

Company Alert

R.Stahl

Results Initial View: Earnings above expectations

COMPANY



RATING

BUY (UNCHANGED)

TARGET PRICE

29 EUR (UNCHANGED)

HIGHLIGHTS

- Increase of EBT by 33 % in Q2, margin 6.7 % (LBBWe: 5.5 %)
- EBT guidance above our current estimate

Order situation: Incoming orders were EUR 53.6 m and thus in line with our estimate of EUR 54 m, stagnating yoy and qoq. The company mentioned a marked increase in order inquiries since June.

Business development: Sales in Q2 (+2.4 % yoy) were in line with our estimate. Asia and the Americas showed a double-digit increase in sales, compensating the decline in Germany of 17.5 % in the first half of the year. EBT margin increased from 5.4 % (Q2/09) to 6.7 % (LBBWe: 5.5 %), driven by the cost optimization programme. This figure is even well ahead of our estimate of 5.9 % for the current FY 2010. Operating Cash flow turned around from EUR -1.6 m to EUR +11.9 m. Accordingly, Free Cash flow achieved EUR 5.7 m (EUR -10.7 EUR m).

Outlook: A sustainable recovery is expected for the second half of the year. R. Stahl received increasingly positive signals from their most important customer industries. Therefore, incoming orders and sales should rise significantly starting in Q3 after the summer break. The guidance was concretised as follows: sales should achieve a value from EUR 210 m to EUR 220 EUR m (LBBWe: EUR 215.2 m) and EBT from EUR 14 m to EUR 15 m (LBBWe: EUR 12.8 m). Accordingly, we have to adjust our estimates. For the time being, we maintain our buy rating and TP.

in EUR m	Q2/2010	LBBW E	Consensus	6M/2010	LBBW E
Sales	52.0	52.3	n.a.	103.8	104.1
EBIT	4.5	3.7	n.a.	8.5	7.7
EBT	3.5	2.9	n.a.	6.6	5.9
Net profit	2.5	1.9	n.a.	4.6	4.0

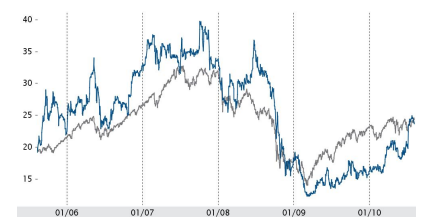
Source: R. Stahl, LBBW Research

+++ Reuters: RSLG +++ Bloomberg: RSL1 GY +++

Current Price (XETRA (Germany); 2010-08-06; 05:36 pm) ...23.70 EUR
CLOSING PRICE (2010-08-06): 23.70 EUR
EXPECTED PERFORMANCE:.....22.4%
MARKET CAPITALIZATION:..... 152.63 EUR m
ENTERPRISE VALUE:..... 185.82 EUR m
NUMBER OF SHARES:..... 6.44 m
FREE FLOAT:..... 47.0 %
INDEX (WEIGHT):..... CDAX (0.01 %)
AVG. DAILY TRADEVOL.: 4,766
ISIN:.....DE0007257727
SECTOR:Capital Goods

KEY DATA (DEC)	2010E	2011 E	2012E
Sales (EUR m)	215.2	233.8	247.8
EBITDA (EUR m)	26.5	33.0	36.6
EBIT (EUR m)	16.4	23.2	26.7
Net profit (EUR m)	8.5	13.7	16.3
FCF (EUR m)	6.0	12.0	14.3
FCF yield	3.9 %	7.9 %	9.4 %
EPS (EUR)	1.44	2.31	2.75
DPS (EUR)	0.60	1.00	1.20
EV / Sales (x)	0.9	0.8	0.7
EV / EBITDA (x)	7.0	5.6	5.1
EV / EBIT (x)	11.3	8.0	7.0
P / E (x)	16.4	10.2	8.6
P / BV (x)	1.77	1.57	1.41
Dividend yield	2.5 %	4.2 %	5.1 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

November 08-10 Quarterly report

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Buy:	Based on a time horizon of up to 12 months, we recommend that investors buy the stock.
Sell:	Based on a time horizon of up to 12 months, we recommend that investors sell the stock.
Hold:	We take a neutral view on the stock and, based on a time horizon of up to 12 months, do not recommend either a Buy or Sell.
Under review:	The rating is currently updated.
Suspended:	The evaluation of the company is currently not feasible.

Percentage of companies within this rating category

Buy:	54,6%
Sell:	9,7%
Hold:	32,8%
Under review:	1,7%
Suspended:	1,3%

Notes: Rating definitions prior to 6th April, 2009 were:

Buy: The price potential of the share is at least 10%. Hold: The price potential of the share is between 0% and 10%. Sell: A negative price performance of the share is expected. Ratings relate to a time horizon of up to 6 months.

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