Schaltbau Holding AG benefits in third quarter from completed restructuring measures and strong position in fast-growing markets

- Like-for-like order intake rises by 8.8% to EUR 413.4 million in the first nine months
- Organic revenue growth up by 7.7% to around EUR 355 million
- Like-for-like EBIT before exceptional items jumps by 43.0% to EUR 22.6 million
- Like-for-like EBIT margin before exceptional items up to 6.3% (2018: 4.8%)
- Refinancing of EUR 151.5 million concluded
- Outlook for current fiscal year confirmed

Munich, 31 October 2019 – Today, the Executive Board of Schaltbau Holding AG [ISIN: DE000A2NBTL2] published its results for the third quarter and first nine months of the fiscal year 2019 and confirmed its outlook for the full year.

"In the third quarter, apart from our highly stable and steadily growing Rail core business in the Mobile Transportation Technology and Components segments, we have also benefited from our excellent market position in the dynamically growing young markets New Energy, New Mobility and Industry," said Schaltbau CEO Dr Albrecht Köhler. "Based on this good performance, we will continue rapidly increasing our market share on the back of organic growth."

In the third quarter 2019, the Schaltbau Group's like-for-like revenue grew by 8.1% to EUR 121.4 million (excluding the divested corporate entities Pintsch Bubenzer, Sepsa and Alte), making the past three-month period the strongest in the current fiscal year in terms of revenue. With like-for-like order intake of EUR 137.0 million, the corresponding book-to-bill ratio also improved significantly in the third quarter to 1.13 (Q3 2018: 0.92).

Like-for-like Group revenue grew organically by 7.7% to EUR 354.6 million during the nine-month period under report (January – September 2018: EUR 329.3 million). Order intake of EUR 413.4 million, also measured on a like-for-like basis, gave rise to a book-to-bill ratio of 1.17 compared with 1.15 one year earlier. The like-for-like order book therefore rose sharply by 18.9% to stand at EUR 508.0 million at the end of the reporting period (30 September 2018: EUR 427.3 million). Cost of materials and personnel expense both increased by 6.7% to EUR 189.3 million and EUR 120.3 million respectively (all figures on a like-for-like basis). Depreciation and amortisation decreased to EUR 11.3 million (January – September 2018: EUR 12.8 million), while other operating expenses increased to EUR 40.6 million (January – September 2018: EUR 35.7 million), primarily due to restructuring costs. Group EBIT before exceptional items, the measure relevant for the Schaltbau Group's guidance, therefore rose on a like-for-like basis to EUR 22.6 million (January – September 2018: EUR 15.8 million). The improved result is primarily due to achieving higher operating profitability in both the Mobile and the Stationary Transportation Technology segments. In the first nine months of the current year, the Group's like-for-like EBIT margin before exceptional items therefore climbed to 6.3% (January – September 2018: 4.8%). Exceptional items amounted to EUR 7.7 million and relate mainly to restructuring expenses totalling EUR 8.0 million. Reported Group EBIT totalled EUR 14.9 million (January – September 2018: negative EUR 1.5 million), which corresponds to an EBIT margin of 3.9% (January – September 2018: negative 0.4%) on reported Group revenue of EUR 376.4 million (January – September 2018: EUR 376.1 million).

Group equity remained practically unchanged at EUR 94.4 million (31 December 2018: EUR 93.8 million). Net financial liabilities increased by 6.9% to EUR 107.0 million, principally due to a higher volume of inventories in conjunction with the start-up of various new projects and a decrease in trade payables (31 December 2018: EUR 100.1 million).

The positive cash flow from operating activities is primarily attributable to the rise in Group EBIT and the introduction of a factoring programme. Free cash flow for the nine-month period was a negative amount of EUR 1.6 million, reflecting higher levels of investment, whereas in the previous year it was positively impacted by the sale of Pintsch Bubenzer (January – September 2018: EUR 8.5 million).

The refinancing totalling EUR 109 million under the terms of new syndicated financing arrangements has been successfully concluded. It runs for a term of three years with two extension options of one year in each case. These financing arrangements form the cornerstone of the Schaltbau Group's comprehensive refinancing strategy. Including a factoring programme with a volume of EUR 29 million and promissory notes amounting to EUR 13.5 million (which have been extended for at least another three years), new debt financing raised now totals EUR 151.5 million.

"Our efforts regarding the restructuring plan finalised in July already began to bear fruit in terms of profitability in the third quarter. Following this path, we will continue to work hard on optimising the relevant balance sheet line items," commented CFO Thomas Dippold. "At the nine-month stage, we are very confident of being able to reach our full-year earnings targets at the upper end of the projected corridor."

Performance of the various segments

In the first nine months of the current fiscal year, the Schaltbau Group profited above all from volume growth in both the Mobile Transportation Technology and the Components segments as well as from a positive development in operating profitability across all three segments on a like-for-like basis.

The **Mobile Transportation Technology** segment is represented by the Bode Group and by SBRS. Bode is a leading supplier of innovative door and boarding systems for buses and trains as well as commercial and electric vehicles worldwide and the number 1 in Europe. In addition to the partial and complete refurbishing of trains as well as the related services, SBRS focuses strongly on providing highly efficient charging infrastructure systems for electric vehicles such as e-buses. On a like-for-like basis, order intake in this segment rose at an above-average rate of 15.1% to EUR 235.6 million during the first nine months of the year, compared with EUR 204.8 million one year earlier. Segment revenue with third parties on a like-for-like basis grew by 5.0% to EUR 191.4 million (January – September 2018: EUR 182.2 million), despite the fact that the production breakdown caused by flooding at the Kassel plant in May and the repair of the damage has still not been fully made up for. Like-for-like segment EBIT before exceptional items improved by 120.1% to EUR 8.8 million (2018: EUR 4.0 million), particularly due to improved productivity and a combination of direct and indirect savings on the cost of materials. Exceptional items in this segment relate to the provision recognised for pending calls on guarantees amounting to EUR 6.5 million. Reported EBIT for the segment increased by EUR 18.2 million to EUR 2.2 million (2018: negative EUR 16.0 million).

The **Stationary Transportation Technology** segment is represented by Pintsch, a leading supplier of rail infrastructure. A specialist in the field of signal and safety technology, Pintsch is a pivotal market driver in the digitisation of rail infrastructure. In line with expectations, order intake for this segment on a like-for-like basis for the nine-month period dropped by 12.8% to EUR 52.4 million (2018: EUR 60.1 million), mainly attributable to a one-off major order for a train formation system in 2018 and delays in the awarding of level crossing projects in Germany during the current reporting year. By contrast, like-for-like segment revenue generated with third parties rose considerably by 28.5% to EUR 46.0 million (January – September 2018: EUR 35.8 million). The improvement was mainly driven by the sale of platform screen doors to Brazil, the impact of a customer-related project delay from the previous year and the billing of orders for additional equipment. Like-for-like segment EBIT improved to EUR 2.7 million (2018: negative EUR 5.1 million), mainly attributable to higher revenue, an improved project mix and ongoing cost-cutting measures.

The **Components** segment is represented by Schaltbau GmbH. It develops and manufactures a broad range of long-lasting, highly reliable electromechanical components and customer-specific solutions that meet the particularly stringent safety requirements expected in the rail and industrial sectors. The dynamic pace of growth was also evident in this segment, which recorded a 9.1% rise in order intake over the nine-month period to EUR 125.4 million (January – September 2018: EUR 114.9 million). Segment revenue with third parties grew by 5.2% to EUR 117.2 million (January – September 2018: EUR 111.4 million), as a result of which the book-to-bill ratio rose to 1.07 (January – September 2018: 1.03). The positive development was broadly attributable to the entire product portfolio, although the forward-looking markets of New Mobility and New Energy performed particularly well. Segment EBIT fell slightly to EUR 21.1 million (January – September 2018: EUR 22.4 million) as a consequence of structural measures implemented to safeguard future growth, particularly in the first half of the year.

Outlook confirmed

After recording business performance in line with plan in the third quarter, the Executive Board has confirmed its outlook for the current fiscal year. For the full fiscal year, the Schaltbau Group continues to predict an improvement in business performance year-on-year as well as further reductions in costs, largely based on measures that have already been introduced as well as continual process improvements within the Group. Excluding the two companies Sepsa and Alte, which have both been divested, in 2019 the Schaltbau Group therefore expects to generate revenue in the region of EUR 480–500 million and an EBIT margin of 5–6% before exceptional items and on a like-for-like basis.

Key figures from the consolidated financial statements of Schaltbau Holding AG, January - September 2019 (9M)

In € million / as reported	**9M 2019**	**9M 2018**	**Change absolute**	**Change in %**
Order intake	426.4	420.0	6.5	1.5
Order intake on like-for-like basis*	413.4	380.0	33.4	8.8
Order book on like-for-like basis (at end of reporting period)*	508.0	427.3	80.7	18.9
Revenue	376.4	376.1	0.3	0.1
Revenue on like-for-like basis*	354.6	329.3	25.3	7.7
EBIT	14.9	-1.5	16.3	n.a.
EBIT on like-for-like basis* and excluding exceptional items	22.6	15.8	6.8	43.0
	30 Sep. 2019	**31 Dec. 2018**	**Change absolute**	**Change in %**
Net financial liabilities**	107.0	100.1	6.9	6.9
Group equity	94.4	93.8	0.6	0.6
Number of employees	2,800	3,157	-357	-11.3

*Excluding the contributions of Pintsch Bubenzer, Sepsa and Alte; Pintsch Bubenzer was deconsolidated following its sale on 1 March 2018; Sepsa and Alte were divested in Q2 2019

**Excluding lease liabilities

Further details regarding the results for the first nine months of 2019 are available in an explanatory presentation that was published today and can be downloaded at: www.schaltbaugroup.de

About the Schaltbau Group

Schaltbau Holding AG (ISIN: DE000A2NBTL2) is listed in the Prime Standard segment of the regulated market of Deutsche Börse AG in Frankfurt am Main. With annual Group revenue in the region of EUR 500 million and around 3,000 employees, Schaltbau is an internationally leading supplier of components and systems in the field of transportation technology and the capital goods industry. With Schaltbau, Bode, Pintsch and SBRS as their core brands, Schaltbau Group companies develop a wide range of high-quality technologies and customer-specific solutions for rolling stock, rail infrastructure, road vehicles and a range of other industrial applications.
To find out more about the Schaltbau Group, go to: https://schaltbaugroup.com

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