

## Company Flash Note

Reason: Company newsflow

31 October 2018

### Buy

Recommendation unchanged

**Share price: EUR 22.80**

closing price as of 30/10/2018

**Target price: EUR 32.10**

from Target Price: EUR 32.90

**Upside/Downside Potential 40.8%**

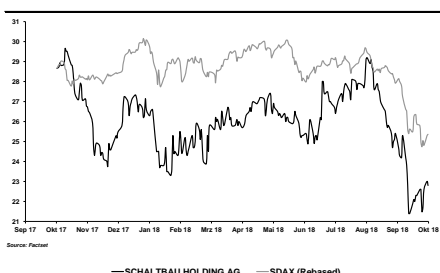
Reuters/Bloomberg SLTG.DE/SLT GY

Market capitalisation (EURm)	202
Current N° of shares (m)	9
Free float	33%
Daily avg. no. trad. sh. 12 mth	6
Daily avg. trad. vol. 12 mth (m)	205.08
Price high/low 12 months	21.40 / 29.65
Abs Perfs 1/3/12 mths (%)	-10.24/-14.61/-20.45

Key financials (EUR)	12/17	12/18e	12/19e
Sales (m)	517	492	502
EBITDA (m)	20	27	34
EBITDA margin	3.9%	5.6%	6.8%
EBIT (m)	(23)	4	24
EBIT margin	nm	0.7%	4.9%
Net Profit (adj.)(m)	(34)	4	11
ROCE	0.6%	3.9%	7.2%
Net debt/(cash) (m)	159	87	79
Net Debt Equity	2.2	0.7	0.6
Net Debt/EBITDA	7.9	3.2	2.3
Int. cover(EBITDA/Fin.int)	1.8	4.1	5.2
EV/Sales	0.8	0.8	0.7
EV/EBITDA	20.7	13.7	10.8
EV/EBITDA (adj.)	9.1	10.2	10.8
EV/EBIT	nm	nm	15.1
P/E (adj.)	nm	49.6	18.8
P/BV	4.3	2.3	2.1
OpFCF yield	-7.4%	2.3%	7.6%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(5.13)	0.46	1.21
BVPS	5.94	9.72	10.93
DPS	0.00	0.00	0.00

### Shareholders

AiC (Luxunion, Monolith, Others) 29%; AOC / AOF 10%;



### Analyst(s)

Winfried Becker

winfried.becker@equinet-ag.de

+49 69 58997-416

## Impairments in Mobile Transportation Technology

A review of the operational outlook for two daughter companies resulted in a new impairment burden in an amount of EUR 12.3m for two companies in the Mobile Transportation Technology segment, what came out as a surprise to us. Looking forward, it seems that another potential risk factor has been solved. The overall restructuring process of Schaltbau is on track in our view. The main share price catalysts are likely to be reaching further milestones of the overall restructuring concept like e.g. cost savings, financial debt reductions and the completion of loss-making projects. Based on our reduced earnings estimates our new TP amounted to EUR 32.10 from EUR 32.90 per share and we confirm our Buy recommendation.

- ✓ **New impairments in FY 2018e:** In an adhoc message Schaltbau made public that a necessary impairment test for Alte Technologies S.L.U. (Spain) and Schaltbau Transportation U.K. will lead to an extraordinary burden for the reported profit of EUR 12.3m. The goodwill for Alte of rounded EUR 8.2m and for Schaltbau Transportation of EUR 4.2m (goodwill of EUR 2.3m; wright down of other assets of EUR 1.9m) will be revised down to zero. The earnings expectations for both companies have become worse for the next two to three years. As a result, the group's overall goodwill position end of FY 2018e is expected to come down to EUR 33.7m from EUR 46.1m a year earlier.
- ✓ **Reduced estimates:** Schaltbau confirmed their sales guidance for 2018e of EUR 480-500m (equinet: EUR 492m). Due to the effect, that the impairment was handled as an extraordinary item, also the adjusted EBIT-margin of ~3% was confirmed, too (equinet at 2.6%; Exhibit 3). In contrast we have revised down our reported EBIT estimates for 2019e – 2021e by 12.8%/7.8%/7.2%.
- ✓ **Valuation update:** Our DCF-model is based on adjusted EBIT estimates and therefore the reduction of our TP to EUR 32.10 amounted to -2.4% only. On this basis Schaltbau's shares still have a significant upside potential of 41%, why we confirm our Buy recommendation.
- ✓ **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 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.
- ✓ **9M/Q3 results:** 08 November 2018

Exhibit 1: Schaltau Holding at a glance

Business Units	Mobile Transportation Technology (MTT)	Stationary Transportation Technology (STT)	Components (COM)	
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 contactors 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  Concentrated customer base of several train operators and OEMs	Public and private rail infrastructure operators, such as Deutsche Bahn AG and rail systems suppliers  Oligopolistic market structure with increasing pricing power of customers	Public and private rail infrastructure operators  Broad customer base	
Market share/ positioning	With the exception of refurbishment activities Schaltau 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. LuFV II 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	<b>Door systems:</b> IFE (Knorr-Bremse), Kangni, Faiveley (WABTEC Corp.), Ventura, Masats, IWN, Snop, Röllmech, Edscha. <b>Sanitary systems:</b> EVAC, BFG, SEMVAC	<b>Level crossing technology:</b> Scheidt & Bachmann, Siemens. <b>Signalling equipment:</b> Frauscher, Siemens, Bombardier, Thales. <b>Other:</b> Ansaldo STS SpA, Construcciones y Auxiliar de Ferrocarriles SA, Westinghouse Air Brake Technologies Corporation	<b>Driver desks:</b> Alfa Union (Czech Republic), Gessmann (GER), Kailan (Dhina); <b>Electromechanical components:</b> Sàcheron (CH), Microelettrica Scientifica S.p.A. (Italy); <b>Other:</b> Crouzet, FreighCar 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. Schaltau is able to offer complete system solutions including MRO services and overall is a reliable partner			
Strategy & Guidance	<b>Strategy</b> (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		<b>Guidance (FY 2018)</b> Revenue: EUR 480 - 500m EBIT: -7.1% - 3.2% circa 3.0%	
			<b>equinet Estimates</b> Revenue: EUR 492m EBIT rep. EUR 15.8m	
			<b>Consensus (FactSet)</b> EUR 496.2m -3.9% EUR 17.5m	
2017	Sales (EURm) 516.5 y/y 1.4%	EBITDA (EURm) 20.1 Margin 3.9%	EBIT adj. (EURm) 2.4 Margin 0.5%	
	Sales 5Y hist. CAGR 7.3%		Organic growth y/y n.a.	
Sales & EBIT Split				
	<b>Divisional EBIT Split Average 15 - 17</b> Mobile Transportation Technology (MTT) -1.8 Stationary Transportation Technology (STT) -10.8 Components (COM) 20.7 <b>Total amount segments 8.1</b>			
Shareholder structure & management	<b>CEO</b> Dr. Albrecht Köhler Board member (speaker) since 2018 • Studies in mechanical engineering • Management positions at Knorr-Bremse • Over three decades Dr. Köhler gained a wealth of strategic and operational expertise in the railway and automotive industries	<b>CFO</b> Thomas Dippold Board member since 2017 • Background in Reporting and Consulting • Expatriate Management position in Singapur with Schott AG • From 2014 to 2017 CFO of Faber-Castell	<b>CRO</b> Dr. Martin Kleinschmitt CRO (since 2017) • 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 Schaltau AG	<b>Volker Kragelin</b> Board member as of Dec. 2018
	<b>Shareholder structure (rough estimation)</b> 			
Year-end number of employees: FY 2017	3,370			

Source: Company data, equinet Research

## Exhibit 2: Schaltbau Holding: DCF - model

EUR m	Phase I					Phase II					Phase III
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
<b>Revenues</b>	<b>492.0</b>	<b>502.0</b>	<b>519.5</b>	<b>539.0</b>	<b>558.5</b>	<b>577.2</b>	<b>595.0</b>	<b>611.7</b>	<b>627.2</b>	<b>641.4</b>	
<i>growth rate</i>	-4.7%	2.0%	3.5%	3.8%	3.6%	3.3%	3.1%	2.8%	2.5%	2.3%	
<b>EBIT</b>	<b>13.0</b>	<b>24.4</b>	<b>30.6</b>	<b>34.7</b>	<b>37.4</b>	<b>39.0</b>	<b>40.5</b>	<b>41.9</b>	<b>43.3</b>	<b>44.6</b>	
<i>EBIT margin</i>	2.6%	4.9%	5.9%	6.4%	6.7%	6.7%	6.8%	6.9%	6.9%	7.0%	
<b>Tax</b>	<b>-3.9</b>	<b>-7.3</b>	<b>-9.2</b>	<b>-10.4</b>	<b>-11.2</b>	<b>-11.7</b>	<b>-12.1</b>	<b>-12.6</b>	<b>-13.0</b>	<b>-13.4</b>	
<i>Tax rate</i>	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
<b>Depr. &amp; Amort.</b>	<b>23.8</b>	<b>9.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>10.1</b>	<b>10.9</b>	<b>11.4</b>	<b>11.8</b>	<b>12.2</b>	
<i>% of sales</i>	4.8%	1.9%	1.7%	1.7%	1.6%	1.8%	1.8%	1.9%	1.9%	1.9%	
<b>Capex</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-11.3</b>	<b>-11.6</b>	<b>-11.4</b>	<b>-11.7</b>	<b>-12.0</b>	<b>-12.3</b>	<b>-12.6</b>	<b>-12.8</b>	
<i>% of sales</i>	1.8%	1.8%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
<b>Change in WC &amp; P</b>	<b>-2.3</b>	<b>-2.0</b>	<b>-2.2</b>	<b>-2.1</b>	<b>-2.0</b>	<b>-2.1</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-2.3</b>	<b>-2.3</b>	
<i>% of sales</i>	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
<b>Free Cash Flow</b>	<b>21.6</b>	<b>15.7</b>	<b>16.9</b>	<b>19.6</b>	<b>21.7</b>	<b>23.6</b>	<b>25.1</b>	<b>26.3</b>	<b>27.3</b>	<b>28.3</b>	<b>548.4</b>
<i>growth rate</i>	nm	-27.4%	7.9%	5.8%	11.1%	8.8%	6.1%	4.7%	3.9%	3.6%	2.0%
<b>Present Value FCF</b>	<b>21.3</b>	<b>14.4</b>	<b>14.5</b>	<b>15.7</b>	<b>16.2</b>	<b>16.5</b>	<b>16.3</b>	<b>15.9</b>	<b>15.4</b>	<b>14.9</b>	<b>288.4</b>

<b>PV Phase I</b>	<b>82.1</b>	<b>Risk free rate</b>	3.50%	<b>Targ. equity ratio</b>	65%		
<b>PV Phase II</b>	<b>78.9</b>	<b>Premium Equity</b>	5.00%	<b>Beta</b>	1.1		
<b>PV Phase III</b>	<b>288.4</b>	<b>Premium Debt</b>	2.00%	<b>WACC</b>	7.3%		
<b>Enterprise value</b>	<b>449.4</b>	<b>Sensitivity</b>	<b>Growth in phase III</b>				
- Net Debt (Cash)	96.5		1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions	37.5	6.54%	32.7	36.1	40.3	45.5	52.2
- Minorities & Peripherals	31.3	6.90%	29.5	32.4	35.9	40.2	45.6
+ MV of financial assets		WACC 7.26%	26.6	29.1	32.1	35.7	40.1
- Paid-out dividends for last FY	0.0	7.63%	24.1	26.2	28.8	31.8	35.5
+/- Other EV items		7.99%	21.8	23.7	25.9	28.5	31.6
<b>Equity value</b>	<b>284.1</b>						
Number of shares	8.85						
<b>Value per share (€)</b>	<b>32.10</b>						
<b>Current Price (€)</b>	<b>22.80</b>						
<b>Upside</b>	<b>40.8%</b>						

Source: equinet Research

## Exhibit 3: Schaltbau Holding: EBIT- bridge

EUR m	2015	2016	2017	2018e	2019e	2020e	2021e	2022e
<b>EBIT reported</b>	<b>33.4</b>	<b>-14.5</b>	<b>-23.0</b>	<b>3.5</b>	<b>24.4</b>	<b>30.6</b>	<b>34.7</b>	<b>37.4</b>
one-off / extraordinary income (-)								
Revaluation of Albatros S.L.U. (Spain) "Sepsa"		-7.0						
Revaluation RDS (Poland)	-2.5							
Income related to prior periods	-3.5	-3.4		-7.1				
one-off / extraordinary expenses (+)								
impairment at Alte Technologies S.L.U. (Spain)				8.2				
impairment at Schaltbau Transportation U.K.				2.3				
depreciation of other assets				1.9				
Revaluation: Schaltbau Sepsa			24.2					
Revaluation: Pintsch Bubenzer			1.1					
Expenses related to prior periods	0.6	0.6	0.1	4.3				
<b>Operating EBIT</b>	<b>28.0</b>	<b>-24.3</b>	<b>2.4</b>	<b>13.0</b>	<b>24.4</b>	<b>30.6</b>	<b>34.7</b>	<b>37.4</b>

Source: Company data, equinet Research

**Exhibit 4: Schaltbau Holding: Preview Q3 2018e**

EUR m	Q3 2018e (eq)	Q3 2017	yoy
<b>Revenues</b>	<b>111.7</b>	<b>128.1</b>	<b>-13%</b>
<i>of which: Mobile Transportation Technology (MTT)</i>	59.0	65.3	-10%
<i>of which: Stationary Transportation Technology (STT)</i>	19.0	30.4	-37%
<i>of which: Components (COM)</i>	34.0	33.0	3%
<i>of which: Consolidation/Other</i>	-0.3	-0.6	-49%
<b>EBIT reported</b>	<b>-10.1</b>	<b>-12.7</b>	<b>-21%</b>
EBIT Margin	-9.0%	-9.9%	88 BP
<i>of which: Mobile Transportation Technology (MTT)</i>	-12.0	-13.9	-14%
<i>of which: Stationary Transportation Technology (STT)</i>	0.2	-2.4	-108%
<i>of which: Components (COM)</i>	4.0	6.6	-39%
<i>of which: Consolidation/Other</i>	-2.3	-3.0	
<b>Net income</b>	<b>-8.5</b>	<b>-12.7</b>	<b>-33%</b>
<b>EPS, EUR</b>	<b>-0.96</b>	<b>-1.00</b>	<b>-4%</b>

Source: Company data, equinet Research

**Schaltbau Holding AG : Summary tables**

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
<b>Sales</b>	<b>430</b>	<b>502</b>	<b>509</b>	<b>517</b>	<b>492</b>	<b>502</b>
Cost of Sales & Operating Costs	-391	-461	-503	-471	-455	-468
Non Recurrent Expenses/Income	0.0	5.4	9.8	-25.4	-9.5	0.0
<b>EBITDA</b>	<b>38.3</b>	<b>46.5</b>	<b>16.3</b>	<b>20.1</b>	<b>27.3</b>	<b>33.9</b>
<b>EBITDA (adj.)*</b>	<b>38.3</b>	<b>41.1</b>	<b>6.5</b>	<b>45.5</b>	<b>36.8</b>	<b>33.9</b>
Depreciation	-11.0	-13.1	-30.8	-43.1	-23.8	-9.5
<b>EBITA</b>	<b>27.3</b>	<b>33.4</b>	<b>-14.5</b>	<b>-23.0</b>	<b>3.5</b>	<b>24.4</b>
<b>EBITA (adj)*</b>	<b>27.3</b>	<b>28.0</b>	<b>-24.3</b>	<b>2.4</b>	<b>13.0</b>	<b>24.4</b>
Amortisations and Write Downs <i>of which PPA amortisation</i>	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>27.3</b>	<b>33.4</b>	<b>-14.5</b>	<b>-23.0</b>	<b>3.5</b>	<b>24.4</b>
<b>EBIT (adj.)*</b>	<b>27.3</b>	<b>28.0</b>	<b>-24.3</b>	<b>2.4</b>	<b>13.0</b>	<b>24.4</b>
Net Financial Interest	-4.3	-5.4	-5.2	-10.9	-6.7	-6.5
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	12.2	2.1	3.9	-1.8	0.2	0.2
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>35.2</b>	<b>30.1</b>	<b>-15.8</b>	<b>-35.7</b>	<b>-3.0</b>	<b>18.2</b>
Tax	-6.1	-7.7	3.8	-13.9	0.9	-5.4
<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	-2.1	-0.5	-2.0
<b>Net Profit (reported)</b>	<b>24.8</b>	<b>16.8</b>	<b>-15.8</b>	<b>-51.7</b>	<b>-2.6</b>	<b>10.7</b>
<b>Net Profit (adj.)</b>	<b>24.8</b>	<b>13.0</b>	<b>-22.7</b>	<b>-33.9</b>	<b>4.1</b>	<b>10.7</b>
<b>CASH FLOW (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
Cash Flow from Operations before change in NWC	41.6	58.7	36.7	-24.3	15.9	26.2
Change in Net Working Capital	-15.1	-29.3	-10.9	34.8	-2.3	-2.0
<b>Cash Flow from Operations</b>	<b>26.5</b>	<b>29.4</b>	<b>25.8</b>	<b>10.5</b>	<b>13.6</b>	<b>24.3</b>
Capex	-29.0	-35.7	-20.0	-23.0	-9.0	-9.0
Net Financial Investments	-9.4	-13.3	1.8	-11.3	26.0	-0.9
<b>Free Cash Flow</b>	<b>-11.9</b>	<b>-19.6</b>	<b>7.6</b>	<b>-23.8</b>	<b>30.6</b>	<b>14.4</b>
Dividends	0.0	-5.9	-6.0	-6.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>-11.9</b>	<b>-25.5</b>	<b>1.6</b>	<b>-29.8</b>	<b>30.6</b>	<b>14.4</b>
NOPLAT	19.1	19.6	-17.0	1.7	9.1	17.1
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
Net Tangible Assets	68.7	77.3	88.4	72.3	38.0	36.0
Net Intangible Assets (incl. Goodwill)	52.4	82.9	83.7	67.5	55.7	56.7
Net Financial Assets & Other	28.0	30.2	22.6	14.9	20.2	21.6
<b>Total Fixed Assets</b>	<b>149</b>	<b>190</b>	<b>195</b>	<b>155</b>	<b>114</b>	<b>114</b>
Inventories	85.6	91.3	101	94.3	96.2	98.4
Trade receivables	80.3	111	115	91.9	93.7	94.7
Other current assets	20.5	20.5	17.8	85.8	97.4	98.0
Cash (-)	-25.7	-32.4	-30.0	-25.3	-40.3	-50.4
<b>Total Current Assets</b>	<b>212</b>	<b>255</b>	<b>264</b>	<b>297</b>	<b>328</b>	<b>342</b>
<b>Total Assets</b>	<b>361</b>	<b>446</b>	<b>459</b>	<b>452</b>	<b>442</b>	<b>456</b>
Shareholders Equity	93.3	91.4	73.7	39.3	86.0	96.7
Minority	19.2	33.4	33.4	31.3	31.3	31.3
Total Equity	113	125	107	70.6	117	128
Long term interest bearing debt	96.4	152	167	172	114	115
Provisions	43.5	41.8	59.7	51.7	49.2	49.5
Other long term liabilities	9.0	15.1	8.1	6.0	6.1	6.2
<b>Total Long Term Liabilities</b>	<b>149</b>	<b>209</b>	<b>235</b>	<b>230</b>	<b>169</b>	<b>171</b>
Short term interest bearing debt	9.0	10.0	11.0	12.0	13.0	14.0
Trade payables	31.5	38.8	42.0	46.4	47.8	49.0
Other current liabilities	59.3	63.2	64.2	93.5	94.3	93.9
<b>Total Current Liabilities</b>	<b>99.8</b>	<b>112</b>	<b>117</b>	<b>152</b>	<b>155</b>	<b>157</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>361</b>	<b>446</b>	<b>459</b>	<b>452</b>	<b>442</b>	<b>456</b>
<b>Net Capital Employed</b>	<b>245</b>	<b>311</b>	<b>323</b>	<b>287</b>	<b>259</b>	<b>262</b>
<b>Net Working Capital</b>	<b>134</b>	<b>164</b>	<b>175</b>	<b>140</b>	<b>142</b>	<b>144</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
<i>Sales growth</i>	<i>10.0%</i>	<i>16.9%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-4.7%</i>	<i>2.0%</i>
<b>EBITDA (adj.)* growth</b>	<b>-14.2%</b>	<b>7.2%</b>	<b>-84.2%</b>	<b>600.3%</b>	<b>-19.0%</b>	<b>-7.9%</b>
<i>EBITA (adj.)* growth</i>	<i>-24.1%</i>	<i>2.4%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>443.1%</i>	<i>87.5%</i>
<i>EBIT (adj.)* growth</i>	<i>-24.1%</i>	<i>2.4%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>443.1%</i>	<i>87.5%</i>

## Schaltbau Holding AG : Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
Net Profit growth	16.1%	-47.7%	n.m.	n.m.	n.m.	163.4%
EPS adj. growth	22.5%	-47.7%	n.m.	n.m.	n.m.	163.4%
DPS adj. growth		n.m.	0.0%	n.m.		
EBITDA (adj)* margin	8.9%	8.2%	1.3%	8.8%	7.5%	6.8%
EBITA (adj)* margin	6.4%	5.6%	-4.8%	0.5%	2.6%	4.9%
EBIT (adj)* margin	6.4%	5.6%	n.m.	0.5%	2.6%	4.9%
<b>RATIOS</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
Net Debt/Equity	0.7	1.0	1.4	2.2	0.7	0.6
Net Debt/EBITDA	2.1	2.8	9.1	7.9	3.2	2.3
Interest cover (EBITDA/Fin.interest)	8.9	8.6	3.1	1.8	4.1	5.2
Capex/D&A	263.6%	272.5%	64.9%	53.4%	37.8%	94.7%
Capex/Sales	6.8%	7.1%	3.9%	4.5%	1.8%	1.8%
NWC/Sales	31.3%	32.6%	34.3%	27.1%	28.9%	28.7%
ROE (average)	28.8%	14.1%	-27.5%	-60.1%	6.5%	11.7%
ROCE (adj.)	7.5%	6.0%	-4.9%	0.6%	3.9%	7.2%
WACC	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
ROCE (adj.)/WACC	1.0	0.8	-0.7	0.1	0.5	1.0
<b>PER SHARE DATA (EUR)***</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
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	-7.82	-0.29	1.21
EPS (adj.)	4.03	2.11	-3.68	-5.13	0.46	1.21
BVPS	15.17	14.86	11.98	5.94	9.72	10.93
DPS	0.00	1.00	1.00	0.00	0.00	0.00
<b>VALUATION</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
EV/Sales	0.9	1.0	0.8	0.8	0.8	0.7
EV/EBITDA	10.5	11.1	25.8	20.7	13.7	10.8
<b>EV/EBITDA (adj.)*</b>	<b>10.5</b>	<b>12.6</b>	<b>64.7</b>	<b>9.1</b>	<b>10.2</b>	<b>10.8</b>
EV/EBITA	14.7	15.5	-29.0	-18.1	106.3	15.1
<b>EV/EBITA (adj.)*</b>	<b>14.7</b>	<b>18.5</b>	<b>-17.3</b>	<b>173.0</b>	<b>28.8</b>	<b>15.1</b>
EV/EBIT	14.7	15.5	n.m.	n.m.	n.m.	15.1
<b>EV/EBIT (adj.)*</b>	<b>14.7</b>	<b>18.5</b>	<b>n.m.</b>	<b>n.m.</b>	<b>28.8</b>	<b>15.1</b>
<b>P/E (adj.)</b>	<b>9.9</b>	<b>22.8</b>	<b>n.m.</b>	<b>n.m.</b>	<b>49.6</b>	<b>18.8</b>
P/BV	2.6	3.2	2.4	4.3	2.3	2.1
Total Yield Ratio	2.4%	2.0%	3.4%	0.0%	0.0%	0.0%
EV/CE	1.6	1.6	1.2	1.5	1.6	1.6
OpFCF yield	-1.0%	-2.1%	3.2%	-7.4%	2.3%	7.6%
OpFCF/EV	-0.6%	-1.2%	1.4%	-3.0%	1.2%	4.2%
Payout ratio	0.0%	36.7%	-38.9%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	2.1%	3.4%	0.0%	0.0%	0.0%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018e</b>	<b>12/2019e</b>
Price** (EUR)	39.79	48.23	29.09	25.47	22.80	22.80
Outstanding number of shares for main stock	6.2	6.2	6.2	6.6	8.9	8.9
<b>Total Market Cap</b>	<b>245</b>	<b>297</b>	<b>179</b>	<b>168</b>	<b>202</b>	<b>202</b>
<b>Net Debt</b>	<b>80</b>	<b>130</b>	<b>148</b>	<b>159</b>	<b>87</b>	<b>79</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-26</i>	<i>-32</i>	<i>-30</i>	<i>-25</i>	<i>-40</i>	<i>-50</i>
<i>o/w Gross Debt (+)</i>	<i>105</i>	<i>162</i>	<i>178</i>	<i>184</i>	<i>127</i>	<i>129</i>
<b>Other EV components</b>	<b>78</b>	<b>90</b>	<b>93</b>	<b>88</b>	<b>87</b>	<b>88</b>
<b>Enterprise Value (EV adj.)</b>	<b>402</b>	<b>517</b>	<b>420</b>	<b>415</b>	<b>376</b>	<b>368</b>

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.

## Recommendation and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLISCHAG	Sen	66.00	Buy		Logwin	Mildner	165.00	Accumulate	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	37.00	Neutral	2/3
Aareal Bank	Häßler	41.00	Buy		MAXAutomation SE	Becker	6.70	Buy	2/3
adidas	Josefson	228.00	Accumulate		Merck	Berzhanin	112.00	Buy	
Adler Modemaerkte	Josefson	6.35	Buy	7	Merkur Bank	Häßler	10.00	Buy	2/7
ADLER Real Estate	Mayer	20.00	Buy		Metro AG	Bruns	17.00	Buy	
Aixtron	Sen	14.00	Buy	2/3	MLP	Häßler	7.50	Buy	2/3
Allianz	Häßler	220.00	Buy		MTU Aero Engines	Rüzgar	155.00	Reduce	2
Axel Springer	Josefson	67.00	Accumulate		MunichRe	Häßler	210.00	Accumulate	
Bayer	Berzhanin	96.00	Buy		Nemetschek SE	Mildner	47.00	Reduce	5
Baywa	Bruns	33.00	Buy	2/7	Norma Group	Schuldt	54.00	Neutral	
BB Biotech	Berzhanin	73.00	Buy	7	OHB SE	Rüzgar	40.00	Buy	7
Biotest	Berzhanin	24.10	Neutral	2/3	OVB Holding AG	Häßler	20.00	Buy	2/5/7
BMW	Schuldt	91.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	59.80	Buy	2	Pfeiffer Vacuum	Sen	162.00	Buy	5
Ceconomy AG	Bruns	5.00	Neutral		Procredit Holding	Häßler	15.00	Buy	2/3/5
comdirect	Häßler	13.50	Buy	7	PSI SOFTWARE AG	Mildner	20.00	Buy	2/3
Commerzbank	Häßler	9.20	Neutral		Puma	Josefson	565.00	Buy	
Continental	Schuldt	195.00	Buy		PWO	Schuldt	36.00	Buy	2/3
CORESTATE Capital Holding S.A.	Mayer	66.00	Buy	2/5	Rheinmetall	Rüzgar	80.00	Neutral	
CTS Eventim	Heilmann	37.50	Reduce		RIB Software	Mildner	25.00	Buy	2/3
Daimler AG	Schuldt	63.00	Buy		RTL Group	Josefson	72.00	Accumulate	
Daldrup & Soehne	Becker	13.20	Buy	2/3/5	S&TAG	Sen	27.00	Buy	2/3
Demire	Mayer	4.80	Accumulate	2/5	SAF-Holland	Schuldt	13.80	Accumulate	
Deutsche Bank	Häßler	14.00	Buy		Schaeffler	Tanzer	13.00	Buy	
Deutsche EuroShop	Mayer	30.00	Neutral		Schaltbau Holding AG	Becker	32.10	Buy	2/7
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		SCOUT24	Heilmann	44.00	Neutral	2
Deutsche Telekom	Sen	13.30	Neutral		Siegfried Holding AG	Berzhanin	399.00	Neutral	7
Duerr	Augustin	30.00	Neutral		Siemens Healthineers AG	Rüzgar	39.00	Neutral	2
DWS	Häßler	30.00	Buy		SLM Solutions	Sen	15.00	Sell	
EringKlinger	Schuldt	7.00	Sell		SMT Scharf AG	Rüzgar	18.00	Neutral	2/3
elumeo SE	Josefson	10.90	Accumulate		Software AG	Mildner	30.00	Sell	
Epigenomics AG	Berzhanin	3.70	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euromicron AG	Becker	11.40	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	41.00	Buy		SuessMicroTec	Sen	13.80	Accumulate	
Eyemaxx Real Estate	Mayer	18.00	Buy	2/5/7	Surteco Group	Mildner	26.50	Buy	2/3
Ferratum	Häßler	23.00	Buy		Symrise AG	Hinkel	67.00	Neutral	
Fielmann	Heilmann	55.00	Neutral		Syzygy AG	Heilmann	11.50	Accumulate	2/3
First Sensor AG	Becker	27.40	Buy	7	TAKKTAG	Bruns	20.00	Buy	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häßler	37.00	Buy	
FuchsPetrolub	Hinkel	48.00	Neutral		Technotrans	Becker	43.00	Accumulate	2/3
Gea Group	Augustin	33.00	Neutral		TELECOLUMBUS	Sen	4.80	Buy	
Gerrresheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	3.80	Reduce		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	20.00	Buy	2/7
GFT Technologies	Mildner	15.50	Buy	2/3	va-Q-tec	Sen	12.00	Buy	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Grenke	Häßler	90.00	Neutral		Volkswagen	Schuldt	154.00	Neutral	
Hannover Re	Häßler	110.00	Neutral		Wacker Neuson SE	Becker	24.10	Neutral	
Heidelberg Pharma	Berzhanin	3.50	Accumulate	2/3	windeln.de	Josefson	3.10	Buy	2
Heidelberger Druck	Augustin	2.90	Buy		XING SE	Heilmann	305.00	Accumulate	
HELLA GmbH & Co. KGaA	Tanzer	51.00	Accumulate		Zalando	Josefson	44.50	Neutral	
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	190.00	Neutral	2/7					
INDUS Holding AG	Becker	55.70	Neutral						
Intershop Communications AG	Mildner	1.85	Accumulate	2/7					
K+S AG	Hinkel	24.00	Buy						
Koenig & Bauer	Augustin	48.00	Neutral						
Krones AG	Augustin	90.00	Accumulate						
KWS SAAT	Hinkel	353.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	104.00	Accumulate						
Leoni	Schuldt	34.00	Accumulate						
Linde	Hinkel	176.00	Neutral						

\* = 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

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#### Sources

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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

Date	Recommendation	Target price	Price at change date
31. Okt 18	Buy	32.10	22.80
11. Okt 18	Buy	32.90	21.40
12. Jun 18	Buy	32.70	26.00
03. Apr 18	Buy	32.20	25.60

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

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

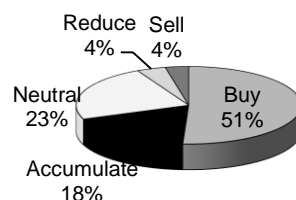
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### 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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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### 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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## Members of ESN (European Securities Network LLP)



**Banca Akros S.p.A.**  
Viale Eginardo, 29  
20149 MILANO  
Italy  
Phone: +39 02 43 444 389  
Fax: +39 02 43 444 302



**Caixa-Banco de Investimento**  
Avenida João XXI, 63  
1000-300 Lisboa  
Portugal  
Phone: +351 21 313 73 00  
Fax: +351 21 389 68 98



**CM - CIC Market Solutions**  
6, avenue de Provence  
75441 Paris  
France  
Phone: +33 1 53 48 81 93



**equinet Bank AG**  
Gräfrstraße 97  
60487 Frankfurt am Main  
Germany  
Phone: +49 69 - 58997 - 212  
Fax: +49 69 - 58997 - 299



**GVC Gaesco Beka, SV, SA**  
C/ Marques de Villamagna 3  
28001 Madrid  
Spain  
Phone: +34 91 436 7813



**Investment Bank of Greece**  
32 Aigialeias Str & Paradissou,  
151 25 Maroussi,  
Greece  
Phone: +30 210 81 73 383



**NIBC Bank N.V.**  
Gustav Mahlerlaan 348  
P.O.Box 235  
1082 ME Amsterdam  
The Netherlands  
Phone: +31 20 550 8500  
Fax: +31 20 626 8064



**OP Corporate Bank plc**  
P.O.Box 308  
Teollisuuskatu 1, 00013 Helsinki  
Finland  
Phone: +358 10 252 011  
Fax: +358 10 252 2703

