



## Restructuring process on track

*Schaltbau Holding today released a few preliminary numbers for 2018. Like-for-like group sales came in slightly below (-2.4%) our estimate, while the achieved EBIT operating margin of c. 3.0% compares to our estimate of 3.6%. The first verbal outlook statement for 2019e confirms our expectations of a continuing margin improvement. Financial debt restructuring will be one of the challenges within 2019e. We interpret the company's statement as a confirmation of our current investment case. Buy. TP EUR 32.30 from EUR 32.80 per share.*

### Successful turnaround in 2018e

Group sales increased 11% on a like-for-like basis to EUR ~480m from EUR 432m (Pareto calculation). The EBIT operating margin reached c. 3% (2017: 0.5%) and is signalling the turnaround. We were slightly too optimistic and have cut our margin to 3.2% now.

### First guidance for 2019e signals further margin improvement

In a first verbal outlook statement Schaltbau wants to achieve a further noticeable margin improvement on its way back to historic levels. We translate this into a mid-term range of 7.0%-9.0%.

### Financial restructuring important

A significant improvement in the group's net financial debt was already achieved. In the course of FY 2019e, a syndicated credit line of EUR 100m has to be refinanced.

### Valuation: DCF-model signals upside potential

Based on our updated TP of EUR 32.30 the shares currently offer a significant upside potential. Our current P/E 19e of 16.6 compares to the Industrial's sector P/E (GER) of 15.5. For FY 20e Schaltbau's P/E of 12.1 compares to the sector of 13.3. Based on our TP the implicit P/E 19e amounted to 26.7 and for 20e of 19.4.

| EURm          | 2016   | 2017   | 2018e  | 2019e | 2020e |
|---------------|--------|--------|--------|-------|-------|
| Revenues      | 509    | 517    | 480    | 502   | 520   |
| EBITDA        | 16     | 20     | 25     | 34    | 40    |
| EBIT          | (11)   | (25)   | (1)    | 25    | 31    |
| EPS           | (2.61) | (8.03) | (0.71) | 1.21  | 1.66  |
| EPS adj       | (3.75) | (5.27) | 0.67   | 1.21  | 1.66  |
| DPS           | -      | -      | -      | -     | 0.30  |
| EV/EBITDA     | 22.1   | 17.8   | 11.8   | 8.5   | 7.0   |
| EV/EBIT       | -      | -      | -      | 11.7  | 8.9   |
| P/E adj       | -      | -      | 30.0   | 16.6  | 12.1  |
| P/B           | 2.43   | 4.29   | 2.17   | 1.91  | 1.65  |
| ROE (%)       | -      | -      | -      | 12.2  | 14.6  |
| Div yield (%) | -      | -      | -      | -     | 1.5   |
| Net debt      | 148    | 159    | 87     | 79    | 67    |

Source: Pareto

|                    |    |
|--------------------|----|
| Target price (EUR) | 32 |
| Share price (EUR)  | 20 |

### Forecast changes

| %            | 2018e | 2019e | 2020e |
|--------------|-------|-------|-------|
| Revenues     | (2)   | -     | -     |
| EBITDA       | (8)   | -     | -     |
| EBIT adj     | (12)  | -     | -     |
| EPS reported | NM    | -     | -     |
| EPS adj      | (19)  | -     | -     |

Source: Pareto

|                             |                 |
|-----------------------------|-----------------|
| Ticker                      | SLTG.DE, SLT GY |
| Sector                      | Industrials     |
| Shares fully diluted (m)    | 6.6             |
| Market cap (EURm)           | 133             |
| Net debt (EURm)             | 87              |
| Minority interests (EURm)   | 31              |
| Enterprise value 18e (EURm) | 297             |
| Free float (%)              | 32              |

### Performance



Source: Factset

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*A long-term restructuring investment idea***Investment case**

The overall macroeconomic picture became worse during the last months and a lot of economists have revised their GDP forecasts down. The IMF now expects for the Euro area for 2019 a GDP growth of only +1.6% yoy versus their former forecast from October last year of +1.9% yoy. For Schaltbau, on average of the last three reported fiscal years, Germany and Europe account for 71% of the group total sales. As a result we currently see no new trigger for a higher valuation level from this front. It is also worth to mention that investments in rail infrastructure and rolling stock are less volatile than it is in other industries. For Schaltbau this aspect is currently less relevant in our view, because the dominant triggers are internal factors. To mention a few, we see the group on track to reach this year's cost savings, financial debt reduction and solving problems with loss-making orders as they already did with the platform screen doors (PSD) project in Brazil.

Since the last AGM in summer 2018 the group has a partly changed management and supervisory board that are in our view clearly better for the overall restructuring process. In particular two aspects are important:

- ▶ 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 expertise.
- ▶ The relationship between Executive and Supervisory Board is now based more on arms-length principles than in history.

Looking forward, we expect a new and conservative new financial guidance for FY 2019e; our sales forecast currently assumes a growth rate of only 2% yoy to EUR 502m while the EBIT operating-margin is expected to rise to 4.9% from 3.2% a year earlier. Continuing reductions in the company's financial debt position also could become a positive share price trigger as well as a possible finalisation of the sale of Schaltbau Sepsa that is not an easy task.

**Risks to the investment case**

- ▶ The expected growth of the global railway markets will not meet Schaltbau's expectations with regard to their own targets
- ▶ The company will not meet all milestones fixed in the general restructuring plan, e.g. profitability improvement or working capital reduction targets
- ▶ Reduction of the group's financial debt might take longer than expected
- ▶ General inherent risks of the project business could lead to cost overruns or other burdening factors
- ▶ Further impairment risks in the group's company portfolio

**Valuation Update**

- Buy recommendation confirmed
- TP marginally down to EUR 32.30 from EUR 32.80 per share
- Current upside potential ~61%

We value the Schaltbau shares and derive our target price from our DCF-model. Using peer group multiples in our view currently do not cope with Schaltbau's turnaround situation.

Based on the first preliminary figures for FY 2018 Schaltbau group reached their own targets. Moreover and looking forward the margin improvement should continue, that is in line with our expectations. In addition, and as outlined several times, our recommendation is not free of risks, in particular when looking to the stretched financial debt situation.

## Exhibit 1: Schaltbau Holding: DCF signals significant upside potential

| EUR m                       | Phase I      |              |              |              |              | Phase II     |              |              |              |              | Phase III    |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                             | 2018e        | 2019e        | 2020e        | 2021e        | 2022e        | 2023e        | 2024e        | 2025e        | 2026e        | 2027e        |              |
| <b>Revenues</b>             | <b>480.0</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> |              |
| growth rate                 | -7.1%        | 4.6%         | 3.5%         | 3.8%         | 3.6%         | 3.3%         | 3.1%         | 2.8%         | 2.5%         | 2.3%         |              |
| <b>EBIT</b>                 | <b>15.2</b>  | <b>24.4</b>  | <b>30.6</b>  | <b>34.7</b>  | <b>37.4</b>  | <b>39.0</b>  | <b>40.6</b>  | <b>42.1</b>  | <b>43.5</b>  | <b>44.9</b>  |              |
| EBIT margin                 | 3.2%         | 4.9%         | 5.9%         | 6.4%         | 6.7%         | 6.8%         | 6.8%         | 6.9%         | 6.9%         | 7.0%         |              |
| <b>Tax</b>                  | <b>-4.6</b>  | <b>-7.3</b>  | <b>-9.2</b>  | <b>-10.4</b> | <b>-11.2</b> | <b>-11.7</b> | <b>-12.2</b> | <b>-12.6</b> | <b>-13.1</b> | <b>-13.5</b> |              |
| Tax rate                    | 30%          | 30%          | 30%          | 30%          | 30%          | 30%          | 30%          | 30%          | 30%          | 30%          |              |
| <b>Depr. &amp; Amort.</b>   | <b>26.8</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>  |              |
| % of sales                  | 5.6%         | 19%          | 17%          | 17%          | 16%          | 18%          | 18%          | 19%          | 19%          | 19%          |              |
| <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> |              |
| % of sales                  | 19%          | 18%          | 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>-2.3</b>  | <b>-2.7</b>  | <b>-2.8</b>  | <b>-2.9</b>  | <b>-3.0</b>  | <b>-3.1</b>  | <b>-3.2</b>  |              |
| % of sales                  | 0.5%         | 0.4%         | 0.4%         | 0.4%         | 0.5%         | 0.5%         | 0.5%         | 0.5%         | 0.5%         | 0.5%         |              |
| <b>Free Cash Flow</b>       | <b>26.1</b>  | <b>15.7</b>  | <b>16.9</b>  | <b>19.4</b>  | <b>21.0</b>  | <b>22.9</b>  | <b>24.4</b>  | <b>25.6</b>  | <b>26.7</b>  | <b>27.7</b>  | <b>533.0</b> |
| growth rate                 | nm           | -40.1%       | 7.9%         | 14.6%        | 8.6%         | 9.1%         | 6.3%         | 4.9%         | 4.1%         | 3.8%         | 2.0%         |
| <b>Present Value FCF</b>    | <b>26.1</b>  | <b>14.7</b>  | <b>14.8</b>  | <b>15.8</b>  | <b>16.0</b>  | <b>16.3</b>  | <b>16.2</b>  | <b>15.8</b>  | <b>15.3</b>  | <b>14.8</b>  | <b>285.5</b> |

|                     |              |                       |       |                           |      |
|---------------------|--------------|-----------------------|-------|---------------------------|------|
| <b>PV Phase I</b>   | <b>87.5</b>  | <b>Risk free rate</b> | 3.50% | <b>Targ. equity ratio</b> | 65%  |
| <b>PV Phase II</b>  | <b>78.4</b>  | <b>Premium Equity</b> | 5.00% | <b>Beta</b>               | 1.1  |
| <b>PV Phase III</b> | <b>285.5</b> | <b>Premium Debt</b>   | 2.00% | <b>WACC</b>               | 7.3% |

|                                  |              |                    |                            |             |             |             |             |
|----------------------------------|--------------|--------------------|----------------------------|-------------|-------------|-------------|-------------|
| <b>Enterprise value</b>          | <b>451.4</b> | <b>Sensitivity</b> | <b>Growth in phase III</b> |             |             |             |             |
| - Net Debt (Cash)                | <b>96.5</b>  |                    | <b>1.0%</b>                | <b>1.5%</b> | <b>2.0%</b> | <b>2.5%</b> | <b>3.0%</b> |
| - Pension Provisions             | <b>37.5</b>  | <b>6.57%</b>       | 32.9                       | 36.2        | 40.3        | 45.5        | 52.0        |
| - Minorities & Peripherals       | <b>31.3</b>  | <b>6.93%</b>       | 29.7                       | 32.6        | 36.0        | 40.3        | 45.6        |
| + MV of financial assets         |              | <b>WACC 7.30%</b>  | 26.9                       | 29.4        | <b>32.3</b> | 35.9        | 40.2        |
| - Paid-out dividends for last FY | <b>0.0</b>   | <b>7.66%</b>       | 24.4                       | 26.6        | 29.1        | 32.1        | 35.7        |
| +/- Other EV items               |              | <b>8.02%</b>       | 22.2                       | 24.1        | 26.3        | 28.8        | 31.9        |

|                            |              |
|----------------------------|--------------|
| <b>Equity value</b>        | <b>286.1</b> |
| Number of shares           | 8.85         |
| <b>Value per share (€)</b> | <b>32.32</b> |
| <b>Current Price (€)</b>   | <b>20.10</b> |
| <b>Upside</b>              | <b>60.8%</b> |

Source: FactSet (share price as of 19 Feb. 2019), Pareto Securities

In our DCF-model we use EBIT adjusted figures. Following the published preliminary numbers today, we have slightly reduced our EBIT operating margin for FY 2018e down to 3.2 % from 3.5%. The mentioned figure for group sales of EUR 480m is a like-for-like number. The final reported group sales number will be higher than EUR 480m.

## Exhibit 2: Peer-group comparison

| Company  | PE<br>2019e | PE<br>2020e | EV/EBIT<br>2019e | EV/EBIT<br>2020e | EV/Sales<br>2019e | EV/Sales<br>2020e |
|--|-------------|-------------|------------------|------------------|-------------------|-------------------|
| Vossloh AG                                       | 19.7        | 16.6        | 13.2             | 11.1             | 1.0               | 0.9               |
| Ansaldo STS SpA                                  | 27.4        | nm          | nm               | nm               | 1.5               | nm                |
| Construcciones y Auxiliar de Ferrocarriles, S.A. | 17.0        | 14.0        | 9.4              | 8.3              | 0.8               | 0.7               |
| Talgo SA   | 16.4        | 12.4        | 10.7             | 8.4              | 1.6               | 1.2               |
| Westinghouse Air Brake Technologies Corporation  | 16.7        | 14.6        | 16.1             | nm               | 2.3               | nm                |
| Greenbrier Companies, Inc.                       | 10.1        | 9.6         | 4.4              | 3.7              | 0.4               | 0.3               |
| Knorr-Bremse AG                                  | 20.5        | 19.3        | 12.7             | 11.7             | 2.0               | 1.9               |
| <b>Median</b>                                    | <b>17.0</b> | <b>14.3</b> | <b>11.7</b>      | <b>8.4</b>       | <b>1.5</b>        | <b>0.9</b>        |
| <b>Schaltbau Holding AG</b>                      | <b>16.6</b> | <b>12.1</b> | <b>12.4</b>      | <b>9.5</b>       | <b>0.6</b>        | <b>0.6</b>        |

Source: FactSet (share price as of 19 Feb. 2019), Pareto

## Outlook for FY 2019e

*Margin improvement should continue*

Schaltbau management stated that they want to achieve a further noticeable EBIT operating margin improvement in the current year. Mid-term they want to return to historic levels. We translate this into a range between 7.0%-9.0%. This will not be reached in the current year 2019e. Our own estimate for FY 2021e amounted to 6.4%.

## Exhibit 3: Schaltbau Holding group reached financial guidance for FY 2018

| Schaltbau Holding AG<br>EUR m          | FY '17<br>reported* | FY '18<br>reported | FY '18e<br>Pareto | FY '18<br>consens** | Deviation<br>Pareto | consens**    | Pareto estimates |              |              |
|--|---------------------|--------------------|-------------------|---------------------|---------------------|--------------|------------------|--------------|--------------|
|  |                     |                    |                   |                     |                     |              | 2019e            | 2020e        | 2021e        |
| Mobile Transportation Techn. (MTT)     | 333.4               |                    | 285.0             |                     |                     |              |                  |              |              |
| Stationary Transportation Techn. (STT) | 114.3               |                    | 73.0              |                     |                     |              |                  |              |              |
| Components (COM)                       | 146.3               |                    | 150.0             |                     |                     |              |                  |              |              |
| Consolidation/Other                    | 0.0                 |                    | 0.0               |                     |                     |              |                  |              |              |
| <b>Group Incoming orders</b>           | <b>594.0</b>        | <b>n.a.</b>        | <b>508.0</b>      | <b>n.a.</b>         |                     |              |                  |              |              |
| Mobile Transportation Techn. (MTT)     | 269.1               |                    | 285.0             |                     |                     |              |                  |              |              |
| Stationary Transportation Techn. (STT) | 120.5               |                    | 74.0              |                     |                     |              |                  |              |              |
| Components (COM)                       | 131.3               |                    | 138.0             |                     |                     |              |                  |              |              |
| Consolidation/Other                    | -4.4                |                    | -5.0              |                     |                     |              |                  |              |              |
| <b>Group sales</b>                     | <b>516.5</b>        | <b>480.0</b>       | <b>492.0</b>      | <b>496.2</b>        | <b>-2.4%</b>        | <b>-3.3%</b> | <b>502.0</b>     | <b>519.5</b> | <b>539.0</b> |
| Mobile Transportation Techn. (MTT)     | -26.4               |                    | -8.8              |                     |                     |              |                  |              |              |
| Stationary Transportation Techn. (STT) | -5.5                |                    | 0.5               |                     |                     |              |                  |              |              |
| Components (COM)                       | 21.4                |                    | 24.1              |                     |                     |              |                  |              |              |
| Consolidation/Other                    | -12.5               |                    | -12.3             |                     |                     |              |                  |              |              |
| <b>Group EBIT, reported</b>            | <b>-23.0</b>        | <b>n.a.</b>        | <b>3.5</b>        |                     |                     |              | <b>24.4</b>      | <b>30.6</b>  | <b>34.7</b>  |
| <b>Group EBIT, operating</b>           | <b>2.4</b>          | <b>n.a.</b>        | <b>17.3</b>       |                     |                     |              | <b>24.4</b>      | <b>30.6</b>  | <b>34.7</b>  |
| <b>EPS, EUR</b>                        | <b>-8.03</b>        | <b>n.a.</b>        | <b>-0.71</b>      |                     |                     |              | <b>1.21</b>      | <b>1.66</b>  | <b>1.97</b>  |
| <b>ANALYSIS GROUP</b>                  |                     |                    |                   |                     |                     |              |                  |              |              |
| Mobile Transportation Techn. (MTT)     | n.m.                |                    | n.m.              |                     |                     |              |                  |              |              |
| Stationary Transportation Techn. (STT) | n.m.                |                    | 0.7%              |                     |                     |              |                  |              |              |
| Components (COM)                       | 16.3%               |                    | 17.5%             |                     |                     |              |                  |              |              |
| Consolidation/Other                    | n.m.                |                    | n.m.              |                     |                     |              |                  |              |              |
| <b>Group EBIT reported-margin, %</b>   | <b>n.m.</b>         |                    | <b>0.7%</b>       |                     |                     |              | <b>4.9%</b>      | <b>5.9%</b>  | <b>6.4%</b>  |
| <b>Group EBIT operating-margin, %</b>  | <b>0.5%</b>         | <b>c. 3.0%</b>     | <b>3.5%</b>       | <b>n.a.</b>         |                     |              | <b>4.9%</b>      | <b>5.9%</b>  | <b>6.4%</b>  |
| Mobile Transportation Techn. (MTT)     | 1.24                |                    | 1.00              |                     |                     |              |                  |              |              |
| Stationary Transportation Techn. (STT) | 0.95                |                    | 0.99              |                     |                     |              |                  |              |              |
| Components (COM)                       | 1.11                |                    | 1.09              |                     |                     |              |                  |              |              |
| <b>Book-to-bill-ratio Group</b>        | <b>1.15</b>         |                    | <b>1.03</b>       |                     |                     |              |                  |              |              |

\* like-for-like sales '17: EUR 432m (Pareto); \*\* FactSet

Source: Pareto Securities Research

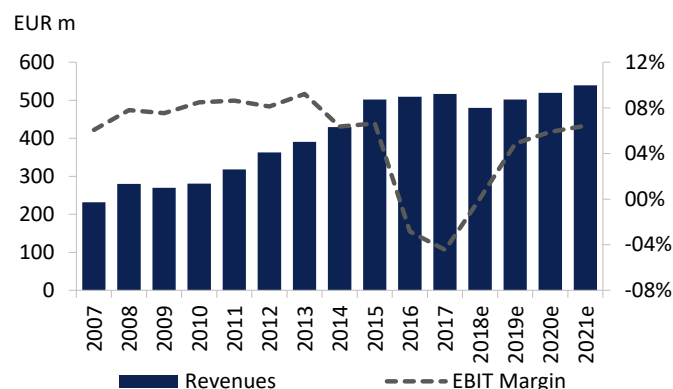
## Exhibit 4: Schaltbau Holding group: EBIT-bridge

| 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>-1.6</b> | <b>24.4</b> | <b>30.6</b> | <b>34.7</b> | <b>3</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         |             |             |             |          |
| 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         |             |             |             |          |
| Further revaluation at Alte Technologies S.L.U. |             |              |              | 3.0         |             |             |             |          |
| <b>EBIT operating</b>                           | <b>28.0</b> | <b>-24.3</b> | <b>2.4</b>   | <b>15.2</b> | <b>24.4</b> | <b>30.6</b> | <b>34.7</b> | <b>3</b> |
| <b>EBIT operating - margin, %</b>               | <b>5.6%</b> | <b>n.m.</b>  | <b>0.5%</b>  | <b>3.2%</b> | <b>4.9%</b> | <b>5.9%</b> | <b>6.4%</b> | <b>6</b> |

Source: Company data, Pareto Securities Research

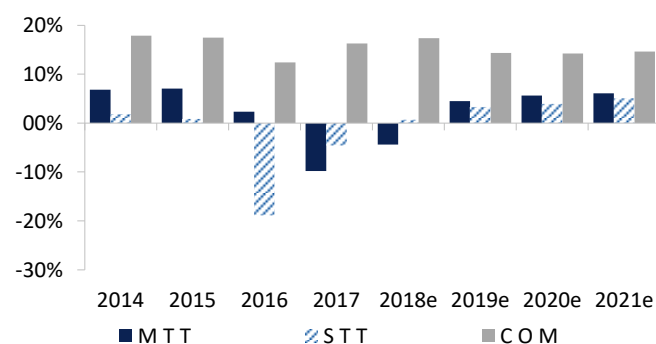
The EBIT operating margin 2018e of 3.2% is based on the like-for-like group sales figure of EUR 480m. As exhibit 4 shows, from today's point of view for the period of our estimates we expect no further restructuring costs or any other adjustments.

Exhibit 4: Recovery of the EBIT-margin



Source: Company data, Pareto Securities

Exhibit 5: EBIT-margins by segment



Source: Company data, Pareto Securities

Exhibit 7: Schaltbau Holding group: Financial debt and maturities overview

| Financial instrument   | Volume (EUR m) | date of maturity |
|--|----------------|------------------|
| Syndicated credit line (bridge financing) + credit amortisation rate | 32.5           | 28.02.2018       |
| Syndicated credit line   | 100.0          | 31.12.2019       |
| Bonded loan  | 28.5           | 30.06.2022       |
| Bonded loan  | 41.5           | 30.06.2025       |
| <b>Total amount Schaltbau group</b>                                  | <b>202.5</b>   |                  |

Source: Company data, Pareto Securities Research

## Appendix

## Exhibit 8: Schaltbau Holding group: Mobile Transportation Technology (MTT)

| EUR m                  | 2014  | 2015  | 2016  | 2017  | 2018e  | 2019e | 2020e | 2021e | 2022e |
|------------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| Incoming orders        | 195.7 | 224.9 | 263.2 | 333.4 | 285.0  | 295.0 | 307.0 | 319.0 | 328.0 |
| yoy %                  |       | 14.9% | 17.0% | 26.7% | -14.5% | 3.5%  | 4.1%  | 3.9%  | 2.8%  |
| Divisional sales       | 186.0 | 225.5 | 222.9 | 269.1 | 275.0  | 290.0 | 302.0 | 313.0 | 323.0 |
| yoy %                  |       | 21.2% | -1.2% | 20.7% | 2.2%   | 5.5%  | 4.1%  | 3.6%  | 3.2%  |
| EBIT reported          | 12.7  | 16.0  | 5.2   | -26.4 | -13.5  | 13.0  | 17.0  | 19.0  | 20.5  |
| Analysis               |       |       |       |       |        |       |       |       |       |
| Book-to-bill ratio (x) | 1.05  | 1.00  | 1.18  | 1.24  | 1.04   | 1.02  | 1.02  | 1.02  | 1.02  |
| EBIT reported - margin | 6.8%  | 7.1%  | 2.3%  | -9.8% | -4.9%  | 4.5%  | 5.6%  | 6.1%  | 6.3%  |

Source: Company data, Pareto Securities Research

## Exhibit 9: Schaltbau Holding group: Stationary Transportation Technology (STT)

| EUR m                  | 2014  | 2015  | 2016   | 2017   | 2018e  | 2019e | 2020e | 2021e | 2022e |
|------------------------|-------|-------|--------|--------|--------|-------|-------|-------|-------|
| Incoming orders        | 138.9 | 155.5 | 157.8  | 114.3  | 73.0   | 77.5  | 81.0  | 84.0  | 87.0  |
| yoy %                  |       | 11.9% | 1.5%   | -27.6% | -36.1% | 6.2%  | 4.5%  | 3.7%  | 3.6%  |
| Divisional sales       | 139.5 | 144.2 | 149.4  | 120.5  | 74.0   | 75.0  | 76.0  | 79.0  | 82.0  |
| yoy %                  |       | 3.4%  | 3.6%   | -19.4% | -38.6% | 1.4%  | 1.3%  | 3.9%  | 3.8%  |
| EBIT reported          | 2.5   | 1.2   | -28.1  | -5.5   | 0.5    | 2.5   | 3.0   | 4.0   | 4.2   |
| Analysis               |       |       |        |        |        |       |       |       |       |
| Book-to-bill ratio (x) | 1.00  | 1.08  | 1.06   | 0.95   | 0.99   | 1.03  | 1.07  | 1.06  | 1.06  |
| EBIT reported - margin | 1.8%  | 0.8%  | -18.8% | -4.6%  | 0.7%   | 3.3%  | 3.9%  | 5.1%  | 5.1%  |

Source: Company data, Pareto Securities Research

## Exhibit 10: Schaltbau Holding group: Components (COM)

| EUR m                  | 2014  | 2015  | 2016  | 2017  | 2018e | 2019e | 2020e | 2021e | 2022e |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Incoming orders        | 114.7 | 131.5 | 130.1 | 146.3 | 150.0 | 153.5 | 157.0 | 161.0 | 167.0 |
| yoy %                  |       | 14.7% | -1.1% | 12.5% | 2.5%  | 2.3%  | 2.3%  | 2.5%  | 3.7%  |
| Divisional sales       | 105.6 | 133.9 | 138.1 | 131.3 | 138.0 | 143.0 | 147.5 | 153.5 | 160.0 |
| yoy %                  |       | 26.7% | 3.2%  | -5.0% | 5.1%  | 3.6%  | 3.1%  | 4.1%  | 4.2%  |
| EBIT reported          | 18.9  | 23.4  | 17.2  | 21.4  | 24.0  | 20.5  | 21.0  | 22.5  | 23.3  |
| Analysis               |       |       |       |       |       |       |       |       |       |
| Book-to-bill ratio (x) | 1.09  | 0.98  | 0.94  | 1.11  | 1.09  | 1.07  | 1.06  | 1.05  | 1.04  |
| EBIT reported - margin | 17.9% | 17.5% | 12.4% | 16.3% | 17.4% | 14.3% | 14.2% | 14.7% | 14.6% |

Source: Company data, Pareto Securities Research

## Schaltbau Holding AG

## Sponsored Research Update

| PROFIT & LOSS (fiscal year) (EURm)  | 2013 | 2014 | 2015 | 2016   | 2017   | 2018e  | 2019e | 2020e |
|-------------------------------------|------|------|------|--------|--------|--------|-------|-------|
| Revenues                            | 391  | 430  | 502  | 509    | 517    | 480    | 502   | 520   |
| EBITDA                              | 45   | 38   | 46   | 16     | 20     | 25     | 34    | 40    |
| Depreciation & amortisation         | (9)  | (11) | (13) | (31)   | (43)   | (27)   | (10)  | (9)   |
| EBIT                                | 36   | 40   | 35   | (11)   | (25)   | (1)    | 25    | 31    |
| Net interest                        | (5)  | (4)  | (5)  | (5)    | (11)   | (7)    | (6)   | (6)   |
| Other financial items               | -    | -    | -    | -      | -      | -      | -     | -     |
| Profit before taxes                 | 31   | 35   | 30   | (16)   | (36)   | (8)    | 18    | 25    |
| Taxes                               | (6)  | (6)  | (8)  | 4      | (14)   | 2      | (5)   | (7)   |
| Minority interest                   | (3)  | (4)  | (6)  | (4)    | (2)    | (1)    | (2)   | (3)   |
| Net profit                          | 21   | 25   | 17   | (16)   | (52)   | (6)    | 11    | 15    |
| EPS reported                        | 3.29 | 4.04 | 2.79 | (2.61) | (8.03) | (0.71) | 1.21  | 1.66  |
| EPS adjusted                        | 3.29 | 4.04 | 2.16 | (3.75) | (5.27) | 0.67   | 1.21  | 1.66  |
| DPS                                 | -    | 1.00 | 1.00 | -      | -      | -      | -     | 0.30  |
| BALANCE SHEET (EURm)                | 2013 | 2014 | 2015 | 2016   | 2017   | 2018e  | 2019e | 2020e |
| Tangible non current assets         | 53   | 69   | 77   | 88     | 72     | 38     | 36    | 37    |
| Other non-current assets            | 39   | 80   | 113  | 106    | 82     | 73     | 75    | 75    |
| Other current assets                | 161  | 186  | 223  | 234    | 272    | 287    | 291   | 295   |
| Cash & equivalents                  | 14   | 26   | 32   | 30     | 25     | 40     | 50    | 65    |
| Total assets                        | 267  | 361  | 446  | 459    | 452    | 438    | 452   | 471   |
| Total equity                        | 89   | 113  | 125  | 107    | 71     | 114    | 125   | 139   |
| Interest-bearing non-current debt   | 63   | 105  | 162  | 178    | 184    | 127    | 129   | 132   |
| Interest-bearing current debt       | -    | -    | -    | -      | -      | -      | -     | -     |
| Other Debt                          | 82   | 104  | 122  | 134    | 160    | 161    | 162   | 163   |
| Total liabilities & equity          | 267  | 361  | 446  | 459    | 452    | 438    | 452   | 471   |
| CASH FLOW (EURm)                    | 2013 | 2014 | 2015 | 2016   | 2017   | 2018e  | 2019e | 2020e |
| Cash earnings                       | 27   | 42   | 59   | 37     | (24)   | 15     | 26    | 30    |
| Change in working capital           | 6    | (15) | (29) | (11)   | 35     | (2)    | (2)   | (2)   |
| Cash flow from investments          | (17) | (38) | (49) | (18)   | (34)   | 17     | (10)  | (9)   |
| Cash flow from financing            | (1)  | (14) | (18) | (10)   | 5      | (15)   | (4)   | (4)   |
| Net cash flow                       | 6    | 11   | 7    | (2)    | (5)    | 15     | 10    | 15    |
| CAPITALIZATION & VALUATION (EURm)   | 2013 | 2014 | 2015 | 2016   | 2017   | 2018e  | 2019e | 2020e |
| Share price (EUR end)               | 43.5 | 39.8 | 48.2 | 29.1   | 25.5   | 20.2   | 20.1  | 20.1  |
| Number of shares end period         | 6    | 6    | 6    | 6      | 7      | 9      | 9     | 9     |
| Net interest bearing debt           | 49   | 80   | 130  | 148    | 159    | 87     | 79    | 67    |
| Enterprise value                    | 342  | 344  | 460  | 360    | 358    | 297    | 288   | 276   |
| EV/Sales                            | 0.9  | 0.8  | 0.9  | 0.7    | 0.7    | 0.6    | 0.6   | 0.5   |
| EV/EBITDA                           | 7.6  | 9.0  | 9.9  | 22.1   | 17.8   | 11.8   | 8.5   | 7.0   |
| EV/EBIT                             | 9.5  | 8.7  | 13.0 | -      | -      | -      | 11.7  | 8.9   |
| P/E reported                        | 13.2 | 9.8  | 17.3 | -      | -      | -      | 16.6  | 12.1  |
| P/E adjusted                        | 13.2 | 9.8  | 22.3 | -      | -      | 30.0   | 16.6  | 12.1  |
| P/B                                 | 3.6  | 2.6  | 3.2  | 2.4    | 4.3    | 2.2    | 1.9   | 1.6   |
| FINANCIAL ANALYSIS & CREDIT METRICS | 2013 | 2014 | 2015 | 2016   | 2017   | 2018e  | 2019e | 2020e |
| ROE adjusted (%)                    | 25.8 | 24.6 | 10.9 | -      | -      | 6.2    | 9.0   | 11.2  |
| Dividend yield (%)                  | -    | 2.5  | 2.1  | -      | -      | -      | -     | 1.5   |
| EBITDA margin (%)                   | 11.4 | 8.9  | 9.3  | 3.2    | 3.9    | 5.3    | 6.8   | 7.6   |
| EBIT margin (%)                     | 9.2  | 9.2  | 7.1  | -      | -      | -      | 4.9   | 5.9   |
| NIBD/EBITDA                         | 1.09 | 2.08 | 2.79 | 9.08   | 7.89   | 3.45   | 2.33  | 1.69  |
| EBITDA/Net interest                 | 8.92 | 8.91 | 8.61 | 3.13   | 1.84   | 3.85   | 5.23  | 6.31  |



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| Pareto Bank ASA     | 10,842,964    | 18.50%        | Sparebanken Vest          | 4,506,060     | 7.63%         |

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| NHST Media Group AS   | 21,475        | 1.85%         | SpareBank 1Østfold Akersl | 1,139,560     | 9.20%         |
| Pareto Bank ASA       | 10,842,964    | 18.50%        | Sparebanken Møre          | 311,739       | 3.15%         |
| Selvaag Bolig ASA     | 2,174,147     | 2.32%         | Sparebanken Sør           | 460,589       | 2.94%         |
| SpareBank 1BV         | 1,557,140     | 2.48%         | Sparebanken Vest          | 4,506,060     | 7.63%         |
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|-----------------------|-------------------|----------------|------------------------|-------------------|----------------|-----------------------|-------------------|----------------|
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| Aker                  | 0                 | 682            | Høegh LNG              | 0                 | 7,203          | REC Silicon           | 0                 | 157,742        |
| Aker BP               | 0                 | 5,050          | Jæren Sparebank        | 0                 | 500            | SailMar               | 0                 | 130            |
| Aker Solutions        | 0                 | 1,825          | Komplett Bank          | 0                 | 99,934         | Sandnes Sparebank     | 0                 | 17,282         |
| AKVA Group            | 0                 | 1,500          | Kongsberg Gruppen      | 0                 | 5,901          | Scatec Solar          | 0                 | 35,635         |
| Archer                | 0                 | 72,770         | KWS Saat               | 15                | 15             | Seadrill              | 0                 | 8,661          |
| Atea                  | 0                 | 450            | Lerøy Seafood          | 0                 | 33,795         | Selvaag Bolig         | 0                 | 5,000          |
| Austevoll Seafood     | 0                 | 5,780          | Magseis Fairfield      | 0                 | 12,879         | SpareBank 1BV         | 0                 | 17,700         |
| Avance Gas            | 0                 | 4,595          | Monobank               | 0                 | 1,355,000      | SpareBank 1Nord-Norge | 0                 | 30,000         |
| Axactor               | 0                 | 15,933         | Mowi                   | 0                 | 1,864          | SpareBank 1SMN        | 0                 | 16,590         |
| Bonheur               | 0                 | 46,709         | Nordic Semiconductor   | 0                 | 6,000          | SpareBank 1SR-Bank    | 0                 | 34,187         |
| Borr Drilling         | 0                 | 4,415          | Norsk Hydro            | 0                 | 113,795        | SpareBank 1Østlandet  | 0                 | 4,041          |
| BWLPG                 | 0                 | 5,569          | Northern Drilling      | 0                 | 6,060          | Sparebanken Møre      | 0                 | 6,550          |
| DNB                   | 0                 | 35,072         | Norwegian Air Shuttle  | 0                 | 6,536          | Sparebanken Sør       | 0                 | 43,280         |
| DNO                   | 0                 | 29,377         | Norwegian Property     | 0                 | 150,000        | Sparebanken Øst       | 0                 | 3,000          |
| Entra                 | 0                 | 14,362         | Ocean Yield            | 0                 | 32,967         | Storebrand            | 0                 | 5,005          |
| Equinor               | 0                 | 10,101         | Odffjell Drilling      | 0                 | 8,649          | Subsea 7              | 0                 | 7,484          |
| Europris              | 0                 | 12,150         | Orkla                  | 0                 | 24,026         | Telenor               | 0                 | 2,075          |
| Flex LNG              | 0                 | 11,825         | Panoro Energy          | 0                 | 5,670          | TGS-NOPEC             | 0                 | 2,050          |
| Frontline             | 0                 | 13,793         | Pareto Bank            | 0                 | 967,091        | XXL                   | 0                 | 10,696         |
| Gjensidige Forsikring | 0                 | 8,623          | Petroleum Geo-Services | 0                 | 60,134         | Yara International    | 0                 | 19,786         |
| Golden Ocean Group    | 0                 | 1,824          | Prosafe                | 0                 | 5,984          | Zenterio              | 0                 | 78,865         |
| Grieg Seafood         | 0                 | 770            |                        |                   |                |                       |                   |                |

This overview is updated monthly (last updated 19.02.2019).

\*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

## Appendix B

### Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

|                            |                         |                                      |
|----------------------------|-------------------------|--------------------------------------|
| Africa Energy              | Floatel                 | Okea AS                              |
| Akva Group                 | Fortum                  | OkeanisEco Tankers                   |
| APC Forsikringsmæglere A/S | Gfinity Plc             | Pandion Energy                       |
| Arnarlax                   | Gulf Keystone Petroleum | Panoro Energy                        |
| Atlantic Sapphire AS       | Hertha BSC GmbH         | Pareto Bank                          |
| Avida Holding AB           | Hunter Group            | Petro Matad Limited                  |
| Bank Norwegian             | Ice Group               | Petroleum Geo-Services               |
| Bluewater Holding          | Instabank               | Pioneer Public Properties Finland Oy |
| Borealis Finance           | Jactel AS               | Point Resources AS                   |
| Borr Drilling Limited      | Klaveness Ship Holding  | Quant AB                             |
| Brado AB                   | Lundin Petroleum        | Rødovre Port Holding A/S             |
| Camanchaca                 | Magseis                 | Sand Hill Petroleum                  |
| DNO ASA                    | McDermott International | SAS                                  |
| DOF ASA                    | Monobank ASA            | Scatec Solar                         |
| Dof Subsea AS              | Nemaska Lithium         | Scorpio Tankers                      |
| Echo Energy                | NGEx Resources          | Shamaram                             |
| Eco Atlantic Oil and Gas   | Northern Drilling       | Sparebank 1 Østlandet                |
| Eidesvik Offshore          | Northmill Group AB      | SpareBank 1 Buskerud-Vestfold        |
| Eland Oil & Gas            | Norwegian Air Shuttle   | Sparebanken Vest                     |
| FFS Bidco                  | Ocean Yield             | Union Maritime Limited               |
| Filo Mining Corp           | Odfjell                 | Vantage Drilling                     |
| Flex LNG                   | Odfjell Drilling        |                                      |

*This overview is updated monthly (this overview is for the period 31.01.2018 – 31.01.2019).*

## Appendix C

### Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11(4)

#### Distribution of recommendations

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 68%            |
| Hold           | 27%            |
| Sell           | 4%             |

#### Distribution of recommendations (transactions\*)

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 86%            |
| Hold           | 14%            |
| Sell           | 0%             |

\* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

This overview is updated monthly (last updated 19.02.2019).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

|                           |                       |                     |                     |
|---------------------------|-----------------------|---------------------|---------------------|
| Azelio                    | Jetpak Top Holding AB | Sedana Medical      | Vostok New Ventures |
| Green Landscaping Holding | Magnolia Bostad       | ShaM aran Petroleum |                     |

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

|                          |                           |                     |                         |
|--------------------------|---------------------------|---------------------|-------------------------|
| Cavotec                  | Saltängen Property Invest | Sedana Medical      | Tethys Oil              |
| Cibus Nordic Real Estate | SciBase Holding           | ShaM aran Petroleum | Vostok Emerging Finance |
| Isofol Medical           |                           |                     |                         |

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None  
*This overview is updated monthly (last updated 15.02.2019).*

## Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

|                                |                             |                      |                         |
|--------------------------------|-----------------------------|----------------------|-------------------------|
| 2G Energy *                    | Freenet                     | Merkur Bank          | SCOUT24                 |
| Aixtron *                      | Gesco *                     | MLP *                | Siemens Healthineers AG |
| Baywa                          | GFT Technologies *          | MOBOTIX AG           | SMT Scharf AG *         |
| Biotest *                      | Gigaset *                   | OVH Holding AG       | Surteco Group *         |
| Brenntag                       | Heidelberg Pharma *         | Procredit Holding *  | Syzygy AG *             |
| CORESTATE Capital Holding S.A. | Hypoport AG                 | PSI SOFTWARE AG *    | TAKKT AG                |
| Demire                         | Intershop Communications AG | PWO *                | Vapiano                 |
| Epigenomics AG*                | Logwin *                    | RIB Software *       | va-Q-tec *              |
| Euromicron AG *                | Manz AG *                   | S&T AG *             | Viscom *                |
| Eyemaxx Real Estate            | MAX Automation SE *         | Schaltbau Holding AG | windeln.de              |

\* The designated sponsor services include a contractually agreed provision of research services.

## Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

### Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and—in return—receives compensation.

|                   |                     |                             |                      |
|-------------------|---------------------|-----------------------------|----------------------|
| Adler Modemaerkte | Daldrup & Söhne     | Intershop Communications AG | OVH Holding AG       |
| Baywa             | Eyemaxx Real Estate | Merkur Bank                 | Schaltbau Holding AG |
| BB Biotech        | First Sensor        | MOBOTIX AG                  | Siegfried Holding AG |
| comdirect         | Hypoport AG         | OHB SE                      | Vapiano              |

*This overview is updated monthly (last updated 19.02.2019).*