Important restructuring milestones reached in Q1 2018

During the first quarter 2018 Schaltbau Holding group successfully stabilized the financial situation supported by the sale of Pintsch Bubenzer and by the capital increase in February. We have increased our estimates for 2018 while slightly reduce our forecasts for FY2019e and 2020e due to macroeconomic reasons. Following the AGM the “new” executive and supervisory board are now much more competent with regard to railway markets in our view. We continue to be confident with regard to the successful turnaround. Our new target price is slightly up to rounded EUR 32.70 from EUR 32.20 per share and we maintain our Buy recommendation.

- **Q1 2018 with turnaround in EBIT**: On a like-for-like basis EBIT in Q1 2018 improved to EUR 1.9m from EUR -4.7m. The Components division (COM) was mainly responsible for the strong swing with an EBIT of EUR 8.3m (EUR 3.5m) and benefitted from a high sales volume and a better product mix. The net financial debt end of Q1 was reduced to EUR 104.1m compared to EUR 158.4m at year-end 2017.

- **Financial guidance 2018 confirmed**: On the basis of the positive start Schaltbau confirmed the financial targets for 2018e. Group sales should reach EUR 480-500m, while our estimate amounted to EUR 492m. The EBIT-margin should reach approximately 3% and compares to our estimate of 3.2%. A further increase in profitability is expected to reach in the following years.

- **Main takeaways from a lively AGM**: 1) The new executive and supervisory boards are now much more competent with regard to the overall railway industry in our view in addition to the existing financial and restructuring competence. 2) The relationship between the executive and supervisory board now is more based on the principles of arms-length in our view. 3) Schaltbau Sepsa is not yet sold. 4) Dividend payment at earliest for FY 2019e likely in our view. 5) For the time being the division Stationary Transportation Technology (STT) will stay as a core business.

- **Valuation update**: We continue to value the shares with our DCF model. The base input parameters have not changed. Based on the updated estimates the equity value amounted to EUR 289.6m or rounded EUR 32.70 per share. Currently, that offers an upside potential of 24%.

- **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.

---

**Company Flash Note**

**Buy**  
Recommendation unchanged

**Share price**: EUR 26.40  
closing price as of 11/06/2018

**Target price**: EUR 32.70  
from Target Price: EUR 32.20

**Upside/Downside Potential**: 23.9%

**Reason**: Company newsflow  
12 June 2018

---

**Key financials (EUR)**  
Sales (m) 517 492 502
EBITDA (m) 20 27 37
EBITDA margin 3.9% 5.6% 7.5%
EBIT (m) (23) 16 28
EBIT margin nm 3.2% 5.6%
ROCE 0.6% 4.5% 7.9%
Net debt/(cash) (m) 159 92 81
Net Debt Equity 2.2 0.7 0.6
Net Debt/EBITDA 7.9 3.4 2.2
Int. coven(EBITDA/Fin.int) 1.8 4.1 5.8
EV/SALES 0.8 0.8 0.8
EVEBITDA 20.7 15.1 10.7
EVEBITDA (adj.) 9.1 15.1 10.7
EV/EBIT nm 26.1 14.4
P/E (adj.) nm nm 17.7
P/BV 4.3 2.5 2.2
Op/FCF yield -7.4% -6.3% 7.7%
Dividend yield 0.0% 0.0% 0.0%
EPS (adj.) (5.13) 0.51 1.49
BVPS 5.94 10.52 12.01
DPS 0.00 0.00 0.00

**Shareholders**

AIC (Luxembourg, Monolith, Others) 29%; AOC / AOF 10%;

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**Company newsflow**

**12 June 2018**

**Reason**: Company newsflow  
12 June 2018

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**Important restructuring milestones reached in Q1 2018**

During the first quarter 2018 Schaltbau Holding group successfully stabilized the financial situation supported by the sale of Pintsch Bubenzer and by the capital increase in February. We have increased our estimates for 2018 while slightly reduce our forecasts for FY2019e and 2020e due to macroeconomic reasons. Following the AGM the “new” executive and supervisory board are now much more competent with regard to railway markets in our view. We continue to be confident with regard to the successful turnaround. Our new target price is slightly up to rounded EUR 32.70 from EUR 32.20 per share and we maintain our Buy recommendation.

- **Q1 2018 with turnaround in EBIT**: On a like-for-like basis EBIT in Q1 2018 improved to EUR 1.9m from EUR -4.7m. The Components division (COM) was mainly responsible for the strong swing with an EBIT of EUR 8.3m (EUR 3.5m) and benefitted from a high sales volume and a better product mix. The net financial debt end of Q1 was reduced to EUR 104.1m compared to EUR 158.4m at year-end 2017.

- **Financial guidance 2018 confirmed**: On the basis of the positive start Schaltbau confirmed the financial targets for 2018e. Group sales should reach EUR 480-500m, while our estimate amounted to EUR 492m. The EBIT-margin should reach approximately 3% and compares to our estimate of 3.2%. A further increase in profitability is expected to reach in the following years.

- **Main takeaways from a lively AGM**: 1) The new executive and supervisory boards are now much more competent with regard to the overall railway industry in our view in addition to the existing financial and restructuring competence. 2) The relationship between the executive and supervisory board now is more based on the principles of arms-length in our view. 3) Schaltbau Sepsa is not yet sold. 4) Dividend payment at earliest for FY 2019e likely in our view. 5) For the time being the division Stationary Transportation Technology (STT) will stay as a core business.

- **Valuation update**: We continue to value the shares with our DCF model. The base input parameters have not changed. Based on the updated estimates the equity value amounted to EUR 289.6m or rounded EUR 32.70 per share. Currently, that offers an upside potential of 24%.

- **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.
## Schaltbau Holding AG

### Exhibits

#### Exhibit 1: Schaltbau Holding at a glance

<table>
<thead>
<tr>
<th>Business Units</th>
<th>Mobile Transportation Technology (MTT)</th>
<th>Stationary Transportation Technology (STT)</th>
<th>Components (COM)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products/applications</strong></td>
<td>Creates 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 lends for rail rolling stock</td>
<td>Level-crossing systems (such as computer-controlled RBUET and RUBUE equipment) and control and safety systems for trains, point heating systems, platform screen doors, signaling equipment, and turnstiles</td>
<td></td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Rail train and public transport operators, OSEMs</td>
<td>Public and private rail infrastructure operators, such as Deutsche Bahn AG and rail-system suppliers</td>
<td>Public and private rail infrastructure operators</td>
</tr>
<tr>
<td><strong>Sales split by region (average 2014-2016)</strong></td>
<td>Sales (EURm)</td>
<td>EURm</td>
<td>EURm</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>35%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>EU</td>
<td>30%</td>
<td>16%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>35%</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### Key figures

- **Y/y 2018e** EUR 490.8m
- **Revenue** EUR 15.8m
- **EBIT adj. (EURm)**
  - MTT: EUR 11.3m
  - STT: EUR 8.1m
  - COM: EUR 19.8m
- **EBIT split by division (average 2014 - 2016)**
  - MTT: 11.3%
  - STT: -8.1%
  - COM: 19.8%
- **Total amount segments** 23.0

#### Strategy & Guidance

- **Guidance (FY 2018e)** equinet Estimates
- **Revenue** EUR 490.8m
- **EBIT adj. (EURm)**
  - MTT: EUR 11.3m
  - STT: EUR 8.1m
  - COM: EUR 19.8m
- **EBIT split by division (average 2014 - 2016)**
  - MTT: 11.3%
  - STT: -8.1%
  - COM: 19.8%
- **Sales & EBIT CASR** 7.3%
- **Organic growth y/y** 3.3% 12.0%

#### 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

#### Digitalisation

- • With the exception of refurbishment activities Schaltbau companies rank among the four leading players in their relevant markets.
- • More specifically, the company benefits from both urbanisation and demand for safety and convenience in public transportation. Similarly, digitalisation of transportation services and a higher awareness of environment pollution have a positive effect on the company’s operations.
- • Schaltbau has implemented solutions for digitalising and automating driving processes, catering for the growing needs of modern rail operators and public transportation systems.

#### Customers

- Broad customer base

#### Products/ applications

- - Rail train and public transport operators, OSEMs
- - Public and private rail infrastructure operators, such as Deutsche Bahn AG and rail-system suppliers

#### Key Competitors

- - Luxunion, Monolith, Others
- - Siemens, Bombardier, Thales, Other
- - F möglich für den Verlauf von Lufthansa, Cercanía, Freigang 4 America, Inc.

#### Shareholder structure

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Value Mgmt. AG</th>
<th>AOC / AOF</th>
<th>Others</th>
<th>Free float</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong></td>
<td>29%</td>
<td>9%</td>
<td>20%</td>
<td>32%</td>
</tr>
</tbody>
</table>

#### Shareholder structure (rough estimation)

- **Free float** 32%
- **2015** 29%
- **Others** 20%
Investment Case in Charts

Exhibit 2: Average market size 2009 – 2021

- Market size: Railway technology

Exhibit 3: Market development

Source: UNIFE, Roland Berger

Exhibit 4: Schaltbau: Restructuring roadmap

Source: Company data

Exhibit 5: Reported EBIT-margin recovery by segment

Source: Company data, equinet research

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

Source: Company data, equinet research

Exhibit 7: Financial recovery – gearing will normalise

Source: Company data, equinet research
Valuation update

- New TP at rounded EUR 32.70 from EUR 32.20 per share
- Maintaining Buy recommendation

Exhibit 8: Schaltbau Holding: DCF - model

<table>
<thead>
<tr>
<th>EUR m</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018e</td>
<td>2019e</td>
<td>2020e</td>
</tr>
<tr>
<td>Revenues</td>
<td>492.0</td>
<td>502.0</td>
<td>519.5</td>
</tr>
<tr>
<td>growth rate</td>
<td>-4.7%</td>
<td>2.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>15.8</td>
<td>28.0</td>
<td>33.2</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>3.2%</td>
<td>5.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Tax</td>
<td>-4.8</td>
<td>-8.4</td>
<td>-10.0</td>
</tr>
<tr>
<td>Tax rate</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Depr. &amp; Amort.</td>
<td>11.5</td>
<td>9.5</td>
<td>9.0</td>
</tr>
<tr>
<td>% of sales</td>
<td>2.3%</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Capex</td>
<td>-9.0</td>
<td>-9.0</td>
<td>-11.3</td>
</tr>
<tr>
<td>% of sales</td>
<td>18%</td>
<td>18%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Change in WC &amp; P</td>
<td>-2.3</td>
<td>-1.7</td>
<td>-1.9</td>
</tr>
<tr>
<td>% of sales</td>
<td>0.5%</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>11.3</td>
<td>18.4</td>
<td>19.0</td>
</tr>
<tr>
<td>growth rate</td>
<td>nm</td>
<td>63.7%</td>
<td>33%</td>
</tr>
<tr>
<td>Present Value FCF</td>
<td>10.8</td>
<td>16.5</td>
<td>15.9</td>
</tr>
</tbody>
</table>

Based on the positive start in the first quarter we have slightly increased our forecasts for the current year. Our sales estimate now is 1.2% higher, while our EBIT comes out 5.3% higher. For 2019e the sales forecast was left unchanged while the EBIT estimate amounted to EUR 28.0m from EUR 29.0m. We have taken a slightly more conservative position with regard to the overall economic outlook. Our main base assumptions like for example the terminal growth rate of 2%, the beta of 1.1 or the sustainable margin of 7% have not changed.

On this basis our updated equity value amounted to EUR 289.6m from EUR 285.4m and resulted in a target price of rounded EUR 32.70 from EUR 32.20 per share. That offers currently an upside potential of 24%.

Source: equinet research
Favourable outlook continues

Supported by positive framework conditions from end-markets the Schaltbau Holding group achieved some important milestones related to the restructuring program:

- At the end of Q1 2018 the order backlog amounted to a stable figure of EUR 508.1m versus end of 2017, while the order intake declined by 12.8% to EUR 149m, attributable to the decline in the Mobile Transportation Technology (MTT) segment (some large orders included in last year’s figure). The book-to-bill ratio on group level was down to 1.20 from 1.54.

- The group’s EBIT on a like-for-like basis improved to EUR 1.9m from EUR -4.7m; the Components division was mainly responsible for the strong swing with an EBIT of EUR 8.3m (EUR 3.5m) and benefitted from a high sales volume and a better product mix.

- The net financial debt was reduced to EUR 104.1m (EUR 158.4m), largely supported by the sale of Pintsch Bubenzer (cash in of EUR 30.3m) and the successful capital increase with a cash inflow of EUR 46.1m.

On the basis of this positive start Schaltbau confirmed the financial targets for FY 2018e. Group sales should reach EUR 480-500m excluding Pintsch Bubenzer and Sepsa. We have slightly increased our estimate to EUR 492m (see Exhibit 9). Schaltbau wants to reach an EBIT-margin of approximately 3%, while our estimate amounted to 3.2%.

The sale of Schaltbau Sepsa (part of MTT segment; information and communication systems for rolling stock, inverter; sales of approximately EUR 35m) is not yet finalized. As we heard during the AGM up to now there is no serious interest for Sepsa. It is our vague impression that there is a gap concerning pricing between Schaltbau and potential buyers. In this context it is important that Schaltbau has given guarantees of payment in the amount of EUR 15.3m and that the involved credit banks will have the right of termination for the credit lines given to Schaltbau in case the deal will not occur. But at this point in time it seems that the banks are accepting the current status quo in our view. The management has four options in our view: 1) Schaltbau Sepsa will stay as a core business what is unlikely in our view. 2) Also unlikely is a shutdown due to additional cost burdens. 3) More likely is the alternative of a reduction of the selling price what has the charm of a fast exit. 4) Or finally, Schaltbau itself will invest into Sepsa to make them more profitable and sell the unit later than expected. In addition some customers of Sepsa are supporting the financial restructuring.

Exhibit 9: Schaltbau Holding: Change of estimates

<table>
<thead>
<tr>
<th></th>
<th>2018e</th>
<th>2019e</th>
<th>2020e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>485.6</td>
<td>492.0</td>
<td>1.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>15.0</td>
<td>15.8</td>
<td>5.6%</td>
</tr>
<tr>
<td>Net result</td>
<td>3.6</td>
<td>4.5</td>
<td>25.7%</td>
</tr>
<tr>
<td>EPS</td>
<td>0.43</td>
<td>0.53</td>
<td>24.1%</td>
</tr>
</tbody>
</table>

Source: equinet research
As Exhibit 9 illustrates, we have increased our forecasts for 2018e, while we have become slightly more conservative for FY2019e and 2020e due to growing economic risk in our view. But we clearly continue in our view that the group EBIT-margin will go up significantly within the next three to four years.

**Exhibit 10: Schaltbau Holding group estimates - margin improvement expected**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming orders</td>
<td>449.4</td>
<td>512.0</td>
<td>551.2</td>
<td>594.0</td>
<td>493.1</td>
<td>515.2</td>
<td>542.2</td>
<td>561.2</td>
<td>578.2</td>
</tr>
<tr>
<td>yoy %</td>
<td>13.9%</td>
<td>7.7%</td>
<td>7.8%</td>
<td>-17.0%</td>
<td>4.5%</td>
<td>5.2%</td>
<td>3.5%</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>429.6</td>
<td>502.3</td>
<td>509.1</td>
<td>516.5</td>
<td>492.0</td>
<td>502.0</td>
<td>519.5</td>
<td>539.0</td>
<td>558.5</td>
</tr>
<tr>
<td>yoy %</td>
<td>16.9%</td>
<td>1.4%</td>
<td>1.5%</td>
<td>-4.7%</td>
<td>2.0%</td>
<td>3.5%</td>
<td>3.8%</td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>27.3</td>
<td>33.4</td>
<td>-14.5</td>
<td>-23.0</td>
<td>15.8</td>
<td>28.0</td>
<td>33.2</td>
<td>37.4</td>
<td>40.8</td>
</tr>
<tr>
<td>Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book-to-bill ratio (x)</td>
<td>1.05</td>
<td>1.02</td>
<td>1.08</td>
<td>1.15</td>
<td>1.00</td>
<td>1.03</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
</tr>
<tr>
<td>EBIT-margin</td>
<td>6.4%</td>
<td>6.7%</td>
<td>-2.8%</td>
<td>-4.5%</td>
<td>3.2%</td>
<td>5.6%</td>
<td>6.4%</td>
<td>6.9%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

*Source: Company data, equinet research*

**Concentration at customer’s level**

Two and a half years ago in China we saw the merger of CSR and CNR to form the biggest railway company in China (CRRC). In September last year Siemens and Alstom signed a memorandum of understanding to combine their activities in mobility in a merger of equals. The combined company should have sales of EUR 15.3bn while the EBIT should reach EUR 1.2bn.

**Exhibit 11: Siemens Alstom railway merger: Synergies potential**

*Source: Alstom*
One element within the overall strategic rationale is to raise synergies of EUR 470m, of which 1/3 should be realised in the area of procurement.

In May this year in the US General Electric Transportation and Wabtec announced their merger plans. The planned deal represents a value of USD11.1bn including a net tax benefit of USD 1.1bn for the combined company. With this transaction both companies want to realize USD 250m of synergies driven by cost and revenue opportunities.

In the long run these three examples highlight, that the purchasing power against the list of suppliers most likely will increase. In case of Schaltbau it is also important to take into account, that they have a long-lasting and stable relationship with major customers.

Changes in management and supervisory board

During the last years numerous changes both in the executive and supervisory board were visible and it seems that these movements overall were not beneficial for the group in our view. The decision of Dr. Stausberg, the speaker of the Executive Board, in May 2018, to leave Schaltbau after 14 months only, came out as a surprise to us. Up to now the last act in this context was the supplementary request from major shareholders for the resolution of the dismissal of the chairman of the supervisory board and the by-election of three new supervisory board members ahead of the AGM in June 2018.

Exhibit 12: Schaltbau Holding: Executive and Supervisory Boards after AGM

<table>
<thead>
<tr>
<th>Executive Board</th>
<th>Supervisory Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. A. Köhler</td>
<td>Dr. H. Fechner</td>
</tr>
<tr>
<td>Th. Dippold</td>
<td>Prof. Dr. Th. Grenz*</td>
</tr>
<tr>
<td>Dr. M. Kleinschmidt</td>
<td>A. Krieger</td>
</tr>
<tr>
<td>V. Kregelin</td>
<td>J. Pilloud</td>
</tr>
<tr>
<td></td>
<td>H. Treutinger</td>
</tr>
<tr>
<td></td>
<td>N. N.</td>
</tr>
</tbody>
</table>

* member of the supervisory board since 24 May 2018

**Source:** Company data

Coming back from a lively AGM at 07 June 2018 one of the key takeaways is the partial replacement of the supervisory board. Looking forward and having in mind the restructuring process we want to highlight two aspects:

- The new Executive and Supervisory Boards now are much more competent with regard to the overall railway industry in addition to the existing financial and restructuring competence
- The relationship between Executive Board and Supervisory Board is now based more on arms-length principles than in history.

In the new Executive Board in particular Mr. Dr. Köhler and Mr. Kregelin both have long-lasting experience in the railway industry (for example working for Knorr-Bremse, Siemens, Bombardier). Out of the Supervisory Board for example the newly elected member Jeannine Pilloud since several years works for the Schweizerische Bundesbahn.

We hope that this “new” set-up will lead to more stability and helps to achieve further progress in the group’s restructuring.
### Appendix

#### Exhibit 13: MTT in figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoming orders</td>
<td>195.7</td>
<td>224.9</td>
<td>263.2</td>
<td>333.4</td>
<td>285.0</td>
<td>295.0</td>
<td>310.0</td>
<td>325.0</td>
<td>330.0</td>
</tr>
<tr>
<td>yoy %</td>
<td>14.9%</td>
<td>17.0%</td>
<td>26.7%</td>
<td>-14.5%</td>
<td>3.5%</td>
<td>5.1%</td>
<td>4.8%</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Divisional sales</td>
<td>186.0</td>
<td>225.5</td>
<td>222.9</td>
<td>269.1</td>
<td>285.0</td>
<td>290.0</td>
<td>302.0</td>
<td>313.0</td>
<td>323.0</td>
</tr>
<tr>
<td>yoy %</td>
<td>21.2%</td>
<td>-1.2%</td>
<td>20.7%</td>
<td>5.9%</td>
<td>1.8%</td>
<td>4.1%</td>
<td>3.6%</td>
<td>3.2%</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>12.7</td>
<td>16.0</td>
<td>5.2</td>
<td>-26.4</td>
<td>6.0</td>
<td>16.0</td>
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Source: Company data, equinet research

#### Exhibit 14: STT in figures

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Source: Company data, equinet research

#### Exhibit 15: COM in figures

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Source: Company data, equinet research
### Schaltbau Holding AG: Summary tables


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<th>EBITDA (adj.)*</th>
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<th>EBIT</th>
<th>EBIT (adj)*</th>
<th>Amortisations and Write Downs</th>
<th>EBIT of which PPA amortisation</th>
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<th>Change in Net Working Capital</th>
<th>Cash Flow from Operations</th>
<th>Capex</th>
<th>Net Financial Investments</th>
<th>Free Cash Flow</th>
<th>Dividends</th>
<th>Other (incl. Capital Increase &amp; share buy backs)</th>
<th>Change in Net Debt</th>
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<th>Net Intangible Assets (incl. Goodwill)</th>
<th>Net Financial Assets &amp; Other</th>
<th>Total Assets</th>
<th>Shareholders Equity</th>
<th>Minority</th>
<th>Total Equity</th>
<th>Long term interest bearing debt</th>
<th>Provisions</th>
<th>Other current liabilities</th>
<th>Total Long Term Liabilities</th>
<th>Short term interest bearing debt</th>
<th>Trade payables</th>
<th>Other current liabilities</th>
<th>Total Current Liabilities</th>
<th>Total Liabilities and Shareholders' Equity</th>
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<th>Net Working Capital</th>
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<th>Sales growth</th>
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<th>EBIT (adj.)* growth</th>
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<td>37.1%</td>
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<td>12/2015</td>
<td>16.9%</td>
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<td>76.7%</td>
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<td>12/2016</td>
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<td>76.7%</td>
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<tr>
<td>12/2017</td>
<td>0.0%</td>
<td>-6.0%</td>
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<td>76.7%</td>
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<tr>
<td>12/2018e</td>
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### Growth & Margins

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<td>n.m.</td>
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<td>n.m.</td>
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<td>EBIT (adj)* margin</td>
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### Ratios

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### Average diluted number of shares

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### Valuation

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<td>OpFCF/EV</td>
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<td>Payout ratio</td>
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<td>Dividend yield (gross)</td>
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### EV and MKT CAP (EURm)

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<td>Outstanding number of shares for main stock</td>
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<td>Total Market Cap</td>
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<td>o/w Cash &amp; Marketable Securities (-)</td>
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<td>Other EV components</td>
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<td>90</td>
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<td>Enterprise Value (EV adj.)</td>
<td>402</td>
<td>517</td>
<td>420</td>
<td>415</td>
<td>413</td>
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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.
## Recommendations and Disclosures

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* = Coverage suspended
Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

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Recommendation System
Buy - The stock is expected to generate a total return of over 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
Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

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-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main
Recommendation history for SCHALTBAU HOLDING AG

<table>
<thead>
<tr>
<th>Date</th>
<th>Recommendation</th>
<th>Target price</th>
<th>Price at change date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Jun 18</td>
<td>Buy</td>
<td>32.70</td>
<td>26.40</td>
</tr>
<tr>
<td>03. Apr 18</td>
<td>Buy</td>
<td>32.20</td>
<td>25.90</td>
</tr>
</tbody>
</table>

Source: Factset & ESN, price data adjusted for stock splits. This chart shows equinett 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)
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**Meaning of each recommendation or rating:**

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**Equinet Bank Ratings Breakdown**

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