Schaltbau Holding AG
Not yet risk-free

31/10/2018

Hold
28.50 EUR

The current newsflows underpins our view that the group’s balance sheet still contains risks. Schaltbau stated yesterday afternoon that it has to book an impairment of €12.3 m as the businesses of Schaltbau Alte and Schaltbau Bode UK have not performed as expected. It is also important for us to note the management’s statement that further non-operating special items cannot be ruled out due to write-downs in connection with restructuring measures and possibly further book value adjustments at subsidiaries. We maintain our HOLD recommendation for the stock.

KEY POINTS
- Based on the weak earnings performance and the resulting lower earnings forecast, Schaltbau had to book an impairment of €12.3 m for its subsidiaries Schaltbau Alte, Spain, and Schaltbau Bode, UK. If we include this figure in our model, it will affect our P&L forecasts and lead to a negative EPS for 2018.
- Nevertheless, it is positive that Schaltbau has confirmed its operating guidance for 2018 at group level, which indicates that some subsidiaries are obviously performing better than expected. Schaltbau forecasts sales in a range of €480 m to €500 m (BHL: €498.6 m) and group order intake of €500 m to €520 m, both excluding the contributions of Sepsa, which has been put up for sale. The same applies to the expected EBIT margin (before exceptional items) for 2018, which is still expected to come in at 3% of sales (BHL: 3.2%).
- Even though the impairment reduced the group’s remaining balance sheet risks, management could not rule out the possibility that further non-operating special items (write-downs in connection with restructuring measures and/or possible book value adjustments at subsidiaries) might occur in the future.

Share data
Market Cap (m EUR) 194.6
No. of shares (m) 8.5
Free float 71.0%
Trading vol. Ø (m EUR) 0.15

Next event
08/11/2018 Quarterly Results

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See end of document for disclaimer.
Disclaimer

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Details on the concepts and methods as well as the valuation models employed are available on our website.

Overview of changes in our recommendations/price targets in the previous twelve months for: Schaltbau Holding AG (SLT GR), Close (30/10/2018): 22.80 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

<table>
<thead>
<tr>
<th>Date of publication</th>
<th>Price at recommendation</th>
<th>Rating</th>
<th>Price target</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/08/2018</td>
<td>27.10 EUR</td>
<td>Hold</td>
<td>28.50 EUR</td>
</tr>
<tr>
<td>18/04/2018</td>
<td>26.60 EUR</td>
<td>Hold</td>
<td>25.50 EUR</td>
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<td>05/12/2017</td>
<td>27.42 EUR</td>
<td>Hold</td>
<td>32.00 EUR</td>
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The distribution of recommendations in our investments universe is currently as follows (date: 01/10/2018)

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<tr>
<th>Rating</th>
<th>Basis: all analysed companies</th>
<th>Basis: companies with investment banking relationships</th>
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<tbody>
<tr>
<td>Buy</td>
<td>58.3%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Hold</td>
<td>38.1%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Sell</td>
<td>3.1%</td>
<td>0.0%</td>
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<tr>
<td>Under Review</td>
<td>0.0%</td>
<td>0.0%</td>
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<table>
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<th>Company</th>
<th>Disclosure</th>
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<tr>
<td>Schaltbau Holding AG</td>
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Responsible regulatory authority:
Federal Financial Supervisory Authority – Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24–28, D-60439 Frankfurt
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31 October 2018
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