

# Company Alert

R. Stahl

**Results Initial View: Further slowdown has materialised**

COMPANY



RATING

**BUY (UNCHANGED)**

TARGET PRICE

**24 EUR (UNCHANGED)**

WHAT'S CHANGED

- Q3-key figures mainly in line with our estimates
- Next step of cost cutting initiated
- No signs of a revival of business to be expected up to Q1/10

**Order situation:** Incoming orders of EUR 46.1 m (-7 % yoy, -15 % qoq) in a seasonal weak Q3 marked a new low in the current cycle. The minus of nearly 8 % ytd remained constant compared to the first six months. Order volume in Q4 has to get only the level of Q3 to achieve our objective of EUR 200 m for FY 2009. No company guidance was given in this respect. R. Stahl mentioned persistent weak investment climate in the chemical industry but remarked the positive effect of increasing oil prices.

**Earnings development:** Due to the late cyclic character of the business the second half of the year will be more difficult than H1/2009 as already indicated in our recent company alert. Nevertheless, 9M-EBT of EUR 6.3 m (-65 % yoy) is covering already 94 % of our estimate for the whole year of EUR 6.7 m.

**Reduction in costs:** R. Stahl introduced the next step of measures to reduce costs to cope with decreasing orders and continuing pricing pressure in the project business. Management Board and employees recently agreed on a salary waiver by the employees in Germany of 5 % while keeping the same working hours (for the moment till January). Furthermore, the measures for optimization of processes and costs will be consistently continued. The aim is to keep the permanent staff.

**Recommendation:** We stick to our Buy-Rating and TP of EUR 24, as we should have reached the trough.

in EUR m	Q3/2009	LBBW E	Consensus	9M/2009	LBBW E	Consensus
Sales	47.7	48.7	n.a.	150.2	151.2	n.a.
EBT	1.1	0.8	n.a.	6.3	5.9	n.a.
Net profit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS (in EUR)	0.09	0.08	n.a.	0.59	0.58	n.a.

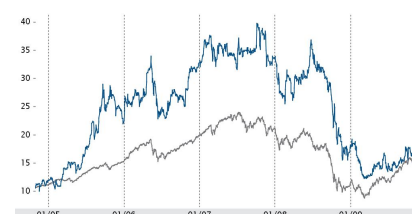
Source: R. Stahl, LBBW Research

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

Current Price (XETRA (Germany); 2009-10-28; 12:52 pm) ... 15.45 EUR  
**CLOSING PRICE (2009-10-27):** ..... 16.42 EUR  
**EXPECTED PERFORMANCE:**..... 46.2%  
**MARKET CAPITALIZATION:**.....105.74 EUR m  
**ENTERPRISE VALUE:**.....129.81 EUR m  
**NUMBER OF SHARES:**..... 6.44 m  
**FREE FLOAT:**..... 47.0 %  
**INDEX (WEIGHT):**..... Classic All Share (0.05 %)  
**AVG. DAILY TRADEVOL.:** ..... 4,053  
**ISIN:**.....DE0007257727  
**SECTOR:** ..... Capital Goods

KEY DATA (DEC)	2009E	2010E	2011E
Sales (EUR m)	198.5	204.2	220.8
EBITDA (EUR m)	18.7	21.3	27.8
EBIT (EUR m)	9.9	12.8	19.1
Net profit (EUR m)	4.3	6.7	11.3
FCF (EUR m)	-1.7	8.1	11.1
FCF yield	-1.6 %	7.7 %	10.5 %
EPS (EUR)	0.73	1.13	1.91
DPS (EUR)	0.30	0.50	0.80
EV / Sales (x)	0.7	0.6	0.6
EV / EBITDA (x)	6.9	6.1	4.7
EV / EBIT (x)	13.1	10.1	6.8
P / E (x)	22.6	14.5	8.6
P / BV (x)	1.28	1.21	1.09
Dividend yield (in %)	1.8 %	3.0 %	4.9 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

November 10-09 Quarterly report

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<b>Hold:</b>	37,1%
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