAK	Bolsas Y Mercados Espanoles Sa	GVC	Telepizza	GVC
Kamux	OPG	Unicredit	BAK	Capman	OPG	Vapiano	EQB
Landi Renzo	BAK	Basic Resources	Mem(*)	Cir	BAK	Vidrala	GVC
Leoni	EQB	Acerinox	GVC	Comdirect	EQB	Vilmorin	CIC
Michelin	CIC	Altri	CBI	Corestate Capital Holding S.A.	EQB	Viscofan	GVC
Nokian Tyres	OPG	Arcelor Mittal	GVC	Corp. Financiera Alba	GVC	Vranken Pommery Monopole	CIC
Norma Group	EQB	Corticeira Amorim	CBI	Digital Magics	BAK	Wessanen	NIBC
Piaggio	BAK	Ence	GVC	Dobank	BAK	Food & Drug Retailers	Mem(*)
Plastic Omnium	CIC	Europac	GVC	Eq	OPG	Ahold Delhaize	NIBC
Pwo	EQB	Metka	IBG	Eurazeo	CIC	Carrefour	CIC
Sogefi	BAK	Metsä Board	OPG	Ferratum	EQB	Casino Guichard-Perrachon	CIC
Stabilus	EQB	Mytilineos	IBG	Ffp	CIC	Ceconomy Ag	EQB
Stern Groep	NIBC	Outokumpu	OPG	Finecobank	BAK	Dia	GVC
Valeo	CIC	Semapa	CBI	Grenke	EQB	Jeronimo Martins	CBI
Volkswagen	EQB	Ssab	OPG	Hypoport Ag	EQB	Kesko	OPG
Banks	Mem(*)	Stora Enso	OPG	Mlp	EQB	Marr	BAK
Aareal Bank	EQB	Surteco	EQB	Ovb Holding Ag	EQB	Metro Ag	EQB
Aktia	OPG	The Navigator Company	CBI	Patrizia	EQB	Sligro	NIBC
Alpha Bank	IBG	Tubacex	GVC	Rallye	CIC	Sonae	CBI
Banca Carige	BAK	Upm-Kymmene	OPG	Tip Tamburi Investment Partners	BAK		
Banca Mps	BAK	Chemicals	Mem(*)	Unipol Gruppo Finanziario	BAK		

General Industrials	Mem(*)	Orpea	CIC	Wärtsilä	OPG	Srv	OPG
2G Energy	EQB	Pihlajalinna	OPG	Zardoya Otis	GVC	Tarkett	CIC
Aalberts	NIBC	Recordati	BAK	Industrial Transportation	Mem(*)	Thermador Groupe	CIC
Accell Group	NIBC	Silmaasema	OPG	Bolloré	CIC	Titan Cement	IBG
Ahlstrom	OPG	Terveystalo	OPG	Ctt	CBI	Trevi	BAK
Arcadis	NIBC	Household Goods	Mem(*)	Logwin	EQB	Uponor	OPG
Aspo	OPG	De Longhi	BAK	Insurance	Mem(*)	Vicat	CIC
Cembre	BAK	Elica	BAK	Allianz	EQB	Vinci	CIC
Huhtamäki	OPG	Fila	BAK	Axa	CIC	Yit	OPG
Kendrion	NIBC	Maisons Du Monde	CIC	Banca Mediolanum	BAK	Media	Mem(*)
Nedap	NIBC	Philips Lighting	NIBC	Cattolica Assicurazioni	BAK	Alma Media	OPG
Pöyry	OPG	Industrial Engineering	Mem(*)	Generali	BAK	Arnoldo Mondadori Editore	BAK
Prelios	BAK	Accsys Technologies	NIBC	Hannover Re	EQB	Atresmedia	GVC
Saf-Holland	EQB	Aixtron	EQB	Mapfre Sa	GVC	Axel Springer	EQB
Serge Ferrari Group	CIC	Alstom	CIC	Munich Re	EQB	Brill	NIBC
Tkh Group	NIBC	Ansaldo Sts	BAK	Sampo	OPG	Cairo Communication	BAK
General Retailers	Mem(*)	Biesse	BAK	Talanx Group	EQB	Cofina	CBI
Beter Bed Holding	NIBC	Caf	GVC	Unipolsai	BAK	Cts Eventim	EQB
Elumeo Se	EQB	Cargotec Corp	OPG	Materials, Construction & Infrastructure	Mem(*)	Digital Bros	BAK
Fielmann	EQB	Carraro	BAK	Abertis	GVC	Gedi Gruppo Editoriale	BAK
Fnac Darty	CIC	Cnh Industrial	BAK	Acs	GVC	Gl Events	CIC
Folli Follie Group	IBG	Danieli	BAK	Aena	GVC	Havas	CIC
Fourlis Holdings	IBG	Datalogic	BAK	Aéroports De Paris	CIC	Impresa	CBI
Hornbach Holding	EQB	Deutz Ag	EQB	Astaldi	BAK	lol	BAK
Inditex	GVC	Duro Felguera	GVC	Atlantia	BAK	Ipsos	CIC
Jumbo	IBG	Emak	BAK	Boskalis Westminster	NIBC	Jcdecoux	CIC
Ovs	BAK	Envipco	NIBC	Buzzi Unicem	BAK	Lagardere	CIC
Rapala	OPG	Exel Composites	OPG	Caverion	OPG	M6-Metropole Television	CIC
Stockmann	OPG	Fincantieri	BAK	Cramo	OPG	Mediaset	BAK
Takkt Ag	EQB	Gesco	EQB	Eiffage	CIC	Mediaset Espana	GVC
Tokmanni	OPG	Heidelberger Druck	EQB	Ellaktor	IBG	Notorious Pictures	BAK
Unieuro	BAK	Ima	BAK	Eltel	OPG	Nrj Group	CIC
Windeln.De	EQB	Indus Holding Ag	EQB	Ezentis	GVC	Publicis	CIC
Yoox Net-A-Porter	BAK	Interpump	BAK	Fcc	GVC	Rcs Mediagroup	BAK
Zalando	EQB	Kone	OPG	Ferrovial	GVC	Relx	NIBC
Healthcare	Mem(*)	Konecranes	OPG	Heidelberg Cement Ag	CIC	Rtl Group	EQB
4Sc	EQB	Manitou	CIC	Heijmans	NIBC	Sanoma	OPG
Amplifon	BAK	Manz Ag	EQB	Imerys	CIC	Solocal Group	CIC
Bayer	EQB	Max Automation Ag	EQB	Lafargeholcim	CIC	Spir Communication	CIC
Biotest	EQB	Metso Corporation	OPG	Lehto	OPG	Syzygy Ag	EQB
Diasorin	BAK	Outotec	OPG	Lemminkäinen	OPG	Telegraaf Media Groep	NIBC
El.En.	BAK	Pfeiffer Vacuum	EQB	Maire Tecnimont	BAK	Teleperformance	CIC
Epigenomics Ag	EQB	Ponsse	OPG	Mota Engil	CBI	Tf1	CIC
Genfit	CIC	Prima Industrie	BAK	Obrascon Huarte Lain	GVC	Ubisoft	CIC
Guerbet	CIC	Prysmian	BAK	Ramirent	OPG	Vivendi	CIC
Heidelberg Pharma	EQB	Smt Scharf Ag	EQB	Royal Bam Group	NIBC	Wolters Kluwer	NIBC
Korian	CIC	Talgo	GVC	Sacyr	GVC	Xing Ag	EQB
Merck	EQB	Technotrans	EQB	Saint Gobain	CIC		
Oriola-Kd	OPG	Valmet	OPG	Salini Impregilo	BAK		
Orion	OPG	Wacker Neuson Se	EQB	Sias	BAK		

Oil & Gas Producers	Mem(*)	Realia	GVC	Asml	NIBC	Intralot	IBG
Eni	BAK	Sponda	OPG	Besi	NIBC	Kotipizza	OPG
Galp Energia	CBI	Technopolis	OPG	Ericsson	OPG	Melia Hotels International	GVC
Gas Plus	BAK	Wcm Ag	EQB	Gigaset	EQB	Nh Hotel Group	GVC
Hellenic Petroleum	IBG	Software & Computer Services	Mem(*)	Nokia	OPG	Opap	IBG
Maurel Et Prom	CIC	Affecto	OPG	Roodmicrotec	NIBC	Snaitech	BAK
Motor Oil	IBG	Akka Technologies	CIC	S&T Ag	EQB	Snowworld	NIBC
Neste Corporation	OPG	Alten	CIC	Slm Solutions	EQB	Sodexo	CIC
Qgep	CBI	Altran	CIC	Stmicroelectronics	BAK	Sonae Capital	CBI
Repsol	GVC	Assystem	CIC	Suess Microtec	EQB	Trigano	CIC
Total	CIC	Atos	CIC	Teleste	OPG	Utilities	Mem(*)
Oil Services	Mem(*)	Basware	OPG	Va-Q-Tec	EQB	A2A	BAK
Bourbon	CIC	Comptel	OPG	Telecommunications	Mem(*)	Acciona	GVC
Cgg	CIC	Ctac	NIBC	Acotel	BAK	Acea	BAK
Fugro	NIBC	Digia Plc	OPG	Bouygues	CIC	Albioma	CIC
Rubis	CIC	Econocom	CIC	Deutsche Telekom	EQB	Direct Energie	CIC
Saipem	BAK	Esi Group	CIC	Dna	OPG	Edp	CBI
Sbm Offshore	NIBC	Exprivia	BAK	Drillisch	EQB	Edp Renováveis	CBI
Technipfmc Plc	CIC	F-Secure	OPG	Elisa	OPG	Enagas	GVC
Tecnicas Reunidas	GVC	Gft Technologies	EQB	Euskaltel	GVC	Endesa	GVC
Tenaris	BAK	Ict Group	NIBC	Freenet	EQB	Enel	BAK
Vallourec	CIC	Indra Sistemas	GVC	Iliad	CIC	Erg	BAK
Vopak	NIBC	Nemetschek Se	EQB	Kpn Telecom	NIBC	Eydap	IBG
Personal Goods	Mem(*)	Neurones	CIC	Masmovil	GVC	Falck Renewables	BAK
Adidas	EQB	Nexus Ag	EQB	Nos	CBI	Fortum	OPG
Adler Modemaerkte	EQB	Novabase	CBI	Oi	CBI	Gas Natural Fenosa	GVC
Amer Sports	OPG	Ordina	NIBC	Orange	CIC	Hera	BAK
Basic Net	BAK	Psi Software Ag	EQB	Ote	IBG	Iberdrola	GVC
Geox	BAK	Reply	BAK	Retelit	BAK	Iren	BAK
Gerry Weber	EQB	Rib Software	EQB	Tele Columbus	EQB	Italgas	BAK
Hugo Boss	EQB	Rovio Entertainment	OPG	Telecom Italia	BAK	Public Power Corp	IBG
Luxottica	BAK	Seven Principles Ag	EQB	Telefonica	GVC	Red Electrica De Espana	GVC
Marimekko	OPG	Software Ag	EQB	Telefonica Deutschland	EQB	Ren	CBI
Moncler	BAK	Sopra Steria Group	CIC	Telia	OPG	Snam	BAK
Puma	EQB	Tie Kinetix	NIBC	Tiscali	BAK	Terna	BAK
Safilo	BAK	Tieto	OPG	United Internet	EQB		
Salvatore Ferragamo	BAK	Tomtom	NIBC	Vodafone	BAK		
Sarantis	IBG	Support Services	Mem(*)	Travel & Leisure	Mem(*)		
Technogym	BAK	Amadeus	GVC	Accor	CIC		
Tod'S	BAK	Asiakastieto Group	OPG	Aegean Airlines	IBG		
Real Estate	Mem(*)	Batenburg	NIBC	Air France Klm	CIC		
Adler Real Estate	EQB	Cellnex Telecom	GVC	Autogrill	BAK		
Beni Stabili	BAK	Dpa	NIBC	Beneteau	CIC		
Citycon	OPG	Ei Towers	BAK	Compagnie Des Alpes	CIC		
Demire	EQB	Enav	BAK	Elior	CIC		
Deutsche Euroshop	EQB	Fiera Milano	BAK	Europcar	CIC		
Hispania Activos Inmobiliarios	GVC	Lassila & Tikanoja	OPG	Finnair	OPG		
Igd	BAK	Openjobmetis	BAK	I Grandi Viaggi	BAK		
Lar España	GVC	Technology Hardware & Equipment	Mem(*)	Ibersol	CBI		
Merlin Properties	GVC	Asm International	NIBC	Int. Airlines Group	GVC		

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2G Energy	Rüzgar	19.50	Neutral	2/3/5	Merkur Bank	Häßler	10.00	Buy	2/7
Aareal Bank	Häßler	42.00	Accumulate		Metro AG	Bruns	29.00	Buy	2
adidas	Josefson	211.00	Accumulate		MLP	Häßler	7.50	Buy	2/3
Adler Modemaerkte	Josefson	6.35	Buy	7	MTU Aero Engines	Rüzgar	130.00	Reduce	2
ADLER Real Estate	Mayer	15.70	Buy		Munich Re	Häßler	210.00	Accumulate	
Aixtron	Sen	11.60	Accumulate	2/3	Nemetschek SE	Mildner	47.00	Reduce	5
Allianz	Häßler	200.00	Neutral		Nexus AG	Droste	28.00	Buy	
Axel Springer	Josefson	66.50	Reduce		Norma Group	Schuldt	61.00	Neutral	
Bayer	Miemietz	118.00	Buy		OHB SE	Rüzgar	40.00	Neutral	7
Baywa	Bruns	33.00	Buy	2/7	OVH Holding AG	Häßler	20.00	Neutral	2/5/7
BB Biotech	Miemietz	73.00	Buy	7	Patrizia	Mayer	21.50	Accumulate	
Biotest	Miemietz	18.00	Neutral	2/3	Pfeiffer Vacuum	Sen	162.00	Accumulate	5
BMW	Schuldt	105.00	Buy		Procredit Holding	Häßler	15.00	Buy	2/3/5
Brenntag	Hinkel	59.80	Buy	2	PSI SOFTWARE AG	Mildner	20.00	Buy	2/3
Ceconomy AG	Bruns	10.70	Reduce		Puma	Josefson	475.00	Buy	
Cenit	Droste	22.50	Buy		PWO	Schuldt	51.00	Buy	2/3
comdirect	Häßler	11.20	Neutral		Rheinmetall	Rüzgar	110.00	Accumulate	
Commerzbank	Häßler	13.00	Neutral		RIB Software	Mildner	25.00	Buy	2/3
Continental	Schuldt	270.00	Buy		RTL Group	Josefson	72.00	Accumulate	
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	S&T AG	Sen	21.00	Buy	2/3
CTS Eventim	Heilmann	39.50	Neutral		SAF-Holland	Schuldt	17.00	Accumulate	7
Daimler AG	Schuldt	80.00	Accumulate		Schaeffler	Tanzer	14.30	Buy	
Daldrup & Soehne	Becker	14.50	Buy	2/3/5	Schaltbau Holding AG	Becker	32.20	Buy	2/7
Demire	Mayer	4.55	Buy	2/5	SCOUT24	Heilmann	31.00	Reduce	2
Deutsche Bank	Häßler	18.00	Buy		Siegfried Holding AG	Miemietz	338.00	Neutral	
Deutsche EuroShop	Mayer	33.00	Neutral		SLM Solutions	Sen	24.00	Sell	
Deutsche Pfandbriefbank	Häßler	13.50	Neutral		SMT Scharf AG	Rüzgar	16.70	Buy	2/3
Deutsche Telekom	Sen	13.30	Neutral		Software AG	Mildner	30.00	Sell	
Drillisch	Sen	# NV			Stabilus	Tanzer	89.00	Buy	
Duerr	Augustin	120.00	Buy		Suedzucker	Bruns	12.00	Sell	
EhringKlinger	Schuldt	10.00	Sell		SuessMicroTec	Sen	14.30	Reduce	2/3
elumeo SE	Josefson	10.90	Accumulate		Surteco	Mildner	30.00	Buy	2/3
Epigenomics AG	Miemietz	4.72	Accumulate	2/3	Symrise AG	Hinkel	67.00	Neutral	
Euromicron AG	Droste	13.00	Buy	2/3/5	Szygy AG	Heilmann	12.00	Accumulate	2/3
Eyemaxx Real Estate	Mayer	16.00	Buy	2/5/7	TAKKT AG	Bruns	22.30	Neutral	2
Ferratum	Häßler	30.00	Buy		Talanx Group	Häßler	40.00	Accumulate	
Fielmann	Heilmann	79.00	Accumulate		Technotrans	Becker	45.70	Neutral	2/3
Freenet	Sen	36.00	Buy	2	TELECOLUMBUS	Sen	11.00	Buy	
FuchsPetrolub	Hinkel	48.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gea Group	Augustin	39.00	Neutral		United Internet	Sen	63.00	Buy	
Gerrheimer AG	Rüzgar	75.00	Neutral		Vapiano	Bruns	26.50	Buy	2/7
Gerry Weber	Josefson	8.00	Neutral		va-Q-tec	Sen	17.00	Neutral	2/3/5
Gesco	Becker	36.00	Accumulate	2/3/5	Viscom	Rüzgar	28.00	Buy	2/3
GFT Technologies	Mildner	15.50	Buy	2/3	Volkswagen	Schuldt	170.00	Neutral	
Gigaset	Sen	0.85	Accumulate	2/3	Wacker Neuson SE	Becker	27.20	Neutral	
Grenke	Häßler	90.00	Neutral		windeln.de	Josefson	3.10	Buy	2
Hannover Re	Häßler	110.00	Neutral		XING AG	Heilmann	315.00	Buy	
Heidelberg Pharma	Miemietz	3.50	Accumulate	2/3	Zalando	Josefson	44.50	Neutral	
Heidelberger Druck	Augustin	3.60	Buy						
HELLA GmbH & Co. KGaA	Tanzer	57.00	Accumulate						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	164.00	Buy	2/7					
INDUS Holding AG	Becker	64.50	Neutral						
K+S AG	Hinkel	24.40	Accumulate						
Koenig & Bauer	Augustin	67.00	Accumulate						
Krones AG	Augustin	121.00	Accumulate						
KWS SAAT	Hinkel	348.00	Neutral						
Lanxess	Hinkel	83.00	Buy						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	175.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3/5					
Manz AG	Rüzgar	35.00	Neutral	2/3					
MAX Automation AG	Becker	9.40	Buy	2/3/5					
Merck	Miemietz	112.00	Buy						

* =Coverage suspended

Source: equinet Recommendations

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Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

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Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

Recommendation history for SCHALTBAU HOLDING AG

Date	Recommendation	Target price	Price at change date
03. Apr 18	Buy	32.20	25.80

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Winfried Becker (since 03/04/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

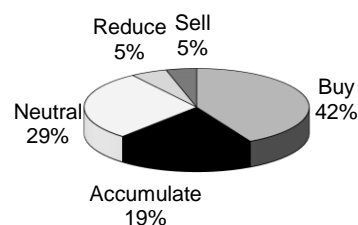
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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