

Company Flash Note

Reason: Company newsflow

14 November 2018

Buy

Recommendation unchanged

Share price: EUR 23.30

closing price as of 13/11/2018

Target price: EUR 32.50

from Target Price: EUR 32.10

Upside/Downside Potential 39.5%

Reuters/Bloomberg SLTG.DE/SLT GY

Market capitalisation (EURm) 206

Current N° of shares (m) 9

Free float 33%

Daily avg. no. trad. sh. 12 mth 6

Daily avg. trad. vol. 12 mth (m) 61.01

Price high/low 12 months 21.40 / 29.20

Abs Perfs 1/3/12 mths (%) 8.88/-15.58/-19.22

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)	7	11
ROCE	0.6%	5.1%	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	13.9	11.0
EV/EBITDA (adj.)	9.1	9.2	11.0
EV/EBIT	nm	nm	15.2
P/E (adj.)	nm	29.1	19.3
P/BV	4.3	2.4	2.1
OpFCF yield	-7.4%	2.2%	7.4%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(5.13)	0.80	1.21
BVPS	5.94	9.72	10.93
DPS	0.00	0.00	0.00

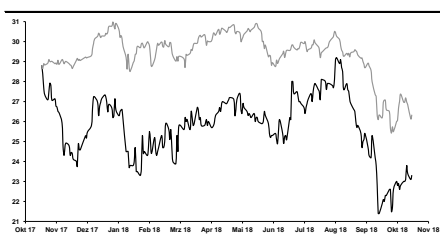
Schaltbau's restructuring continues

Schaltbau's 9M reporting mainly was influenced by the impairments for both Alte Technologies and Bode U.K. in an amount of EUR 12.3m. The operating business develops as expected by us and we were not surprised by the confirmation of the full-year 2018e guidance. Looking forward and despite some progress the management will continue to focus on reaching further milestones for the overall restructuring concept like e.g. cost savings, financial debt reduction and the completion of loss-making projects. Our new TP is slightly up to rounded EUR 32.50 from EUR 32.10 per share and Schaltbau remains as one of our top picks within the small cap industrials universe.

- ✓ **Orders on a high level slightly up:** Reported order intake declined by 5.4% yoy, while on a like-for-like basis a growth of 2.3% was achieved. Also on a like-for-like basis the book-to bill-ratio reached 1.13 (EUR 390.3m/EUR346.6m). By segment best performer was Stationary Transport Technology (STT) with a plus of 33% yoy, followed by Components (COM) with +5.5% yoy, while Mobile Transportation Technology (MTT) reported a 5.3% yoy decline. The order book reached EUR 515m (EUR 505m) and that is in our view a solid level to reach the full-year sales guidance of EUR 480-500m.
- ✓ **EBIT adjusted margin up:** Starting from a negative reported EBIT of EUR1.5m and adding a value of net adjustments of EUR 13.8m (extraordinary income of EUR 7.1m; extraordinary expenses of EUR 20.9m) the adj. EBIT amounted to EUR 12.3m. On that basis the EBIT-margin amounted to 3.5% (EUR 12.3m / EUR 346.6m sales) and meet the full-year target of ">3.0%" (equinet: 3.5%). Looking back, in H1 '18 the adj. EBIT-margin reached 2.9%.
- ✓ **Confirmed guidance for FY 2018e:** Group sales should reach EUR 480 – 500m while we have left our estimate unchanged at EUR 492m. Based on the high order book level we forecast a further growth to EUR 502m for FY 2019e. Schaltbau continues to achieve an EBIT adjusted margin of ~3%. For FY 2019e from today's point of view we expect no further adjustments and the EBIT-margin should improve further to 4.9% in FY 2019e.
- ✓ **TP slightly up:** Our positive view on Schaltbau's restructuring plan has not changed and the investment case is intact in our view. Nevertheless still some setbacks are possible. Our new target price amounted to EUR 32.50 from 32.10 per share.
- ✓ **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.

Shareholders

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



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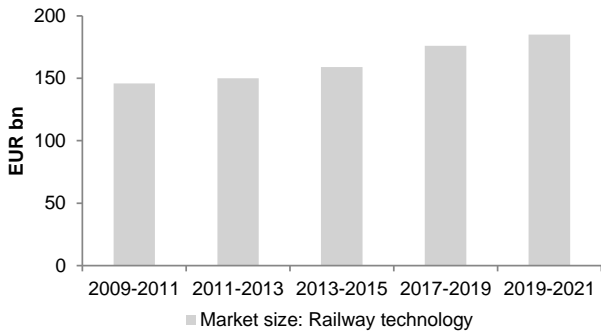
Exhibit 1: Schaltbau Holding at a glance

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 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. 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	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: Sècheron (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 2018e) Revenue: EUR 480 - 500m y/y -7.1% - 3.2% EBIT - circa 3.0%	
	equinet Estimates Revenue: EUR 492m y/y -4.7% EBIT rep. EUR 3.5m		Consensus (FactSet) EUR 495.9m -3.9% EUR 6.1m	
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	Sales split by region (average 2014 - 2016) 		Sales split by division (average 2014 - 2016) 	
	EBIT split by division (average 2014 - 2016) 		Group financial development 	
	Divisional EBIT Split Average 15 - 17 Mobile Transportation Technology (MTT) -1.8 Stationary Transportation Technology (STT) -10.8 Components (COM) 20.7 Total amount segments 8.1			
Shareholder structure & management	CEO 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	CFO 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	CRO 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 Schaltbau AG	Volker Kregelin Board member as of Dec. 2018
	Shareholder structure (rough estimation) 			
Year-end number of employees: FY 2017	3,370			

Source: Company data, equinet Research

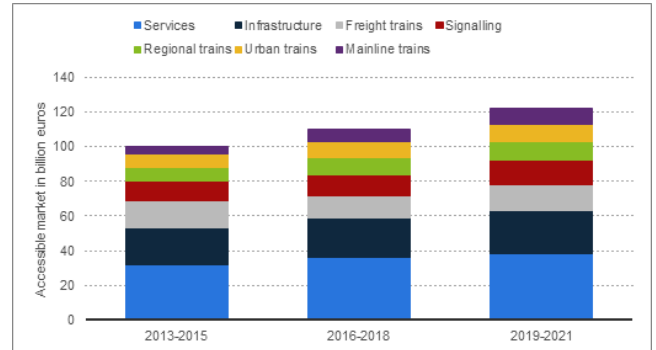
Investment Case in Charts

Exhibit 2: Average market size 2009 - 2021



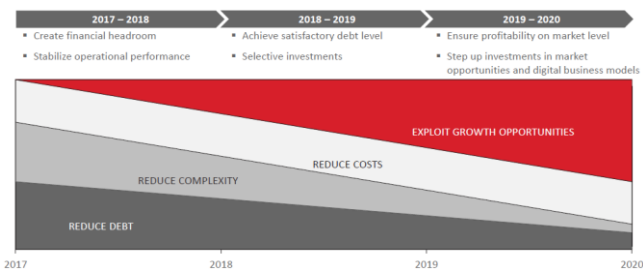
Source: UNIFE, Roland Berger

Exhibit 3: Market development by segment



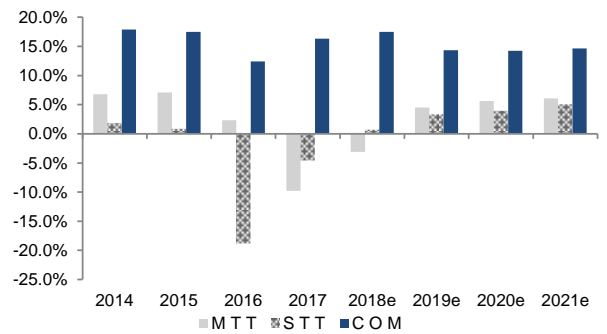
Source: Alstom, UNIFE

Exhibit 4: Schaltbau: Restructuring Roadmap



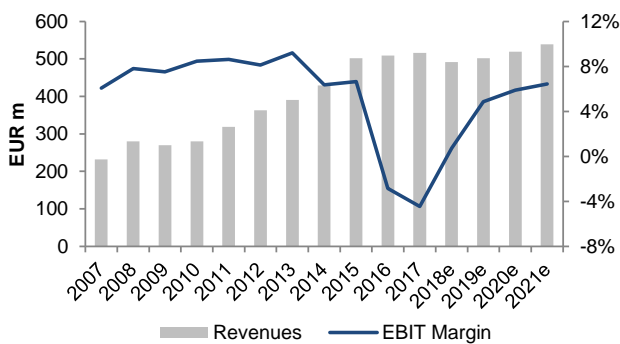
Source: Company data

Exhibit 5: Reported EBIT-margin recovery by segment



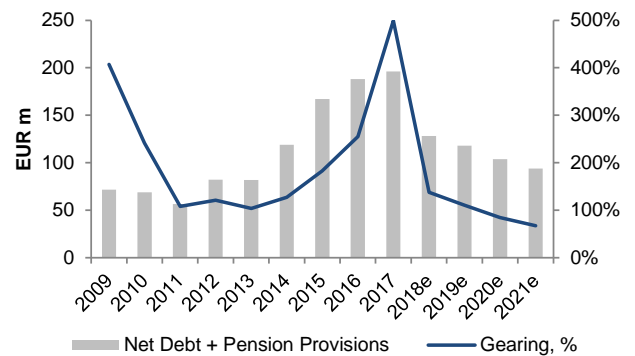
Source: Company data, equinet Research

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

Exhibit 8: Schaltbau Holding: DCF - model

EUR m	Phase I					Phase II					Phase III		
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e			
Revenues	492.0	502.0	519.5	539.0	558.5	577.2	595.0	611.7	627.2	641.4			
<i>growth rate</i>	-4.7%	2.0%	3.5%	3.8%	3.6%	3.3%	3.1%	2.8%	2.5%	2.3%			
EBIT	17.3	24.4	30.6	34.7	37.4	39.0	40.5	41.9	43.3	44.6			
<i>EBIT margin</i>	3.5%	4.9%	5.9%	6.4%	6.7%	6.7%	6.8%	6.9%	6.9%	7.0%			
Tax	-5.2	-7.3	-9.2	-10.4	-11.2	-11.7	-12.1	-12.6	-13.0	-13.4			
<i>Tax rate</i>	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%			
Depr. & Amort.	23.8	9.5	9.0	9.0	9.0	10.1	10.9	11.4	11.8	12.2			
<i>% of sales</i>	4.8%	19%	17%	17%	16%	18%	18%	19%	19%	19%			
Capex	-9.0	-9.0	-11.3	-11.6	-11.4	-11.7	-12.0	-12.3	-12.6	-12.8			
<i>% of sales</i>	18%	18%	2.2%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%			
Change in WC & P	-2.3	-2.0	-2.2	-2.1	-2.0	-2.1	-2.2	-2.2	-2.3	-2.3			
<i>% of sales</i>	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%			
Free Cash Flow	24.6	15.7	16.9	19.6	21.7	23.6	25.1	26.3	27.3	28.3	547.7		
<i>growth rate</i>	nm	-36.3%	7.9%	8.8%	11.1%	8.8%	6.1%	4.7%	3.9%	3.6%	2.0%		
Present Value FCF	24.4	14.5	14.5	15.7	16.3	16.5	16.3	15.9	15.4	14.9	288.6		
PV Phase I		85.3				Risk free rate	3.50%		Targ. equity ratio		65%		
PV Phase II		79.1				Premium Equity	5.00%		Beta		1.1		
PV Phase III		288.6				Premium Debt	2.00%		WACC		7.3%		
Enterprise value		453.0				Sensitivity			Growth in phase III				
- Net Debt (Cash)		96.5							1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions		37.5				6.54%	33.1	36.5	40.7	45.9	52.6		
- Minorities & Peripherals		31.3				6.91%	29.9	32.8	36.3	40.6	46.0		
+ MV of financial assets						WACC 7.27%	27.0	29.5	32.5	36.1	40.5		
- Paid-out dividends for last FY		0.0				7.63%	24.5	26.7	29.2	32.2	35.9		
+/- Other EV items						8.00%	22.2	24.1	26.3	28.9	32.0		
Equity value		287.7											
Number of shares		8.85											
Value per share (€)		32.50											
Current Price (€)		23.30											
Upside		39.5%											

Source: FactSet (closing price as of 13 Nov 2018), equinet Research

Exhibit 9: Schaltbau Holding: EBIT- bridge

EUR m	2015	2016	2017	2018e	2019e	2020e	2021e	2022e
EBIT reported	33.4	-14.5	-23.0	3.5	24.4	30.6	34.7	37.4
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				
depreciation of other assets at Alte Techn.				1.9				
impairment at Schaltbau Transportation U.K.				2.3				
Revaluation: Schaltbau Sepsa			24.2					
Revaluation: Pintsch Bubenzer			1.1					
Expenses related to prior periods	0.6	0.6	0.1	4.8				
IFRS 5 effect Sepsa real estate				3.8				
Operating EBIT	28.0	-24.3	2.4	17.3	24.4	30.6	34.7	37.4

Source: Company data, equinet Research

On the basis of the 9M results Schaltbau group achieved an operating EBIT-margin of 3.5%. For the full-year the management has become somewhat more conservative in our view. Full year revenue guidance was confirmed with EUR 480-500m and the operating EBIT-margin should reach ~3%. In absolute figures this is a level of EUR 14.4 – 15.0m for the full year 2018e. Accumulated for the first nine months the group reached already EUR 13.2m, so that in this respect Q4 has to generate EUR 2.1 – 2.7m only. Compared to our own estimate of EUR 17.3m there is a gap to close of EUR 5.0m (EUR 17.3m minus EUR 12.3m). From today's point of view for the next year we expect no further adjustments to come.

Exhibit 10: Q3 review

EUR m	Q3 2018	Q3 2017	% YoY	equinet	Delta
Revenues	124.6	128.1	-2.7%	111.7	12.9
EBIT reported	-10.9	-12.7	-14.3%	-10.1	-0.8
EBIT-margin	-8.7%	-9.9%		-9.0%	
Net income	-12.7	-12.7	-0.1%	-8.5	-4.2
Net Income-margin	-10.2%	-9.9%		-7.6%	
EPS (adj.), EUR	-1.59	-1.00	58.5%	-0.96	-0.63

Source: Company data, equinet Research

Appendix

Exhibit 11: Mobile Transportation Technology (MTT)

EUR m	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Incoming orders	195.7	224.9	263.2	333.4	285.0	295.0	307.0	319.0
yoy %		14.9%	17.0%	26.7%	-14.5%	3.5%	4.1%	3.9%
Divisional sales	186.0	225.5	222.9	269.1	285.0	290.0	302.0	313.0
yoy %		21.2%	-1.2%	20.7%	5.9%	1.8%	4.1%	3.6%
EBIT	12.7	16.0	5.2	-26.4	-8.8	13.0	17.0	19.0
Analysis								
Book-to-bill ratio (x)	1.05	1.00	1.18	1.24	1.00	1.02	1.02	1.02
EBIT-margin	6.8%	7.1%	2.3%	-9.8%	-3.1%	4.5%	5.6%	6.1%

Source: Company data, equinet Research

Exhibit 12: Stationary Transportation Technology (STT)

EUR m	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Incoming orders	138.9	155.5	157.8	114.3	73.0	77.5	81.0	84.0
yoy %		11.9%	1.5%	-27.6%	-36.1%	6.2%	4.5%	3.7%
Divisional sales	139.5	144.2	149.4	120.5	74.0	75.0	76.0	79.0
yoy %		3.4%	3.6%	-19.4%	-38.6%	1.4%	1.3%	3.9%
EBIT	2.5	1.2	-28.1	-5.5	0.5	2.5	3.0	4.0
Analysis								
Book-to-bill ratio (x)	1.00	1.08	1.06	0.95	0.99	1.03	1.07	1.06
EBIT-margin	1.8%	0.8%	-18.8%	-4.6%	0.7%	3.3%	3.9%	5.1%

Source: Company data, equinet Research

Exhibit 13: Components (COM)

EUR m	2014	2015	2016	2017	2018e	2019e	2020e	2021e
Incoming orders	114.7	131.5	130.1	146.3	150.0	153.5	157.0	161.0
yoy %		14.7%	-1.1%	12.5%	2.5%	2.3%	2.3%	2.5%
Divisional sales	105.6	133.9	138.1	131.3	138.0	143.0	147.5	153.5
yoy %		26.7%	3.2%	-5.0%	5.1%	3.6%	3.1%	4.1%
EBIT	18.9	23.4	17.2	21.4	24.1	20.5	21.0	22.5
Analysis								
Book-to-bill ratio (x)	1.09	0.98	0.94	1.11	1.09	1.07	1.06	1.05
EBIT-margin	17.9%	17.5%	12.4%	16.3%	17.5%	14.3%	14.2%	14.7%

Source: Company data, equinet Research

Schaltbau Holding AG : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Sales	430	502	509	517	492	502
Cost of Sales & Operating Costs	-391	-461	-503	-471	-451	-468
Non Recurrent Expenses/Income	0.0	5.4	9.8	-25.4	-13.8	0.0
EBITDA	38.3	46.5	16.3	20.1	27.3	33.9
EBITDA (adj.)*	38.3	41.1	6.5	45.5	41.1	33.9
Depreciation	-11.0	-13.1	-30.8	-43.1	-23.8	-9.5
EBITA	27.3	33.4	-14.5	-23.0	3.5	24.4
EBITA (adj)*	27.3	28.0	-24.3	2.4	17.3	24.4
Amortisations and Write Downs <i>of which PPA amortisation</i>	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	27.3	33.4	-14.5	-23.0	3.5	24.4
EBIT (adj.)*	27.3	28.0	-24.3	2.4	17.3	24.4
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
Earnings Before Tax (EBT)	35.2	30.1	-15.8	-35.7	-3.0	18.2
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
Net Profit (reported)	24.8	16.8	-15.8	-51.7	-2.6	10.7
Net Profit (adj.)	24.8	13.0	-22.7	-33.9	7.1	10.7
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
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
Cash Flow from Operations	26.5	29.4	25.8	10.5	13.6	24.3
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
Free Cash Flow	-11.9	-19.6	7.6	-23.8	30.6	14.4
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
Change in Net Debt	-11.9	-25.5	1.6	-29.8	30.6	14.4
NOPLAT	19.1	19.6	-17.0	1.7	12.1	17.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
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
Total Fixed Assets	149	190	195	155	114	114
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
Total Current Assets	212	255	264	297	328	342
Total Assets	361	446	459	452	442	456
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
Total Long Term Liabilities	149	209	235	230	169	171
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
Total Current Liabilities	99.8	112	117	152	155	157
Total Liabilities and Shareholders' Equity	361	446	459	452	442	456
Net Capital Employed	245	311	323	287	259	262
Net Working Capital	134	164	175	140	142	144
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
<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>
EBITDA (adj.)* growth	-14.2%	7.2%	-84.2%	600.3%	-9.6%	-17.5%
<i>EBITA (adj.)* growth</i>	<i>-24.1%</i>	<i>2.4%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>622.6%</i>	<i>40.9%</i>
<i>EBIT (adj)* growth</i>	<i>-24.1%</i>	<i>2.4%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>622.6%</i>	<i>40.9%</i>

Schaltbau Holding AG : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Profit growth	16.1%	-47.7%	n.m.	n.m.	n.m.	51.2%
EPS adj. growth	22.5%	-47.7%	n.m.	n.m.	n.m.	51.2%
DPS adj. growth		n.m.	0.0%	n.m.		
EBITDA (adj)* margin	8.9%	8.2%	1.3%	8.8%	8.4%	6.8%
EBITA (adj)* margin	6.4%	5.6%	-4.8%	0.5%	3.5%	4.9%
EBIT (adj)* margin	6.4%	5.6%	n.m.	0.5%	3.5%	4.9%
RATIOS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
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%	11.3%	11.7%
ROCE (adj.)	7.5%	6.0%	-4.9%	0.6%	5.1%	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	0.7	1.0
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017	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	-7.82	-0.29	1.21
EPS (adj.)	4.03	2.11	-3.68	-5.13	0.80	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
VALUATION	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
EV/Sales	0.9	1.0	0.8	0.8	0.8	0.7
EV/EBITDA	10.5	11.1	25.8	20.7	13.9	11.0
EV/EBITDA (adj.)*	10.5	12.6	64.7	9.1	9.2	11.0
EV/EBITA	14.7	15.5	-29.0	-18.1	107.5	15.2
EV/EBITA (adj.)*	14.7	18.5	-17.3	173.0	21.9	15.2
EV/EBIT	14.7	15.5	n.m.	n.m.	n.m.	15.2
EV/EBIT (adj.)*	14.7	18.5	n.m.	n.m.	21.9	15.2
P/E (adj.)	9.9	22.8	n.m.	n.m.	29.1	19.3
P/BV	2.6	3.2	2.4	4.3	2.4	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%	2.2%	7.4%
OpFCF/EV	-0.6%	-1.2%	1.4%	-3.0%	1.2%	4.1%
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%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Price** (EUR)	39.79	48.23	29.09	25.47	23.30	23.30
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	206	206
Net Debt	80	130	148	159	87	79
<i>o/w Cash & 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>
Other EV components	78	90	93	88	87	88
Enterprise Value (EV adj.)	402	517	420	415	380	373

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	150.00	Accumulate	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	35.00	Buy	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	4.15	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		Munich Re	Häßler	210.00	Accumulate	
Bayer	Berzhanin	96.00	Buy		Nemet sckeh SE	Mildner	47.00	Reduce	5
Baywa	Bruns	32.00	Buy	2/7	Norma Group	Schuldt	51.00	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	100.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	53.00	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	PSISOFTWAREAG	Mildner	20.60	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
CORESTATECapital Holding S.A.	Mayer	66.00	Buy	2/5	Rheinmetall	Rüzgar	80.00	Neutral	
CTS Eventim	Heilmann	40.00	Buy		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	32.50	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	
EhringKlinger	Schuldt	5.50	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	3.80	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euromicron AG	Becker	8.90	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	37.00	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	10.70	Buy	2/3
First Sensor AG	Becker	27.50	Buy	7	TAKKTAG	Bruns	20.00	Buy	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häßler	37.00	Buy	
FuchsPetrolub	Hinkel	50.00	Buy		Technotrans	Becker	39.60	Buy	2/3
Gea Group	Augustin	25.00	Neutral		TELECOLUMBUS	Sen	4.80	Buy	
Gerrsehheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	2.18	Neutral		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	20.00	Buy	2/7
GFT Technologies	Mildner	13.40	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		XINGSE	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	Buy	2/7					
K+S AG	Hinkel	24.00	Buy						
Koenig & Bauer	Augustin	44.00	Neutral						
Krones AG	Augustin	90.00	Accumulate						
KWS SAAT	Hinkel	353.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	105.00	Neutral						
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

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

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Share prices

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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
14. Nov 18	Buy	32.50	23.30
31. Okt 18	Buy	32.10	22.90
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

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)**.

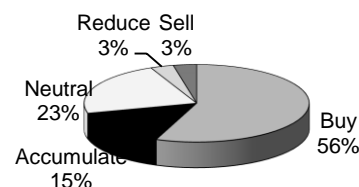
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- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** 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
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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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