

# Company Alert

R.Stahl

## Results Preview: Solid Q2-figures to be expected

COMPANY



RATING

**BUY** (UNCHANGED)

TARGET PRICE

**29 EUR** (UNCHANGED)

HIGHLIGHTS

- New subsidiary in Brazil to accelerate regional growth
- Lowest, but solid, EBT margin over the course of the year is to be expected

**New subsidiaries:** The foundation of a new subsidiary in Brazil was announced last week. The local business of the representation was contributed to this company, which will run by the former managing director together with an experienced sales manager from R. Stahl. This smart step, we had hoped for, should help to increase market shares in this fast (>10 %) growing market. The recent acquisition Clifford & Snell should have been included in the financial statements as of May 1, 2010 for the first time.

**Business development:** Due to a relatively good prior-year basis, we expect only modest growth rates for Q2, as shown in the table below. We anticipate incoming orders to stagnate at last year's level of about EUR 54 m. In contrast, net profit should benefit from both a lower tax rate and significantly less minority interests after the outstanding shares of the Norwegian subsidiary Tranberg has been redeemed last year.

**Outlook:** In view of the late-cycle character of the business, we expect growth to accelerate in the coming quarters. Additionally, the basis of comparison gets lower. However, the current unspecific guidance might be concretised.

in EUR m	Q2/2010	delta %	Consensus	6M/2010	delta %
Sales	52.3	3.0	n.a.	104.1	1.5
EBIT	3.7	3.4	n.a.	7.7	12.4
EBT	2.9	7.4	n.a.	5.9	14.6
Net profit	1.9	33.9	n.a.	4.0	33.6

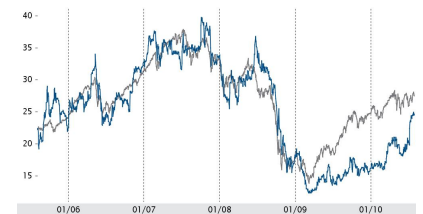
Source: R. Stahl, LBBW Research

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

Current Price (XETRA (Germany); 2010-08-03; 01:50 pm).....24.10 EUR  
**CLOSING PRICE (2010-08-02):** ..... 24.20 EUR  
**EXPECTED PERFORMANCE:**..... 19.8%  
**MARKET CAPITALIZATION:**..... 155.85 EUR m  
**ENTERPRISE VALUE:**..... 189.04 EUR m  
**NUMBER OF SHARES:**..... 6.44 m  
**FREE FLOAT:**..... 41.0 %  
**INDEX (WEIGHT):**..... Classic All Share (0.07 %)  
**AVG. DAILY TRADEVOL.:** ..... 5,202  
**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	3.8 %	7.7 %	9.2 %
EPS (EUR)	1.44	2.31	2.75
DPS (EUR)	0.60	1.00	1.20
EV / Sales (x)	0.9	0.8	0.8
EV / EBITDA (x)	7.1	5.7	5.2
EV / EBIT (x)	11.5	8.1	7.1
P / E (x)	16.8	10.5	8.8
P / BV (x)	1.81	1.61	1.44
Dividend yield	2.5 %	4.1 %	5.0 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

August 09-10 Quarterly report



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# Appendix-1

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<b>Hold:</b>	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.
<b>Under review:</b>	The rating is currently updated.
<b>Suspended:</b>	The evaluation of the company is currently not feasible.

Percentage of companies within this rating category

<b>Buy:</b>	55,5%
<b>Sell:</b>	9,7%
<b>Hold:</b>	32,8%
<b>Under review:</b>	0,8%
<b>Suspended:</b>	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.

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