

Sale of the Spanish Alte Technologies S.L.U.

Buy, TP EUR 32.80

In an adhoc statement Schaltbau Holding announced this evening the decision to sell its subsidiary Alte Technologies S.L.U. in Spain (sanitary modules for trains, HVAC systems). Alte's sales last year amounted to less than EUR 25m and the group was loss-making (no figure communicated). The necessary revaluation on Schaltbau's group level will lead to a negative P&L impact of EUR 3m but will have no cash impact. The guidance for the operating EBIT 2018e has not changed. We continue to calculate a figure of EUR 17.3m (equal to a margin of 3.5%), while the reported EBIT now is expected to reach EUR 0.5m (before EUR 3.5m) only. The negative P&L effect in the individual company closing ("Einzelabschluss") will amount to EUR 23m. The short term share price reaction will be clearly negative in our view. Mid to long-term management has taken a decision which will lead to more clarity about the future strategy in the Mobile Transportation segment, in fact the concentration on door systems and other equipment in our view, which have better perspectives. Another burden of the past now was eliminated from the group accounts and it will mean more clarity for the syndicate banks, too in our view. According to IFRS 5 from now on Alte will be qualified as discontinuing operations. Talks with potential buyers have started, but most likely will take some time due to the complicated and unfavorable financial situation in our view.

Winfried Becker

+496 95 8997 416, winfried.becker@paretosec.com

Pareto Securities AS has been paid by the issuer to produce this research report. This material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MIFID 2 directive.

18 Feb 2019

For disclosures on relevant definitions, methods, risks, potential conflicts of interests etc. and disclaimers please see www.paretosec.com. Investment Recommendations should be reviewed in conjunction with the information therein. When distributed in the US: This document is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to equity/debt research reports prepared for retail investors. This material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to Directive 2014/65/EU Article 24 (7)(8) and Commission Delegated Directive 2017/593.

1(1)