



Schaltbau Holding AG

Buy → | Target price : 55.00 EUR

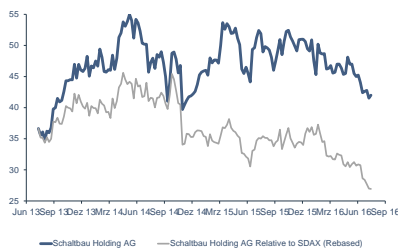
Price (08/12/2016) : 42.00 EUR | Upside : 31 %

	Est.chg	2016e	2017e
EPS		-2.3%	0.0%

Strong order intake and record order backlog indicate further growth; Buy

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Capital	
SLT GY SLTG.DE	
Market Cap (EURm)	252
Enterprise value (EURm)	512
Extrema 12 months	41.51 - 52.50
Free Float (%)	76.3

Performance (%)	1m	3m	12m
Absolute	-3.9	-8.1	-16.1
Perf. rel. Country Index	-6.6	-11.6	-7.1
Perf. rel. SDAX			

P&L	12/16e	12/17e	12/18e
Sales (EURm)	530	567	600
EBITDA (EURm)	52.8	56.9	62.0
Current EBIT (EURm)	40.1	43.3	47.6
Attr. net profit (EURm)	20.7	23.1	26.3
Adjusted EPS (EUR)	3.44	3.84	4.27
Dividend (EUR)	1.10	1.20	1.25
P/E (x)	12.2	10.9	9.8
P/B (x)	2.2	1.8	1.6
Dividend Yield (%)	2.6	2.9	3.0
FCF yield (%)	4.9	3.9	3.5
EV/Sales (x)	0.97	0.91	0.87
EV/EBITDA (x)	9.7	9.1	8.4
EV/Current EBIT (x)	12.8	11.9	11.0
Gearing (%)	133	117	104
Net Debt/EBITDA(x)	3.8	3.5	3.3

Next Events	
11.11.2016	Q3 Results

Uptrend in Q2 2016 figures

After weak Q1 16 results, Schaltbau's Q2 2016 figures showed improvement at the sales and profitability levels (sales: +1.6% yoy or +10.9% qoq to € 130.2m; EBIT: € 8.4m vs € 4.0m in Q1 16). This was also underpinned by promising order intake growth of 23.8% yoy or 5.2% qoq to € 163.6m.

- At the divisional level, the Q2 16 sales performances were mixed, with Mobile Transportation Technology sales down -8.8% yoy, while Stationary Transportation Technology was flat (0% yoy) and Components was up +21.0% yoy.
- Due to weaker and lower-margin sales, the Q2 16 EBIT margin in the Mobile Transportation Technology segment fell to 3.9% vs 9.7% in Q2 15, whereas EBIT margins in Stationary Transportation Technology (1.9% vs 3.3% in Q2 15) and in the Components segment (20.7% vs 17.5% in Q2 15) were nearly stable.
- Q2 2016 group net income fell sharply yoy from € 10.1m in Q2 15 to € 4.9m, mainly due to i) the lower EBIT; ii) a higher negative contribution from Albatros; iii) increased interest expense (€ 1.4m vs € 1.1m in Q2 15); and iv) the fact that Q2 2015 included a gain of € 2.5m on the revaluation of Rail Door Solutions Ltd. when the accounting treatment of that entity changed from at-equity to fully consolidated.

Q2/ H1 yoy comparison

In €m*	Q2 16	Q2 15	yoy	H1 16	H1 15	yoy
Order intake	163.6	132.1	23.8%	319.1	259.4	23.0%
Sales	130.2	128.1	1.6%	247.7	235.6	5.1%
Book-to-bill ratio, x	1.3	1.0	-	1.3	1.1	-
EBIT	8.4	11.2	-25.0%	12.4	19.6	-36.7%
EBIT margin	6.5%	8.7%	-	5.0%	8.3%	-
Net income	4.9	10.1	-51.5%	3.6	13.9	-74.1%

*Unless noted otherwise

Source : Oddo Securities ; Company

Slightly reduced full-year sales guidance, earnings targets confirmed

Management reduced its full-year sales guidance from € 550m to € 530m, mainly because the full consolidation of Albatros is now planned for H2 2016 instead of H1 2016 previously. For the same reason (later full consolidation of Albatros), management expects positive effects on EBIT and net income and consequently confirmed its targets for group EBIT of ~€ 41.5m (2015: € 36.6m) and net profit before minorities of € 27.3m (2015: € 23.5m). We expect the weak H1 16 to be offset in the course of H2 16; hence we see the full-year targets as reachable.

We maintain our Buy rating and TP of € 55

The group book-to-bill ratio of 1.3x at end-June 2016 and the high order backlog of € 396m suggest a continuation of the positive trends in infrastructure expenditure. Incorporating our updated estimates into our valuation model (DCF), we derive an unchanged TP of € 55 and maintain our Buy recommendation on the stock. Our targeted P/E for 2017e stands at 14.3x.

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SLTG.DE | SLT GY
Capital Goods | Germany

Buy
Upside

30.95%

Price
TP

42.00EUR
55.00EUR

	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
PER SHARE DATA (EUR)								
Adjusted EPS	9.38	3.09	3.48	4.04	2.90	3.44	3.84	4.27
Reported EPS	9.38	3.09	3.48	4.04	2.90	3.44	3.84	4.27
Growth in EPS(%)	44.3%	-67.1%	12.8%	16.0%	-28.1%	18.4%	11.6%	11.3%
Net dividend per share	1.80	0.77	0.96	1.00	1.00	1.10	1.20	1.25
FCF to equity per share	7.40	-0.31	2.75	0.42	1.15	2.06	1.63	1.49
Book value per share	26.26	10.17	12.88	15.20	15.92	19.36	23.09	26.58
Number of shares market cap	2.00	6.14	6.14	6.13	6.01	6.15	6.15	6.20
Number of diluted shares	2.00	6.15	6.14	6.14	6.01	6.01	6.01	6.15
VALUATION	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
12m highest price	27.96	31.28	46.97	56.14	54.45	52.35		
12m lowest price	18.40	22.77	30.71	38.50	41.59	41.51		
(*) Reference price	22.81	26.59	37.21	47.77	48.82	42.00	42.00	42.00
Capitalization	46	163	228	293	293	258	258	260
Restated Net debt	38	56	49	80	180	199	202	206
Minorities (fair value)	7.2	8.6	10	19	34	34	34	34
Financial fixed assets (fair value)	20	27	28	28	42	42	42	43
Provisions	66	87	86	100	60	63	64	65
Enterprise Value	137	288	345	464	526	512	515	522
P/E (x)	2.4	8.6	11	12	17	12	11	9.8
P/CF (x)	1.6	5.9	6.0	8.5	7.2	3.6	4.9	4.7
Net Yield (%)	7.9%	2.9%	2.6%	2.1%	2.0%	2.6%	2.9%	3.0%
FCF yield (%)	32.4%	ns	7.4%	0.9%	2.4%	4.9%	3.9%	3.5%
P/B incl. GW (x)	0.87	2.62	2.89	3.14	3.07	2.17	1.82	1.58
P/B excl. GW (x)	1.05	3.11	3.30	4.43	8.62	4.85	3.46	2.69
EV/Sales (x)	0.43	0.79	0.88	1.08	1.06	0.97	0.91	0.87
EV/EBITDA (x)	3.9	7.8	7.7	12	11	9.7	9.1	8.4
EV/EBIT (x)	5.0	9.8	9.6	17	14	13	12	11
(*) historical average price								
PROFIT AND LOSS (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales	318	363	391	430	497	530	567	600
EBITDA	34.7	37.0	45.1	38.3	49.5	53	57	62
Depreciations	-7.2	-7.5	-9.1	-11.0	-12.8	-12.7	-13.6	-14.4
Current EBIT	27.5	29.5	36.0	27.3	36.6	40.1	43.3	47.6
Published EBIT	27.5	29.5	36.0	27.3	36.6	40.1	43.3	47.6
Net financial income	-4.6	-5.4	-5.0	7.3	-5.4	-4.0	-3.0	-3.0
Corporate Tax	-3.3	-3.8	-9.0	-6.1	-7.7	-8.2	-10.2	-11.3
Net income of equity-accounted companies	2.0	2.0	2.7	0.7	-0.1	-1.3	-1.0	-1.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-2.9	-3.2	-3.4	-4.3	-6.0	-6.0	-6.0	-6.0
Attributable net profit	18.7	19.0	21.4	24.8	17.4	20.7	23.1	26.3
Adjusted attributable net profit	18.7	19.0	21.4	24.8	17.4	20.7	23.1	26.3
BALANCE SHEET (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Goodwill	10	12	11	32	83	83	83	83
Other intangible assets	9.7	11	13	21	0.0	0.0	0.0	0.0
Tangible fixed assets	44	47	53	69	76	87	99	110
WCR	80	117	119	143	170	200	214	233
Financial assets	20	27	28	28	42	42	42	43
Ordinary shareholders equity	52	63	79	93	96	116	139	163
Minority interests	7.2	8.6	10	19	34	34	34	34
Shareholders equity	60	71	89	113	130	150	173	197
Non-current provisions	66	87	86	100	60	63	64	65
Net debt	38	56	49	80	180	199	202	206
CASH FLOW STATEMENT (EURm)	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
EBITDA	34.7	37.0	45.1	38.3	49.5	52.8	56.9	62.0
Change in WCR	-2.4	-20.7	-1.3	-7.9	-9.7	-30.1	-14.3	-18.7
Interests & taxes	-3.6	-3.6	-3.6	-3.6	-3.6	-3.6	-3.6	-3.6
Others	-3.0	-5.6	-3.6	-0.3	-5.0	20.9	-1.3	-2.9
Operating Cash flow	25.7	7.1	36.5	26.5	31.2	40.0	37.7	36.8
CAPEX	-8.6	-9.3	-16.9	-23.5	-21.9	-24.0	-25.3	-25.5
Free cash-flow	17.1	-2.3	19.6	3.0	9.3	16.0	12.4	11.3
Acquisitions / disposals	-2.8	-0.5	-2.3	-5.5	-15.9	0.0	0.0	0.0
Dividends	-3.4	-5.2	-6.4	-8.5	-9.3	-6.0	-6.6	-7.5
Net capital increase	0.6	0.0	0.0	-1.7	-5.1	0.0	0.0	0.0
Others	-8.6	6.2	-4.5	35.1	46.2	4.4	4.1	4.5
Change in net debt	4.7	-14.3	6.5	-25.1	-37.4	4.7	1.8	-0.3
GROWTH MARGINS PRODUCTIVITY	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Sales growth	13.5%	14.0%	7.7%	10.0%	15.6%	6.7%	7.0%	5.8%
Lfl sales growth	12.5%	6.3%	7.7%	1.0%	8.3%	3.3%	7.0%	5.8%
Current EBIT growth	15.7%	7.3%	22.0%	-24.2%	34.2%	9.4%	7.9%	10.0%
Growth in EPS(%)	44.3%	-67.1%	12.8%	16.0%	-28.1%	18.4%	11.6%	11.3%
Net margin	5.9%	5.2%	5.5%	5.8%	3.5%	3.9%	4.1%	4.4%
EBITDA margin	10.9%	10.2%	11.5%	8.9%	10.0%	10.0%	10.0%	10.3%
Current EBIT margin	8.6%	8.1%	9.2%	6.4%	7.4%	7.6%	7.6%	7.9%
CAPEX / Sales	-2.7%	-2.6%	-4.3%	-5.5%	-4.4%	-4.5%	-4.5%	-4.3%
WCR / Sales	25.0%	32.4%	30.4%	33.3%	34.2%	37.7%	37.8%	38.8%
Tax Rate	14.4%	15.8%	29.0%	17.7%	24.6%	22.7%	25.4%	25.4%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	2.3	2.2	2.0	1.9	1.7	1.5	1.5	1.5
ROCE post-tax (normative tax rate)	14.0%	12.5%	13.2%	8.3%	8.7%	8.0%	7.9%	8.1%
ROCE post-tax hors GW (normative tax rate)	14.8%	13.4%	14.0%	9.2%	10.7%	10.6%	10.1%	10.2%
ROE	46.2%	33.0%	30.2%	28.7%	18.5%	19.5%	18.1%	17.4%
DEBT RATIOS	12/11	12/12	12/13	12/14	12/15	12/16e	12/17e	12/18e
Gearing	64%	78%	55%	71%	ns	ns	ns	ns
Net Debt / Market Cap	0.84	0.34	0.21	0.27	0.61	0.77	0.78	0.79
Net debt / EBITDA	1.10	1.50	1.08	2.08	3.64	3.77	3.55	3.32
EBITDA / net financial charges	7.6	6.8	9.0	-5.2	12.0	13.2	19.0	20.7

Mention of conflicts of interest

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Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo Securities' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

• Our stock market recommendations

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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Recommendation and target price changes history over the last 12 months for the company analysed in this r

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
17.05.16	Achat	55.00	45.66	Daniel Kukalij
15.01.16	Pas de reco	61.00	49.46	Carsten Kunold , CFA

Recommendation split

		Buy	Neutral	Reduce
Our whole coverage	(412)	52%	37%	11%
Liquidity providers coverage	(136)	63%	31%	6%
Research service coverage	(64)	67%	30%	3%
Investment banking services	(23)	65%	30%	4%

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