

Company Alert

R.Stahl

Results Initial View: Optimistic prospects for the future

COMPANY



RATING

BUY (UNCHANGED)

TARGET PRICE

35 EUR (UNCHANGED)

HIGHLIGHTS

- Dividend proposal of EUR 0.70 (2009: EUR 0.40)
- Guidance 2011: Sales from EUR 240 m to 250 m (+8 % to 12 % yoy), EBT from EUR 17 m to 19 m (+10 % to +23 % yoy)
- Double-digit growth in sales and earnings for 2012 expected

Fiscal year 2010: There was no deviation between the final and preliminary figures. Additionally, net profit and EPS were slightly above our increased expectations (see table below) following the preliminary figures from March 1, 2011. The dividend will be increased to EUR 0.70 from EUR 0.40.

Guidance: The corporate goal for the EBT in 2011 seems to be quite conservative, as the company plans to rapidly return to the margin level before the crisis (peak 2007: 11.3 %). The current guidance would be 7.9 % (2010: 6.9 %) in the best case. Therefore, we will discuss this topic with the management. In our view, it is more important that the company demonstrates relatively high optimism at this early stage of the year, especially for FY 2012.

Recommendation: Even assuming that our estimate for FY 2011 might be too optimistic, this applies not to our forecast for FY 2012. After the analyst conference, we will revise our estimates. In general, the outlook supports our positive view for the stock.

in EUR m	Consensus	12M/2010	LBBW E	Change to 2009
Sales	n.a.	222.6	222.6	+9.9 %
EBT	n.a.	15.4	15.4	+73.0 %
Net profit	n.a.	10.5	10.3	+88.5 %
EPS (in EUR)	n.a.	1.77	1.73	+96.7 %

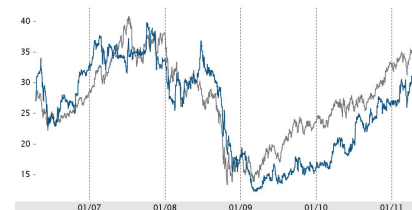
Source: R. Stahl, LBBW Research

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

Current Price (XETRA (Germany); 2011-04-13; 09:35 am)30.43 EUR
 CLOSING PRICE (2011-04-12):.....31.10 EUR
 EXPECTED PERFORMANCE:..... 12.6%
 MARKET CAPITALIZATION:.....184.21 EUR m
 ENTERPRISE VALUE:.....217.40 EUR m
 NUMBER OF SHARES:..... 5.92 m
 FREE FLOAT:..... 41.0 %
 INDEX (WEIGHT):.....PRIME INDUSTRIAL (n.a.)
 AVG. DAILY TRADEVOL.: 6,098
 ISIN:.....DE0007257727
 SECTOR:Capital Goods

KEY DATA (DEC)	2010E	2011 E	2012E
Company figures in m EUR, per share data in EUR			
Sales	222.6	242.8	257.4
EBITDA	29.4	35.2	39.0
EBIT	19.3	25.4	28.6
Net profit	10.3	15.1	17.5
Free cash flow	6.4	12.2	9.9
FCF yield	3.5 %	6.6 %	5.4 %
EPS	1.73	2.55	2.95
Dividend	0.70	1.00	1.20
EV / Sales	1.0	0.9	0.8
EV / EBITDA	7.4	6.2	5.6
EV / EBIT	11.3	8.6	7.6
P / E	15.6	12.2	10.5
P / BV	1.98	2.01	1.78
Dividend yield	2.6 %	3.2 %	3.9 %

PRICE PERFORMANCE



Source: R. Stahl, LBBW Research, Thomson Reuters

UPCOMING EVENTS

May 11-11 Quarterly report



Harald Rehmet
 Investment Analyst
 +49 711 127-74504
 Harald.Rehmet@LBBW.de

Appendix-1

1/2

Analyst's Certification

All of the views expressed in this research report accurately reflect the research analyst's personal views regarding the Subject Company. No part of analyst compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report.

Disclosures

Please Note

Important Disclosures Required by Regulators

- 1) LBBW or an associated enterprise of LBBW supports the company in the market by entering buy or sell orders.
- 2) LBBW or an associated enterprise of LBBW has made an agreement on the production of financial analyses relating to the issuer or its financial instruments.
- 3) LBBW together with its affiliates is making a market in the company's securities.

Please Note

This research report and the information contained in this research report must not be distributed or reproduced, in whole or in part, in any form without the prior consent of Landesbank Baden-Württemberg ("LBBW") and only in accordance with the applicable laws in the relevant jurisdiction. Persons who gain access to this information must inform themselves about such applicable laws and have to comply with them.

This research report and the information contained therein is furnished and has been prepared solely for information purposes. It is not intended to be an inducement to engage in investment activity. It is furnished for your private information with the express understanding, which recipient acknowledges, that it is not an offer, recommendation or solicitation to buy, hold or sell, an invitation to subscribe for or purchase, or a means by which any security may be offered or sold.

LBBW does not accept any liability for the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. The information in this report has been obtained from sources believed to be reliable. LBBW can not verify such information, however, and because of the possibility of human or mechanical error by the sources, LBBW or others, no representation is made that the information contained in this report is accurate in all material respects or complete. The statements contained herein are statements of our non-binding opinion, not statement of fact or recommendations to buy hold or sell any securities. Changes to assumptions may have a material impact on any performance detailed. Historic information on performance is not indicative of future performance. LBBW may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and LBBW is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This report is intended only for and directed to persons sufficiently expert to understand the risks involved, namely market professionals. This publication does not replace personal consultancy. Prior to taking any investment decision you should contact your independent investment adviser for further and more up-to-date information on specific investment opportunities and for individual investment advice, regarding the appropriateness of investing in any securities or investment strategies discussed in this report.

Any security referred to herein may involve a high degree of risk, which may include principal, interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. The securities may experience sudden and large falls in their value causing losses equal to the original investment when that investment is realized. Any transaction entered into is in reliance only upon your judgment as to both financial, suitability and risk criteria. LBBW does not hold itself out to be an advisor in these circumstances, nor does any of its staff have the authority to do so.

United Kingdom

This document is issued in the United Kingdom by LBBW, London Branch. LBBW is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (the "BaFin").

This document and the information contained in it constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 and the rules of the Financial Services Authority (the "FSA"). To the extent that this document is issued in the United Kingdom, it is directed exclusively at persons who are professional clients or eligible counterparties for the purposes of the FSA's Handbook of Rules and Guidance. The products and investment services to which this document relate are only available to the persons referred to above and other persons should not act or rely on it. Moreover, any investment or service to which this document relates is not intended for retail clients and will not be made available to retail clients.

This document is impartial investment research. This document has no regard to the specific investment objectives, financial need or situation or needs of any specific recipient

Appendix-1

2/2

and the investments discussed in this document may not be suitable for all recipients.

LBBW, London Branch has effective organisational and administrative arrangements set up for the prevention and avoidance of conflicts of interest with respect to research recommendations, including information barriers. A copy of LBBW's investment research and conflict of interest policy is available on request from www.lbbw.de/lbbwde/1000005283-en.html

LBBW Research Rating-Systematics (absolute share rating system)

Rating definitions:

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:	52,0%
Sell:	5,4%
Hold:	38,6%
Under review:	0,5%
Suspended:	3,5%

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.

For disclosures pertaining to recommendations or estimates made on securities research, please see the most recently published company report or visit our website at <http://www.lbbw.com/disclosures>

