

Company Alert

R. Stahl

Company Update: Further decline of sales and earnings in H2

COMPANY



RATING

BUY (UNCHANGED)

TARGET PRICE

24 EUR (UNCHANGED)

WHAT'S CHANGED

- New earnings estimates: EUR 0.73 (2009e), EUR 1.13 (2010e), EUR 1.91 (2011e)

Downturn in H2 as expected: As already mentioned earlier this year, the second half of FY 2009 could be more difficult as the cyclical downturn may hit the company with a time delay of about 6-10 months. R. Stahl now confirms this view.

Current situation: Order intake, sales and earnings declined in Q3 qoq. Nevertheless, incoming orders probably could close the gap yoy, as previous year's Q3 was the weakest in recent years so far. Visibility remains still low, but up to now no seasonal upswing is to be seen. As the company won some of the few projects on the market, they were able to gain additional market shares and should be able to do so in the quarters to come.

Outlook: In view of this low-margin projects, which should be increasingly realized in H2, the product mix will deteriorate. Further measures for cost reduction which will be implemented, can only partly cushion this effect. Therefore, margins should decrease in the second half of FY 2009. Additionally, despite our unchanged estimate of incoming orders in the current year (-11 % to EUR 200 m), new project contracts will be realized not until 2010. As a result, we lower our FY 2009 estimates: sales by EUR 8 m to EUR 198.5 m, EBIT by EUR 3.4 m to EUR 9.9 m and EPS to EUR 0.73 (-40 %). We reiterate our sales estimates for FY 2010 and FY 2011 but are a bit more cautious on the earnings side. Therefore, we reduce EPS by 19 % to EUR 1.13 (2010) and by 9 % to EUR 1.91 (2011).

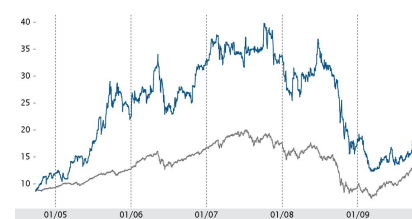
Recommendation: As the trough is near, we stick to our Buy-Rating and TP of EUR 24 with a time horizon of up to 12 months.

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

Current Price (XETRA (Germany); 2009-09-24; 05:35 pm)... 17.35 EUR
CLOSING PRICE (2009-09-23): 17.55 EUR
EXPECTED PERFORMANCE: 36.8%
MARKET CAPITALIZATION: 113.02 EUR m
ENTERPRISE VALUE: 91.02 EUR m
NUMBER OF SHARES: 6.44 m
FREE FLOAT: 47.0 %
INDEX (WEIGHT): Classic All Share (0.06 %)
AVG. DAILY TRADEVOL.: 4,273
ISIN: DE0007257727
SECTOR: Capital Goods

KEY DATA (DEC)	2008	2009E	2010E
Sales (EUR m)	221.2	198.5	204.2
EBITDA (EUR m)	30.5	18.7	21.3
EBIT (EUR m)	21.5	9.9	12.8
Net profit (EUR m)	12.0	4.3	6.7
FCF (EUR m)	13.4	-0.6	6.8
FCF yield	11.4 %	0.5 %	8.9 %
EPS (EUR)	2.03	0.73	1.13
DPS (EUR)	0.90	0.30	0.50
EV / Sales (x)	0.4	0.4	0.4
EV / EBITDA (x)	3.1	4.1	3.9
EV / EBIT (x)	4.4	6.8	6.2
P / E (x)	9.0	14.4	12.6
P / BV (x)	1.41	1.32	1.24
Dividend yield (in %)	4.9 %	2.8 %	3.4 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

November 10-09 Quarterly report



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Hold:	37,9%
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