

Company Alert

R.Stahl

Results Initial View: Key figures better than expected

COMPANY



RATING

BUY (UNCHANGED)

TARGET PRICE

35 EUR (UNCHANGED)

HIGHLIGHTS

- Incoming orders at record level in Q4
- Key figures exceeded guidance
- Double-digit growth of sales and earnings expected in 2011

Order situation: Incoming orders showed a new quarterly record level of EUR 59.8 m (+10.5 % yoy) and thus well above our estimate of EUR 56 m for Q4. This is mainly attributed to the maintenance and follow-up business from the installed base. For FY 2010 as a whole, orders increased by 8.5 % to EUR 225.8 m. All relevant customer industries (oil & gas, chemicals and pharmaceuticals industry) contributed to this development.

Business development: Accordingly, sales in Q4 (+9 % yoy) were better than expected as well. EBT margin increased from 5.0 % (Q4/09) and 6.7 % in Q3/10 to 8.2 % in Q4/10 (LBBW: 7.4 %). The guidance has been surpassed in terms of sales (EUR 210 m to EUR 220 EUR m) and EBT (EUR 14 m to EUR 15 m).

Outlook: The international project business is improving and the order books of plant manufacturers indicate an upward trend. This should be seen in the order development of R. Stahl with a time delay of six to twelve months. Accordingly, the executive board is optimistic that sales and earnings in FY 2011 will grow at a double-digit rate. This confirms our positive expectations which are far above consensus estimates. We maintain our Buy rating and target price of EUR 35.

in EUR m	Q4/2010	LBBW E	Consensus	12M/2010	LBBW E	12M/2009
Sales	57.1	53.2	n.a.	222.6	218.7	202.6
EBIT	5.7	4.9	n.a.	19.3	18.5	12.6
EBT	4.7	4.0	n.a.	15.4	14.7	8.9

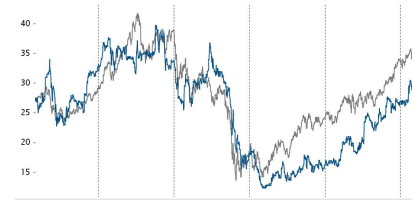
Source: R. Stahl, LBBW Research

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

Current Price (XETRA (Germany); 2011-03-01; 02:22 pm).....29.71 EUR
 CLOSING PRICE (2011-02-28)..... 29.44 EUR
 EXPECTED PERFORMANCE:..... 18.9%
 MARKET CAPITALIZATION:..... 174.40 EUR m
 ENTERPRISE VALUE:..... 207.59 EUR m
 NUMBER OF SHARES:..... 5.92 m
 FREE FLOAT:..... 41.0 %
 INDEX (WEIGHT):.....PRIME INDUSTRIAL (n.a.)
 AVG. DAILY TRADEVOL.:.....5,616
 ISIN:.....DE0007257727
 SECTOR:.....Capital Goods

KEY DATA (DEC)	2010E	2011 E	2012E
Company figures in m EUR, per share data in EUR			
Sales	218.7	242.8	257.4
EBITDA	28.6	35.2	39.0
EBIT	18.5	25.4	28.6
Net profit	9.7	15.1	17.5
Free cash flow	5.9	12.2	9.9
FCF yield	3.4%	7.0%	5.7%
EPS	1.65	2.55	2.95
Dividend	0.60	1.00	1.20
EV / Sales	0.9	0.9	0.8
EV / EBITDA	7.3	5.9	5.3
EV / EBIT	11.2	8.2	7.3
P / E	16.4	11.5	10.0
P / BV	1.99	1.90	1.69
Dividend yield	2.2 %	3.4 %	4.1 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

April 13-11 Press conference



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LBBW Research Rating-Systematics (absolute share rating system)

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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:	48,7%
Sell:	6,2%
Hold:	44,1%
Under review:	0,5%
Suspended:	0,5%

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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