

# R. STAHL AG

Industrials - Germany



**Buy** (old: Buy)

31.08.2023

**EUR 31.00** (old: EUR 31.00)

## Materializing turnaround carried by several structural trends

While overlooked by many investors due to its rather lacklustre operating performance between 2016 and 2021, implemented changes on the back of efficiency and growth initiatives are beginning to bear fruit, making it a **BUY with 40% upside**.

Between 2016 and 2021, the globally leading (#2 in Europe and #3 globally) supplier of explosion protected electrical components, has not been able to turn its good competitive quality into adequate sales and margin growth. This was mainly the result of the cyclical down-turn of its key end market (oil up- and downstream, which used to account for more than 50% of group sales) but also various internal inefficiencies such as partially unprofitable sites, unnecessary high product complexity and different IT systems across sites.

Yet, the tide has turned and R. STAHL should be able to achieve record sales and EBITDA growth during the short to mid-term, thanks to:

- **Structural growth drivers:** R. Stahl is the globally leading provider of explosion protection for LNG tankers, terminals and liquification/regassification plants (25-75% market shares). Further, R.Stahl has begun supplying its LED solutions to outdated nuclear plants in the UK (France to come soon) and offers explosion proof solutions for industrial automation projects within the pharma, chemical and upstream oil and gas industry.
- **Self-help measures that pay off:** Management implemented three efficiency/growth initiatives (R. STAHL 2020, EXcellence 2023 and EXcellence 2030) that focus on streamlining internal processes, reducing organisational complexity, but also broadening the product offering in order to target emerging trends such as LNG and automation.

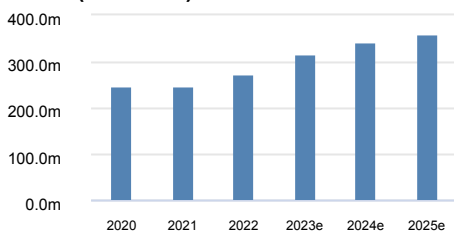
With that, the company should also be able **further improve EBIT margins (>7%), ROCEs (>11%)** and **free cash flow generation (€ 10-15m)** going forward.

Yet, **valuation looks undemanding**. Shares are trading on a mere 5.1x EV/EBITDA (8x PE) 2024e, clearly below the historical average of roughly 7x. This is despite the structural demand tailwinds, which should fuel mid-term sales and margin growth. **BUY with a € 31 PT** based on FCFY'24e. *-continued-*

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	246.5	248.1	274.3	318.0	342.7	359.9
Sales growth	-10.3%	0.7%	10.6%	15.9%	7.7%	5.0%
EBITDA	17.2	16.8	20.6	37.3	41.5	45.1
Net debt (if net cash=0)	5.8	18.3	29.2	32.7	23.0	8.0
FCF	5.1	-3.1	-8.1	-3.5	9.7	15.0
Net Debt/EBITDA	0.3	1.1	1.4	0.9	0.6	0.2
EPS pro forma	-0.54	-0.77	0.30	2.31	2.80	2.93
EBITDA margin	7.0%	6.8%	7.5%	11.7%	12.1%	12.5%
ROCE	0.3%	-0.0%	2.0%	10.5%	11.2%	12.0%
EV/sales	1.0	1.0	0.8	0.7	0.6	0.6
EV/EBITDA	13.7	14.1	10.6	6.0	5.1	4.4
PER	-40.5	-28.8	74.5	9.5	7.9	7.5
Adjusted FCF yield	1.5%	-0.4%	4.2%	8.4%	10.0%	12.2%

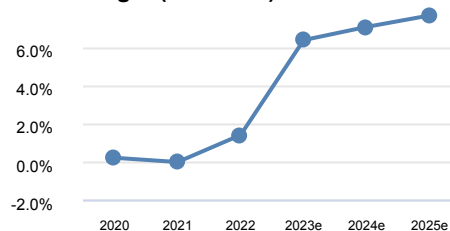
Source: Company data, NuWays, Close price as of 30.08.2023

### Sales (2020-25e)



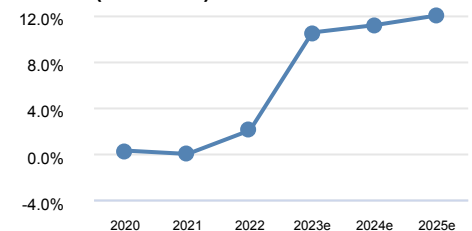
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

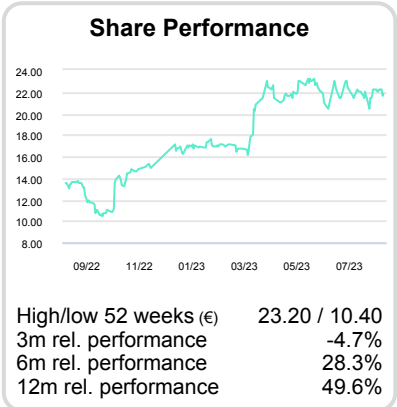
### ROCE (2020-25e)



Source: NuWays Research

## Company description

R. STAHL is a globally leading producer of components for electrical explosion protection, mainly for the oil & gas, chemical and pharma industry. The company offers >10k products, ranging from standard components to complete systems and individually engineered solutions for large projects



### Market data

Share price (in €)	21.80
Market cap (in € m)	141.7
Number of shares (in m pcs)	6.4
Enterprise value (in € m)	222.7
Ø trading volume (6 months)	1,280

### Identifier

Bloomberg	RSL2 GR
Reuters	RSLG
WKN	A1PHBB
ISIN	DE000A1PHBB5

### Key shareholders

Founding Families	48.0%
RSBG	14.0%
Langfrist-Investoren TGV	10.0%
BWVA	5.0%
Free Float	22.0%

### Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

## Guidance

- Sales: € 305-320m
- Adj. EBITDA € 30-36m

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## A quick reminder of what R. STAHL does

Simply put, R. Stahl ensures that whenever explosive substances such as flammable gases, liquids and dusts are handled, the used electrical hardware does not ignite an explosion. While explosion protection only accounts for 0.5-2% of a project's total cost, it plays an absolutely crucial role in the safety of people, the environment and equipment/production plants.

### Product overview

Electromechanical components	Light fittings & signaling devices	Network & automation solutions	Human machine interfaces
 <ul style="list-style-type: none"> <li>• Connectors</li> <li>• Enclosures</li> <li>• Junction and control boxes</li> </ul>	 <ul style="list-style-type: none"> <li>• #1 in LED technology</li> <li>• Signalling devices</li> <li>• Emergency lights</li> <li>• Battery boxes</li> </ul>	 <ul style="list-style-type: none"> <li>• Field Bus</li> <li>• Remote I/O</li> <li>• Switches</li> <li>• Access Points</li> </ul>	 <ul style="list-style-type: none"> <li>• Displays</li> <li>• Panel PCs</li> <li>• Handhelds</li> <li>• Cameras</li> </ul>
			

Source: NuWays Research, company data

With its comprehensive portfolio consisting of **more than 10,000 different products**, R. STAHL is not only able to supply standard components, but also complete systems and tailored and individually engineered solutions for large-scale projects. Its products can be clustered in four product groups:

- **Electromechanical components and solutions** such as junction and terminal boxes, cable glands, connectors and enclosure systems.
- **Light fittings & signaling devices** such as explosion-proof LED luminaires (global market leader), standard neon tube lighting, signaling devices, emergency lights and battery boxes.
- **Network & automation products and solutions** such as access points, remote I/O systems, fieldbus solutions and switches.
- **Human machine interfaces** such as indoor and outdoor CCTV systems, displays, handheld devices and panel PCs.

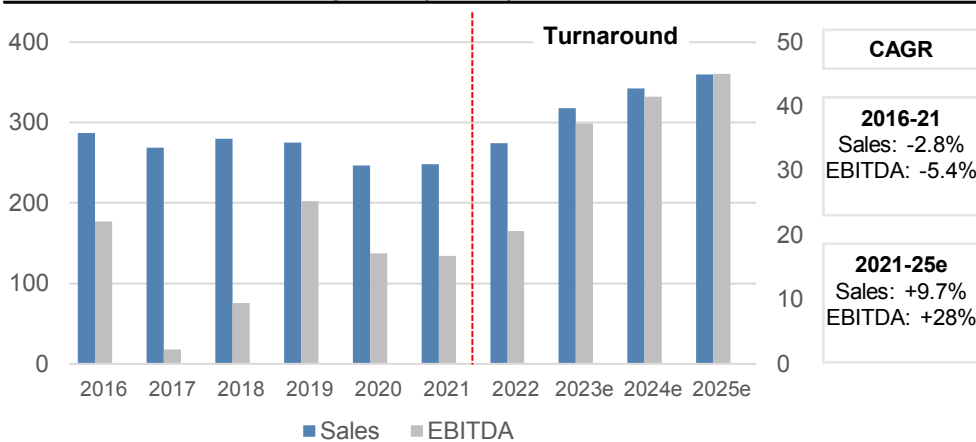
While R. STAHL does not produce all of the electrical components itself, the company is an expert in making them explosion-proof and thus ready to use in any hazardous area. This can be done, though quite costly, by (1) putting an encapsulation around the electrical component and flushing it with non-explosive gases such as nitrogen. Therefore, much more common and cheaper approaches are: (2) reducing the electrical energy that runs through the electrical component to a level that is insufficient to ignite an explosive atmosphere or (3) encapsulating the electrical component with an explosion proof case, which keeps the explosion inside and thus safely prevents the explosion from spreading outside the case.

## Operational turnaround in full swing

### 2016-2021 with a muted operational performance...

During the past years, R. STAHL's financials have not been an ideal reflection of the company's competitive quality, mainly due to the cyclical down-turn of its key end market (oil up- and downstream, which used to account for more than 50% of group sales), but also as a result of various internal inefficiencies such as partially unprofitable sites, unnecessary high product complexity and different IT systems across sites (slowing down order management and work flow and creating double work to manually bridge interface incompatibilities). As a result, sales declined by an average of 2.8% p.a. to € 248m by 2021. At the same time, the group's EBITDA shrank to € 16.8m, a -5.4% CAGR (2016-21).

### Sales and EBITDA development (in € m)



Source: NuWays Research, company data

### ...but a turnaround that is in full swing.

From 2022 onwards, the company has return to profitable growth. Until the end of FY25e, sales is seen to reach € 360m (9.7% CAGR), while EBITDA should grow to € 45m (28% CAGR). The key drivers are:

#### (1) Several structural growth drivers:

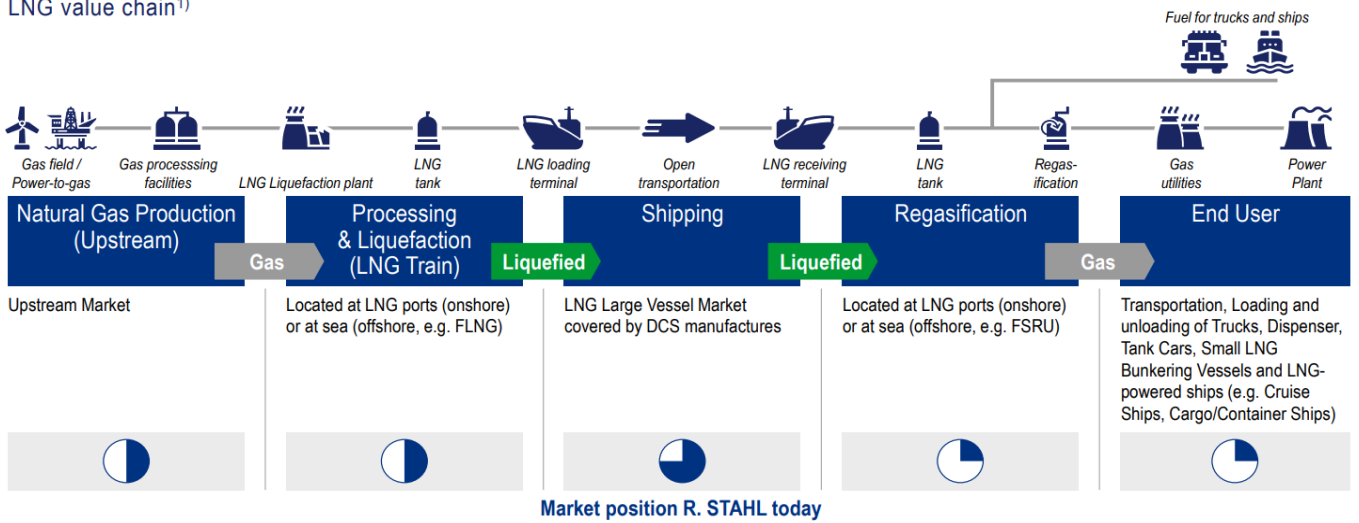
##### LNG – capitalizing on superior market shares along the value chain

With the start of the Ukrainian war, energy policies especially in Europe have changed dramatically. In order to compensate for Russian gas, the demand for LNG from the US and the Middle East has strongly increased and should further grow during the mid- to long-term at a mid single-digit CAGR (2022-40e).

During the next ten years, it is estimated that **at least 450 new LNG tankers need to be build** to replace older/smaller ones and to cope with the growing demand. Assuming a constant 75% market share and an average project volume of € 2m per ship, the **market opportunity from LNG tankers alone stands at some € 90m p.a.** Mind you, this does not yet include additional sales from other parts of the LNG value chain such as liquefaction (75% market share), natural gas production (50% market share) and regasification (25% market share).

R. STAHL positioning along LNG value chain

LNG value chain<sup>1)</sup>



Source: NuWays Research, company data

What's more, hydrogen has the potential to play an important role for the explosion protection industry and particularly R. STAHL in the long-run, assuming a breakthrough as source or storage solution of energy. The key reason behind it are the unique hazardous properties compared to today's fossil fuels oil, gas and coal; simply put, its explodes significantly easier.

Nuclear power plants – leveraging its know-how to enter new markets

As of 2023, R. Stahl has begun to **supply LED lightning solutions to a nuclear project** in the UK (Hinkley Point C). As a number of operational nuclear plants in the UK is nearing the end of their lives, the UK plans to approve 1 new project per year until 2030 (8 in total). **Sales from each of those projects should be in the € 10-12m range.** Given limited competition in this field, we expect R. Stahl to also win the upcoming projects.

More importantly, the **UK project is partially owned by the French utility company EDF** (through a JV), **which also manages France's 56 power reactors.** Most of those are old and carry a significant maintenance backlog. We hence expect the planned refitting/maintenance of the French nuclear power landscape (assuming similar project volumes compared to the UK) to turn into an attractive tailwind for R. Stahl during the next five to ten years. The total number of nuclear reactors across Europe is above 100.

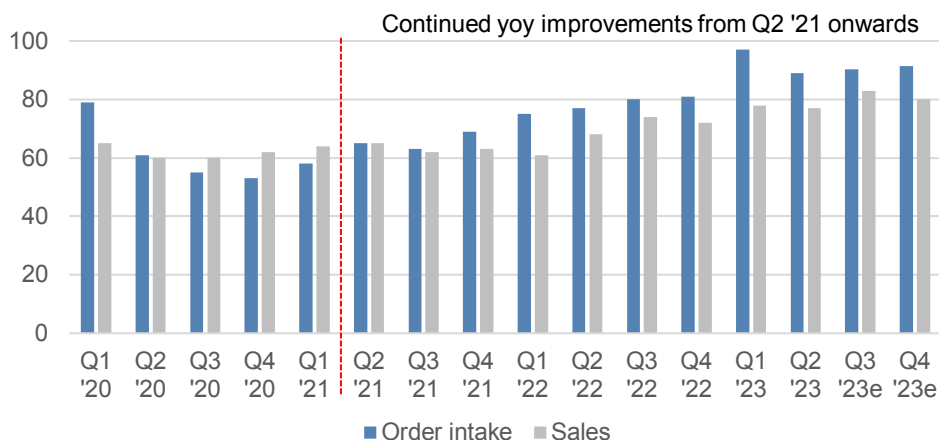
Production automation across industries

The need for industrial automation is seen to strongly grow during the short- to mid-term, driven by a lack of skilled employees, a rising need for production efficiencies amid increasing cost pressure and rising safety standards. Until 2030, the **production automation industry is expected to grow by 7-10% annually.**

**R. STAHL is already a leading supplier of automation solutions** such as access points, remote I/O systems, fieldbus solutions and switches, but is also constantly broadening the portfolio with products such as drones. The key end markets that R. STAHL is already supplying with its solutions include offshore oil and gas, chemical/ pharmaceutical production plants and LNG and other cargo ships.

In sum, R. STAHL **has consistently recorded strong order intake, which was always above the quarter's sales figure** (book-to-bill ratio of >1x) and above the previous year's figure, since Q2 2021. In fact, in the first quarter of this year, the order intake reached € 97m.

## Order intake and backlog development



Source: NuWays Research, company data

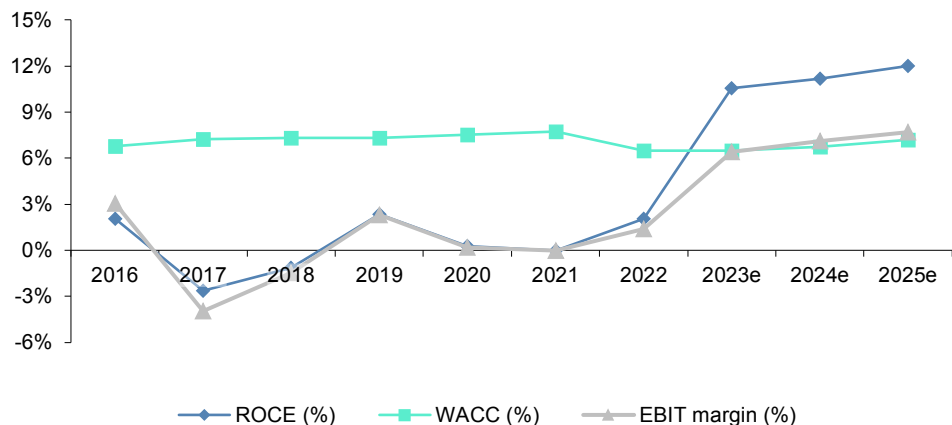
## (2) Completed internal homework is bearing fruit

Since 2018, the company implemented and/or introduced three efficiency/growth initiatives (R. STAHL 2020, EXcellence 2023 and EXcellence 2030), which are gradually beginning to bear fruit.

- The **efficiency program R. STAHL 2020** (initiated in 2018), had the goal to streamline and modernize the company's operating model by reducing the number of operating subsidiaries (-5), products (-50%) and employees (-4.5%), while at the same time improving production efficiencies and reducing IT complexity. In sum, the company realized € 17m of operational improvements (2020 vs 2017). While this was not instantly visible in the company's P&L due to declining sales volumes, it did lay the foundation of upcoming profitable growth.
- With **EXcellence 2023**, the company begun focusing on initiatives to drive growth and the strategic development by broadening its product portfolio with key technologies, improving sales processes, introducing solutions geared towards sustainable energy applications (e.g. LNG and hydrogen) and significantly expanding its digital service offering.
- With the extension of the latter (now: **EXcellence 2030**), R. STAHL is again taking action to further improve its product offering (e.g. strategic partnership with i.safe MOBILE, a leader for explosion-proof mobile devices and solutions), internal structures and production efficiencies.

As a result of the unbroken structural demand drivers and the efficiency/growth initiatives, we expect returns to further improve with EBIT margins and ROCEs normalizing in the mid to high single-digit and double-digit range, going forward.

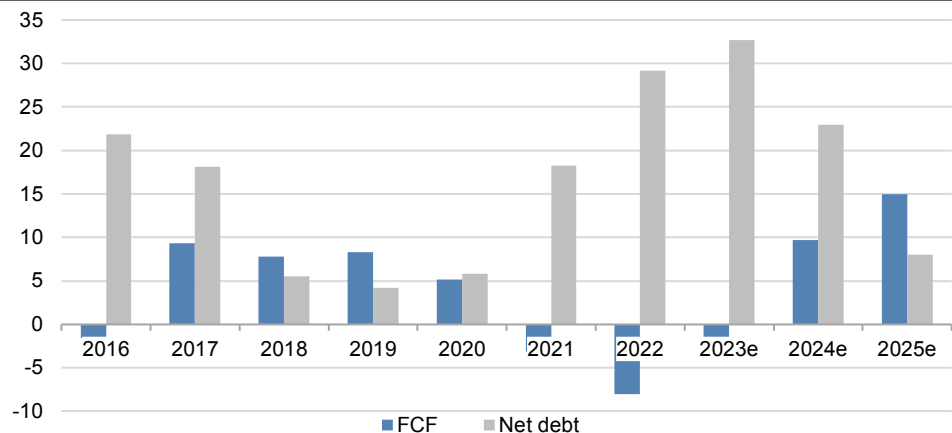
## Returns: ROCE vs. WACC



Source: NuWays Research, company data

This turnaround should also increasingly become visible in the company's free cash flow generation. Note: FY2020-23e are burdened by a notable ramp-up of inventories to tackle difficult supply chains (inventory turn to decrease from 8x in FY20 to 5x in FY23e). With slight working capital improvements from FY24e onwards, **the FCF should improve to € 15m by 2025e.**

## FCF and net debt (in € m)



Source: NuWays Research, company data

## Valuation

### Significant upside based on FCFY 2024e, underpinned by historical multiples

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company.

Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after tax return equals the **model's hurdle rate of 7.5%**. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

We choose to **value R. STAHL on 2024e** to account for the sequential operational improvements stemming from a continued demand recovery of key end markets and the gradual development of new ones (e.g. nuclear power plants). With this, EBITDA margins should sustainably climb above 12% from FY24e onwards.

FCF yield, year end Dec. 31	2022	2023e	2024e	2025e
<b>EBITDA</b>	<b>20.6</b>	<b>37.3</b>	<b>41.5</b>	<b>45.1</b>
- Maintenance capex	9.5	12.3	13.3	13.6
- Minorities	0.0	0.0	0.0	0.0
- Tax expenses	1.9	6.4	7.7	8.1
<b>= Adjusted Free Cash Flow</b>	<b>9.1</b>	<b>18.6</b>	<b>20.5</b>	<b>23.4</b>
<b>Actual Market Cap</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>
+ Net debt (cash)	29.2	32.7	23.0	8.0
+ Pension provisions	64.2	64.2	64.2	64.2
+ Off balance sheet financing	0.0	0.0	0.0	0.0
+ Adjustments prepayments	0.0	0.0	0.0	0.0
- Financial assets	-15.8	-15.8	-15.8	-15.8
- Dividend payment	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	<i>77.6</i>	<i>81.1</i>	<i>71.4</i>	<i>56.4</i>
<b>= Actual EV'</b>	<b>219.3</b>	<b>222.7</b>	<b>213.1</b>	<b>198.1</b>
<b>Adjusted Free Cash Flow yield</b>	<b>4.2%</b>	<b>8.4%</b>	<b>9.6%</b>	<b>11.8%</b>
<b>Sales</b>	<b>274.3</b>	<b>318.0</b>	<b>342.7</b>	<b>359.9</b>
Actual EV/sales	0.8x	0.7x	0.6x	0.6x
Hurdle rate	7.5%	7.5%	7.5%	7.5%
FCF margin	3.3%	5.9%	6.0%	6.5%
Fair EV/sales	0.4x	0.8x	0.8x	0.9x
<b>Fair EV</b>	<b>121.9</b>	<b>248.5</b>	<b>272.8</b>	<b>312.6</b>
- <i>EV Reconciliations</i>	<i>77.6</i>	<i>81.1</i>	<i>71.4</i>	<i>56.4</i>
<b>Fair Market Cap</b>	<b>44.4</b>	<b>167.5</b>	<b>201.4</b>	<b>256.2</b>
No. of shares (million)	6.4	6.4	6.4	6.4
<b>Fair value per share</b>	<b>6.9</b>	<b>25.8</b>	<b>31.1</b>	<b>39.6</b>
<b>Premium (-) / discount (+) in %</b>	<b>-69%</b>	<b>18%</b>	<b>42%</b>	<b>81%</b>
<b>Sensitivity analysis fair value</b>				
	5.0%	16.4	45.3	52.5
<b>Hurdle rate</b>	7.5%	6.9	26.0	31.3
	10.0%	2.2	16.4	20.7
	12.5%	-0.7	10.6	14.3

Source: NuWays Research, company data

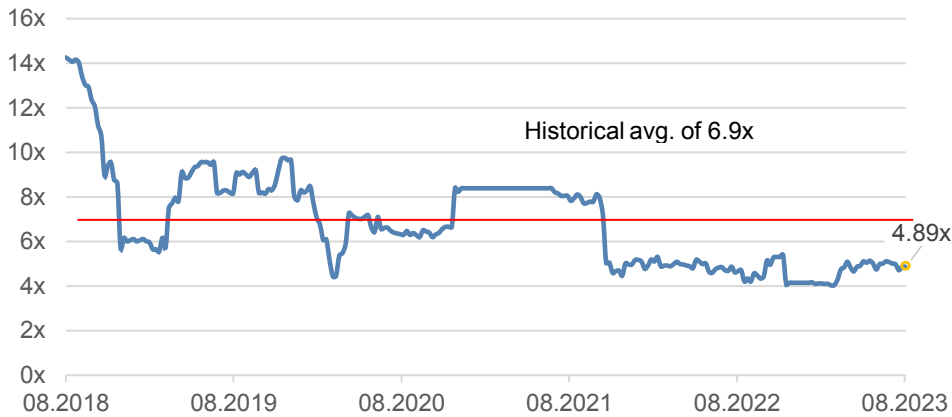
During the past five years, R. Stahl has been trading on an average 1yr forward looking EV/EVBITDA multiple of 6.9x (median of 6.5x), roughly 40% above its



**current valuation of 4.9x.** Closing this gap would imply a fair price per share of roughly € 31.













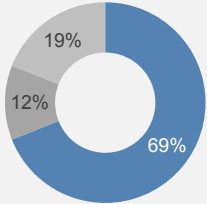
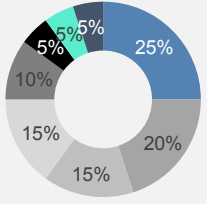
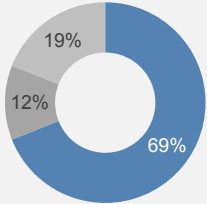
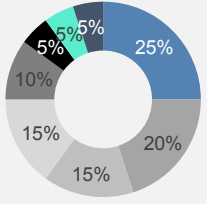
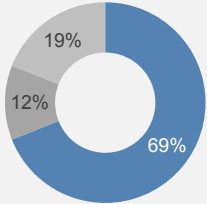
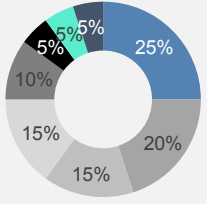
In light of the improving growth and margin prospects during the past 12-18 months, **we would even consider a premium to historical averages as fair**, which would yield additional upside to our current PT.

## Historical 1yr forward EV/EBITDA multiple



Source: NuWays Research

## Appendix

R. STAHL Company Background									
<b>Products</b>	<table border="1"> <thead> <tr> <th>Electromechanical components and solutions</th> <th>Light fittings &amp; signaling devices</th> <th>Network &amp; automation products and solutions</th> <th>Human machine interfaces</th> </tr> </thead> <tbody> <tr> <td>  <ul style="list-style-type: none"> <li>Connectors</li> <li>Enclosures</li> <li>Junction and control boxes</li> </ul> </td> <td>  <ul style="list-style-type: none"> <li>#1 in LED technology</li> <li>Signalling devices</li> <li>Emergency lights</li> <li>Battery boxes</li> </ul> </td> <td>  <ul style="list-style-type: none"> <li>Field Bus</li> <li>Remote I/O</li> <li>Switches</li> <li>Access Points</li> </ul> </td> <td>  <ul style="list-style-type: none"> <li>Displays</li> <li>Panel PCs</li> <li>Handhelds</li> <li>Cameras</li> </ul> </td> </tr> </tbody> </table>	Electromechanical components and solutions	Light fittings & signaling devices	Network & automation products and solutions	Human machine interfaces	 <ul style="list-style-type: none"> <li>Connectors</li> <li>Enclosures</li> <li>Junction and control boxes</li> </ul>	 <ul style="list-style-type: none"> <li>#1 in LED technology</li> <li>Signalling devices</li> <li>Emergency lights</li> <li>Battery boxes</li> </ul>	 <ul style="list-style-type: none"> <li>Field Bus</li> <li>Remote I/O</li> <li>Switches</li> <li>Access Points</li> </ul>	 <ul style="list-style-type: none"> <li>Displays</li> <li>Panel PCs</li> <li>Handhelds</li> <li>Cameras</li> </ul>
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<b>Sales 2022, 2025e (€m)</b>	274, 360								
<b>Sales 2022-25e CAGR</b>	9.5%								
<b>End markets</b>	Oil & Gas, Chemicals, Pharma, Food & Beverage, Shipbuilding, Nuclear Power Plants, etc.								
<b>Market position</b>	Leading player in the market for electrical explosion protection: #2 in Europe and #3 globally								
<b>Competitors</b>	Highly fragmented market, yet key competitors include Eaton/Cooper Crouse-Hinds, Pepperl+Fuchs, Appleton, Bartec, etc.								
<b>Raw materials</b>	A wide range of raw materials incl. plastic parts, steel housings, aluminium parts, cable, light bulbs, switches and gears; electronic components come from a wide range of suppliers								
<b>Sales distribution by region and end market (2022)*</b>	<table border="0"> <tr> <td> <ul style="list-style-type: none"> <li>EMEA</li> <li>Americas</li> <li>APAC</li> </ul> </td> <td>  </td> <td> <ul style="list-style-type: none"> <li>Chemical</li> <li>Upstream Oil</li> <li>Petrochemical/Downstream</li> <li>Gas/LNG</li> <li>Pharmaceutical</li> <li>Shipbuilding</li> <li>Food/beverage</li> <li>Other</li> </ul> </td> <td>  </td> </tr> </table>	<ul style="list-style-type: none"> <li>EMEA</li> <li>Americas</li> <li>APAC</li> </ul>		<ul style="list-style-type: none"> <li>Chemical</li> <li>Upstream Oil</li> <li>Petrochemical/Downstream</li> <li>Gas/LNG</li> <li>Pharmaceutical</li> <li>Shipbuilding</li> <li>Food/beverage</li> <li>Other</li> </ul>					
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<b>Production sites</b>	<b>R. STAHL operates seven production sites:</b> Waldenburg, Weimar and Cologne (Germany), Hengelo (Netherlands), Stavanger (Norway), Houston (USA) and Chennai (India)								
<b>EBITDA 2022, 2025e (€m)</b>	20.6, 45.1								
<b>EBITDA 2022-25e CAGR</b>	29.9%								
<b>ROCE 2022, 2025e</b>	2%, 12%								

Source: NuWays Research

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>246.5</b>	<b>248.1</b>	<b>274.3</b>	<b>318.0</b>	<b>342.7</b>	<b>359.9</b>
<i>Sales growth</i>	-10.3%	0.7%	10.6%	15.9%	7.7%	5.0%
Increase/decrease in finished goods and work-in-process	7.4	3.9	7.6	5.4	5.4	5.4
<b>Total sales</b>	<b>253.9</b>	<b>252.0</b>	<b>282.0</b>	<b>323.4</b>	<b>348.1</b>	<b>365.3</b>
Other operating income	11.1	10.2	13.6	15.8	17.0	17.9
Material expenses	85.7	85.3	100.5	114.3	122.5	127.9
Personnel expenses	115.6	116.2	122.0	136.8	146.7	153.3
Other operating expenses	46.5	43.9	52.5	50.9	54.5	56.9
<b>Total operating expenses</b>	<b>236.7</b>	<b>235.2</b>	<b>261.4</b>	<b>286.1</b>	<b>306.6</b>	<b>320.2</b>
<b>EBITDA</b>	<b>17.2</b>	<b>16.8</b>	<b>20.6</b>	<b>37.3</b>	<b>41.5</b>	<b>45.1</b>
Depreciation	11.4	11.6	11.9	12.1	12.3	12.5
<b>EBITA</b>	<b>5.7</b>	<b>5.2</b>	<b>8.7</b>	<b>25.2</b>	<b>29.2</b>	<b>32.6</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	5.2	5.3	4.9	4.9	4.9	4.9
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>0.5</b>	<b>-0.1</b>	<b>3.8</b>	<b>20.4</b>	<b>24.3</b>	<b>27.7</b>
Interest income	0.1	0.1	0.1	0.2	0.1	0.2
Interest expenses	3.5	2.9	3.6	3.4	3.2	5.7
Investment income	1.6	1.4	3.6	4.1	4.5	4.7
Financial result	-1.8	-1.5	-0.0	0.9	1.4	-0.8
<b>Recurring pretax income from continuing operations</b>	<b>-1.3</b>	<b>-1.5</b>	<b>3.8</b>	<b>21.3</b>	<b>25.7</b>	<b>26.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-1.3</b>	<b>-1.5</b>	<b>3.8</b>	<b>21.3</b>	<b>25.7</b>	<b>26.9</b>
Income tax expense	2.2	3.4	1.9	6.4	7.7	8.1
<b>Net income from continuing operations</b>	<b>-3.5</b>	<b>-4.9</b>	<b>1.9</b>	<b>14.9</b>	<b>18.0</b>	<b>18.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-3.5</b>	<b>-4.9</b>	<b>1.9</b>	<b>14.9</b>	<b>18.0</b>	<b>18.9</b>
Minority interest	-0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-3.5</b>	<b>-4.9</b>	<b>1.9</b>	<b>14.9</b>	<b>18.0</b>	<b>18.9</b>
Average number of shares	6.4	6.4	6.4	6.4	6.4	6.4
<b>EPS reported</b>	<b>-0.54</b>	<b>-0.77</b>	<b>0.30</b>	<b>2.31</b>	<b>2.80</b>	<b>2.93</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	-10.3%	0.7%	10.6%	15.9%	7.7%	5.0%
Increase/decrease in finished goods and work-in-process	3.0%	1.6%	2.8%	1.7%	1.6%	1.5%
<b>Total sales</b>	<b>103.0%</b>	<b>101.6%</b>	<b>102.8%</b>	<b>101.7%</b>	<b>101.6%</b>	<b>101.5%</b>
Other operating income	4.5%	4.1%	5.0%	5.0%	5.0%	5.0%
Material expenses	34.8%	34.4%	36.6%	35.9%	35.7%	35.5%
Personnel expenses	46.9%	46.8%	44.5%	43.0%	42.8%	42.6%
Other operating expenses	18.9%	17.7%	19.1%	16.0%	15.9%	15.8%
<b>Total operating expenses</b>	<b>96.0%</b>	<b>94.8%</b>	<b>95.3%</b>	<b>90.0%</b>	<b>89.5%</b>	<b>89.0%</b>
<b>EBITDA</b>	<b>7.0%</b>	<b>6.8%</b>	<b>7.5%</b>	<b>11.7%</b>	<b>12.1%</b>	<b>12.5%</b>
Depreciation	4.6%	4.7%	4.3%	3.8%	3.6%	3.5%
<b>EBITA</b>	<b>2.3%</b>	<b>2.1%</b>	<b>3.2%</b>	<b>7.9%</b>	<b>8.5%</b>	<b>9.1%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.1%	2.1%	1.8%	1.5%	1.4%	1.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>0.2%</b>	<b>-0.0%</b>	<b>1.4%</b>	<b>6.4%</b>	<b>7.1%</b>	<b>7.7%</b>
Interest income	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%
Interest expenses	1.4%	1.2%	1.3%	1.1%	0.9%	1.6%
Investment income	0.6%	0.6%	1.3%	1.3%	1.3%	1.3%
Financial result	neg.	neg.	neg.	0.3%	0.4%	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-0.5%</b>	<b>-0.6%</b>	<b>1.4%</b>	<b>6.7%</b>	<b>7.5%</b>	<b>7.5%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-0.5%</b>	<b>-0.6%</b>	<b>1.4%</b>	<b>6.7%</b>	<b>7.5%</b>	<b>7.5%</b>
Tax rate	-172.4%	-223.1%	50.1%	30.0%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>-1.4%</b>	<b>-2.0%</b>	<b>0.7%</b>	<b>4.7%</b>	<b>5.3%</b>	<b>5.2%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-1.4%</b>	<b>-2.0%</b>	<b>0.7%</b>	<b>4.7%</b>	<b>5.3%</b>	<b>5.2%</b>
Minority interest	-0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-1.4%</b>	<b>-2.0%</b>	<b>0.7%</b>	<b>4.7%</b>	<b>5.3%</b>	<b>5.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	43.3	46.5	48.8	51.1	53.6	56.2
Property, plant and equipment	80.3	78.0	75.0	69.4	63.7	58.0
Financial assets	14.5	19.0	15.8	15.8	15.8	15.8
<b>FIXED ASSETS</b>	<b>138.2</b>	<b>143.5</b>	<b>139.6</b>	<b>136.3</b>	<b>133.1</b>	<b>130.0</b>
Inventories	36.9	39.6	48.9	63.6	64.7	64.3
Accounts receivable	36.7	35.9	37.4	43.6	46.9	49.3
Other assets and short-term financial assets	11.2	11.2	14.7	14.7	14.7	14.7
Liquid assets	19.9	6.3	16.1	12.6	22.3	37.2
Deferred taxes	13.4	9.4	3.1	3.1	3.1	3.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>118.1</b>	<b>102.5</b>	<b>120.1</b>	<b>137.5</b>	<b>151.6</b>	<b>168.6</b>
<b>TOTAL ASSETS</b>	<b>256.2</b>	<b>246.0</b>	<b>259.7</b>	<b>273.8</b>	<b>284.7</b>	<b>298.6</b>

<b>SHAREHOLDERS EQUITY</b>	<b>47.9</b>	<b>49.6</b>	<b>71.1</b>	<b>87.0</b>	<b>100.1</b>	<b>112.9</b>
MINORITY INTEREST	0.2	0.2	0.2	0.2	0.2	0.2
Provisions for pensions and similar obligations	103.1	95.5	64.2	64.2	64.2	64.2
Other provisions and accrued liabilities	13.7	13.7	13.7	13.7	13.7	13.7
Short-term liabilities to banks	16.9	22.2	44.1	44.1	44.1	44.1
Accounts payable	13.8	18.9	19.1	21.3	19.2	20.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	48.3	40.3	39.5	35.5	35.5	35.5
Deferred taxes	2.7	2.6	5.9	5.9	5.9	5.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>62.1</b>	<b>59.2</b>	<b>58.6</b>	<b>56.9</b>	<b>54.7</b>	<b>55.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>256.2</b>	<b>246.0</b>	<b>259.7</b>	<b>273.8</b>	<b>284.7</b>	<b>298.6</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	16.9%	18.9%	18.8%	18.7%	18.8%	18.8%
Property, plant and equipment	31.4%	31.7%	28.9%	25.3%	22.4%	19.4%
Financial assets	5.7%	7.7%	6.1%	5.8%	5.5%	5.3%
<b>FIXED ASSETS</b>	<b>53.9%</b>	<b>58.3%</b>	<b>53.7%</b>	<b>49.8%</b>	<b>46.7%</b>	<b>43.5%</b>
Inventories	14.4%	16.1%	18.8%	23.2%	22.7%	21.5%
Accounts receivable	14.3%	14.6%	14.4%	15.9%	16.5%	16.5%
Other assets and short-term financial assets	4.4%	4.6%	5.7%	5.4%	5.2%	4.9%
Liquid assets	7.7%	2.6%	6.2%	4.6%	7.8%	12.5%
Deferred taxes	5.2%	3.8%	1.2%	1.1%	1.1%	1.0%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT ASSETS</b>	<b>46.1%</b>	<b>41.7%</b>	<b>46.3%</b>	<b>50.2%</b>	<b>53.3%</b>	<b>56.5%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>18.7%</b>	<b>20.2%</b>	<b>27.4%</b>	<b>31.8%</b>	<b>35.1%</b>	<b>37.8%</b>
MINORITY INTEREST	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Provisions for pensions and similar obligations	40.3%	38.8%	24.7%	23.4%	22.5%	21.5%
Other provisions and accrued liabilities	5.3%	5.6%	5.3%	5.0%	4.8%	4.6%
Short-term liabilities to banks	6.6%	9.0%	17.0%	16.1%	15.5%	14.8%
Accounts payable	5.4%	7.7%	7.3%	7.8%	6.7%	6.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	18.8%	16.4%	15.2%	13.0%	12.5%	11.9%
Deferred taxes	1.1%	1.1%	2.3%	2.2%	2.1%	2.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>24.2%</b>	<b>24.1%</b>	<b>22.6%</b>	<b>20.8%</b>	<b>19.2%</b>	<b>18.7%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-3.5	-4.9	1.9	14.9	18.0	18.9
Depreciation of fixed assets (incl. leases)	11.4	11.6	11.9	12.1	12.3	12.5
Amortisation of goodwill & intangible assets	5.2	5.3	4.9	4.9	4.9	4.9
Others	-0.2	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	6.4	-2.5	-3.5	-2.1	11.1	16.4
Increase/decrease in inventory	-2.8	-2.7	-9.3	-14.7	-1.0	0.4
Increase/decrease in accounts receivable	5.8	0.8	-1.5	-6.2	-3.4	-2.4
Increase/decrease in accounts payable	-1.3	5.1	0.2	2.2	-2.1	1.0
Increase/decrease in other working capital positions	0.0	4.3	5.2	-3.0	-5.0	-6.0
Increase/decrease in working capital	1.7	7.6	-5.4	-21.7	-11.5	-7.0
<b>Cash flow from operating activities</b>	<b>17.9</b>	<b>11.9</b>	<b>6.0</b>	<b>10.2</b>	<b>23.6</b>	<b>29.2</b>
CAPEX	12.7	15.0	14.1	13.6	14.0	14.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	3.2	-3.5	0.0	0.0	0.0
Income from asset disposals	0.5	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-12.2</b>	<b>-18.1</b>	<b>-10.4</b>	<b>-13.6</b>	<b>-14.0</b>	<b>-14.3</b>
Cash flow before financing	5.7	-6.3	-4.4	-3.5	9.7	15.0
Increase/decrease in debt position	-0.1	-7.6	14.3	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.4	0.4	-0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.3</b>	<b>-7.6</b>	<b>14.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	4.9	-13.5	9.7	-3.5	9.7	15.0
<b>Liquid assets at end of period</b>	<b>19.9</b>	<b>6.3</b>	<b>16.1</b>	<b>12.6</b>	<b>22.3</b>	<b>37.2</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	-10.3%	0.7%	10.6%	15.9%	7.7%	5.0%
EBITDA growth	-32.0%	-2.1%	22.5%	81.2%	11.2%	8.7%
EBIT growth	-92.2%	-112.6%	-6309.7%	428.9%	19.5%	13.9%
EPS growth	-361.5%	40.7%	-138.6%	682.8%	21.0%	4.7%
<b>Efficiency</b>						
Sales per employee	146.8	144.5	154.5	168.8	173.2	180.9
EBITDA per employee	10.2	9.8	11.6	19.8	21.0	22.7
No. employees (average)	1,680	1,718	1,775	1,884	1,978	1,990
<b>Balance sheet analysis</b>						
Avg. working capital / sales	24.6%	23.5%	22.6%	24.1%	26.0%	25.8%
Inventory turnover (sales/inventory)	6.7	6.3	5.6	5.0	5.3	5.6
Accounts receivable turnover	54.4	52.8	49.7	50.0	50.0	50.0
Accounts payable turnover	25.0	34.2	31.3	31.0	31.0	31.0
<b>Cash flow analysis</b>						
Free cash flow	5.1	-3.1	-8.1	-3.5	9.7	15.0
Free cash flow/sales	2.1%	-1.3%	-2.9%	-1.1%	2.8%	4.2%
FCF / net profit	neg.	63.1%	neg.	neg.	53.7%	79.4%
Capex / sales	5.2%	7.3%	3.8%	4.3%	4.1%	4.0%
<b>Solvency</b>						
Net debt	5.8	18.3	29.2	32.7	23.0	8.0
Net Debt/EBITDA	0.3	1.1	1.4	0.9	0.6	0.2
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	15.5%	11.6%	10.4%	7.5%	7.0%	12.6%
<b>Returns</b>						
ROCE	0.3%	-0.0%	2.0%	10.5%	11.2%	12.0%
ROE	-7.3%	-9.9%	2.7%	17.1%	18.0%	16.7%
Adjusted FCF yield	1.5%	-0.4%	4.2%	8.4%	10.0%	12.2%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.54	-0.77	0.30	2.31	2.80	2.93
Average number of shares	6.4	6.4	6.4	6.4	6.4	6.4
<b>Valuation ratios</b>						
P/BV	3.0	2.9	2.0	1.6	1.4	1.3
EV/sales	1.0	1.0	0.8	0.7	0.6	0.6
EV/EBITDA	13.7	14.1	10.6	6.0	5.1	4.4
EV/EBIT	478.0	-3813.5	57.0	10.9	8.8	7.1

Source: Company data, NuWays

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Company	Disclosures
R. STAHL AG	2

### Historical target price and rating changes for R. STAHL AG

Company	Date	Analyst	Rating	Target Price	Close
R. STAHL AG	01.12.2022	Sandherr, Christian	Buy	EUR 21.00	EUR 14.80

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

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