

Buy (old: Buy)

08.01.2025

EUR 25.00 (old: EUR 25.00)

Mixed FY25e outlook due to low order books

Topic: After a convincing FY24e, we see another solid year for R. Stahl ahead. However, due to a low order book and an uninspiring demand in Q3, sales and earnings could potentially be soft in H1'25e.

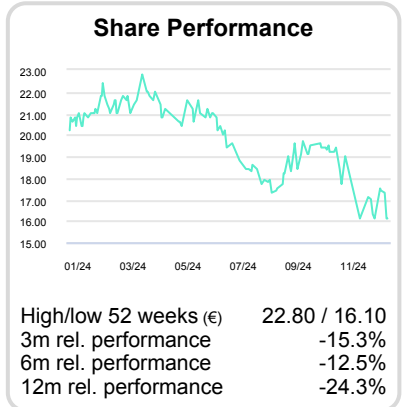
R. Stahl started with a solid order intake of € 181m (book-to-bill 1.04x) into the first half of FY24e before demand came down to € 74m in Q3 (book-to-bill 0.85x). A major reason is the still **struggling European chemical industry** where investments remain on a historically low level. In addition, larger decisions were delayed during the months before the presidential election in the US. Nevertheless, there should be a catch-up effect in Q4'24e and Q1'25e. Beyond that, **president-elect Trump is expected to be a positive driver for the oil and gas industry.**

While sales in Q3 still benefited from a sound backlog in the oil and gas industry in Americas, the **order book has come down considerably** to € 108m end of 9M'24 (vs. € 132m 9M'23). Consequently, we expect to see sales coming down for Q4'24e (eNuW: € 83m). Further, due to the lower visibility, **H1'25e is now more dependent on new order intake** in Q4'24 and H1'25e. For FY25e, we expect sales to slightly increase to € 355m, despite a potentially weaker H1.

We also expect the adj. EBITDA margin to improve slightly (eNuW: 10.8%), thanks to the EXcelerate strategy program. The implementation of the program created one-time costs of c. € 3.7m in 9M'24 (c. € 4.5m in total until 9M'24) and **should amortize within 1-2 years** as stated in the Q3 CC. On the other hand, pressure from wage inflation should persist throughout FY25e, although we expect the overall headcount to slightly decrease. Adj. EBITDA is seen to stay at a solid level of € 38m (eNuW).

Even though the upcoming quarters might be challenging, we continue to be optimistic in the mid- to long term. R. Stahl is not losing market share due to its positive brand recognition and it's just a matter of time until the demand for R. Stahl's explosion protection products recovers back.

We reiterate our BUY rating with an unchanged PT of € 25 based on DCF.



Market data

Share price (in €)	16.10
Market cap (in € m)	110.1
Number of shares (in m pcs)	6.4
Enterprise value (in € m)	189.6
Ø trading volume (6 months)	848

Identifier

Bloomberg	RSL2 GR
Reuters	RSLG
WKN	A1PHBB
ISIN	DE000A1PHBB5

Key shareholders

Founding Families	10.0%
RSBG	14.0%
Langfrist-Investoren TGV	12.0%
BWVA	10.0%
Free Float	54.0%

Estimates changes

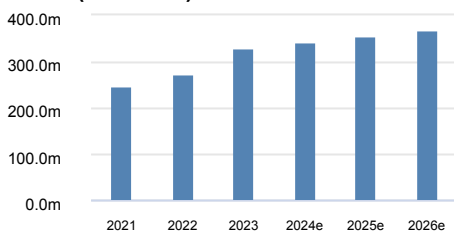
	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	248.1	274.3	330.6	344.4	354.7	368.9
Sales growth	0.7%	10.6%	20.5%	4.2%	3.0%	4.0%
EBITDA	16.8	20.6	36.6	36.0	38.1	41.1
Net debt (if net cash=0)	18.3	29.2	38.8	32.3	14.5	-5.8
FCF	-3.1	-7.9	0.3	6.5	17.8	20.3
Net Debt/EBITDA	1.1	1.4	1.1	0.9	0.4	0.0
EPS pro forma	-0.77	0.30	1.37	1.39	1.43	1.84
EBITDA margin	6.8%	7.5%	11.1%	10.5%	10.8%	11.1%
ROCE	-0.0%	2.0%	9.7%	8.4%	9.0%	10.2%
EV/sales	0.8	0.7	0.6	0.6	0.5	0.5
EV/EBITDA	12.2	9.1	5.8	5.8	5.0	4.1
PER	-22.4	56.7	564.7	12.3	11.9	9.3
Adjusted FCF yield	1.5%	5.5%	11.1%	10.7%	11.9%	14.2%

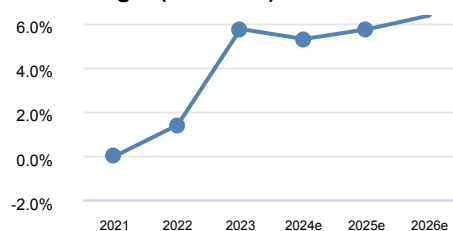
Source: Company data, NuWays, Close price as of 20.12.2024

Sales (2021-26e)



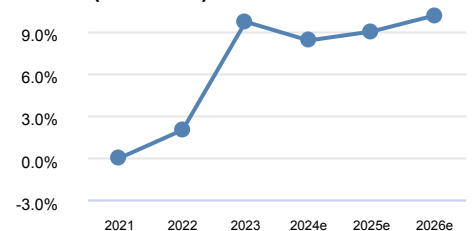
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



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

Guidance

- FY24 sales: € 335-350m
- FY24 adj. EBITDA: € 35-40m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	248.1	274.3	330.6	344.4	354.7	368.9
<i>Sales growth</i>	0.7%	10.6%	20.5%	4.2%	3.0%	4.0%
Increase/decrease in finished goods and work-in-process	3.9	7.6	9.9	3.6	6.1	7.0
Total sales	252.0	282.0	340.4	348.0	360.8	375.8
Other operating income	10.2	13.6	9.9	9.2	11.7	12.9
Material expenses	85.3	100.5	116.2	117.3	124.1	128.9
Personnel expenses	116.2	122.0	134.5	140.1	145.0	150.1
Other operating expenses	43.9	52.5	63.0	63.8	65.3	68.6
Total operating expenses	235.2	261.4	303.8	311.9	322.7	334.7
EBITDA	16.8	20.6	36.6	36.0	38.1	41.1
Depreciation	11.6	10.8	10.7	11.0	11.2	11.0
EBITA	5.2	9.8	26.0	25.1	26.9	30.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	5.3	6.0	6.9	6.7	6.5	6.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-0.1	3.8	19.1	18.4	20.4	23.6
Interest income	0.1	0.1	0.1	0.3	0.2	0.2
Interest expenses	2.9	3.6	7.0	7.7	7.4	6.9
Investment income	1.4	3.6	0.1	0.0	0.0	0.0
Financial result	-1.5	-0.0	-17.1	-7.4	-7.2	-6.7
Recurring pretax income from continuing operations	-1.5	3.8	2.0	10.9	13.2	16.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-1.5	3.8	2.0	10.9	13.2	16.9
Income tax expense	3.4	1.9	1.8	1.9	4.0	5.1
Net income from continuing operations	-4.9	1.9	0.2	9.0	9.3	11.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-4.9	1.9	0.2	9.0	9.3	11.8
Minority interest	0.0	-0.0	-0.0	0.0	0.0	0.0
Net profit (reported)	-4.9	1.9	0.2	9.0	9.2	11.8
Average number of shares	6.4	6.4	6.4	6.4	6.4	6.4
EPS reported	-0.77	0.30	0.03	1.39	1.43	1.84

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	0.7%	10.6%	20.5%	4.2%	3.0%	4.0%
Increase/decrease in finished goods and work-in-process	1.6%	2.8%	3.0%	1.0%	1.7%	1.9%
Total sales	101.6%	102.8%	103.0%	101.0%	101.7%	101.9%
Other operating income	4.1%	5.0%	3.0%	2.7%	3.3%	3.5%
Material expenses	34.4%	36.6%	35.2%	34.0%	35.0%	34.9%
Personnel expenses	46.8%	44.5%	40.7%	40.7%	40.9%	40.7%
Other operating expenses	17.7%	19.1%	19.1%	18.5%	18.4%	18.6%
Total operating expenses	94.8%	95.3%	91.9%	90.6%	91.0%	90.7%
EBITDA	6.8%	7.5%	11.1%	10.5%	10.8%	11.1%
Depreciation	4.7%	3.9%	3.2%	3.2%	3.2%	3.0%
EBITA	2.1%	3.6%	7.9%	7.3%	7.6%	8.2%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.1%	2.2%	2.1%	1.9%	1.8%	1.8%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-0.0%	1.4%	5.8%	5.3%	5.8%	6.4%
Interest income	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Interest expenses	1.2%	1.3%	2.1%	2.3%	2.1%	1.9%
Investment income	0.6%	1.3%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-0.6%	1.4%	0.6%	3.2%	3.7%	4.6%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-0.6%	1.4%	0.6%	3.2%	3.7%	4.6%
Tax rate	-223.1%	50.0%	90.9%	17.4%	30.0%	30.0%
Net income from continuing operations	-2.0%	0.7%	0.1%	2.6%	2.6%	3.2%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-2.0%	0.7%	0.1%	2.6%	2.6%	3.2%
Minority interest	0.0%	-0.0%	-0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-2.0%	0.7%	0.1%	2.6%	2.6%	3.2%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	46.5	48.8	48.6	48.9	49.7	50.4
Property, plant and equipment	78.0	75.0	77.0	74.0	71.0	68.5
Financial assets	19.0	15.8	4.2	4.2	4.2	4.2
FIXED ASSETS	143.5	139.6	129.8	127.1	124.9	123.1
Inventories	39.6	48.9	63.8	62.8	59.8	59.4
Accounts receivable	35.9	37.4	43.4	48.5	48.6	52.7
Other assets and short-term financial assets	11.2	14.7	18.1	17.5	17.3	15.7
Liquid assets	6.3	16.1	11.5	21.7	31.9	49.3
Deferred taxes	9.4	3.1	4.7	11.5	12.7	6.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	102.5	120.1	141.5	162.0	170.3	183.0
TOTAL ASSETS	246.0	259.7	271.4	289.0	295.2	306.1

SHAREHOLDERS EQUITY	49.6	71.1	67.6	76.5	85.8	97.6
MINORITY INTEREST	0.2	0.2	0.2	0.2	0.2	0.2
Long-term liabilities to banks	2.4	1.2	3.4	3.4	3.4	3.4
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	95.5	64.2	69.2	69.2	69.2	69.2
Other provisions and accrued liabilities	18.4	19.7	23.9	24.2	24.8	24.8
NON-CURRENT LIABILITIES	116.4	85.0	96.5	96.8	97.4	97.4
Short-term liabilities to banks	22.2	44.1	46.9	50.5	43.0	40.0
Accounts payable	18.9	19.1	19.5	18.0	20.8	21.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.6	0.7	1.7	1.7	1.7	1.7
Other liabilities (incl. from lease and rental contracts)	35.6	33.5	34.6	38.9	39.5	40.6
Deferred taxes	2.6	5.9	4.6	6.4	6.8	7.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	79.9	103.4	107.2	115.5	111.8	110.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	246.0	259.7	271.4	289.0	295.2	306.1

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	18.9%	18.8%	17.9%	16.9%	16.8%	16.5%
Property, plant and equipment	31.7%	28.9%	28.4%	25.6%	24.0%	22.4%
Financial assets	7.7%	6.1%	1.5%	1.4%	1.4%	1.4%
FIXED ASSETS	58.3%	53.8%	47.9%	44.0%	42.3%	40.2%
Inventories	16.1%	18.8%	23.5%	21.7%	20.3%	19.4%
Accounts receivable	14.6%	14.4%	16.0%	16.8%	16.5%	17.2%
Other assets and short-term financial assets	4.6%	5.6%	6.7%	6.1%	5.9%	5.1%
Liquid assets	2.6%	6.2%	4.2%	7.5%	10.8%	16.1%
Deferred taxes	3.8%	1.2%	1.7%	4.0%	4.3%	2.0%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	41.7%	46.2%	52.1%	56.0%	57.7%	59.8%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	20.2%	27.4%	24.9%	26.5%	29.1%	31.9%
MINORITY INTEREST	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Long-term liabilities to banks	1.0%	0.4%	1.3%	1.2%	1.2%	1.1%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	38.8%	24.7%	25.5%	23.9%	23.4%	22.6%
Other provisions and accrued liabilities	7.5%	7.6%	8.8%	8.4%	8.4%	8.1%
NON-CURRENT LIABILITIES	47.3%	32.7%	35.6%	33.5%	33.0%	31.8%
Short-term liabilities to banks	9.0%	17.0%	17.3%	17.5%	14.6%	13.1%
Accounts payable	7.7%	7.3%	7.2%	6.2%	7.0%	7.0%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.2%	0.3%	0.6%	0.6%	0.6%	0.5%
Other liabilities (incl. from lease and rental contracts)	14.5%	12.9%	12.7%	13.5%	13.4%	13.3%
Deferred taxes	1.1%	2.3%	1.7%	2.2%	2.3%	2.3%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	32.5%	39.8%	39.5%	40.0%	37.9%	36.2%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-4.9	1.9	0.2	9.0	9.3	11.8
Depreciation of fixed assets (incl. leases)	11.6	10.8	10.7	11.0	11.2	11.0
Amortisation of goodwill & intangible assets	5.3	6.0	6.9	6.7	6.5	6.5
Other costs affecting income / expenses	4.3	2.2	14.5	0.3	0.6	0.0
Cash flow from operating activities	1.5	-2.3	3.1	9.5	21.6	24.3
Increase/decrease in inventory	-2.7	-9.3	-14.8	1.0	3.0	0.4
Increase/decrease in accounts receivable	0.8	-1.5	-6.0	-5.1	-0.1	-4.1
Increase/decrease in accounts payable	5.1	0.2	0.4	-1.5	2.8	0.8
Increase/decrease in other working capital positions	0.0	3.0	-2.5	0.0	0.0	9.8
Increase/decrease in working capital	3.2	-7.6	-23.0	-5.6	5.7	6.9
Cash flow from operating activities	11.9	6.0	14.2	21.4	33.3	36.2
CAPEX	15.0	13.9	13.9	14.9	15.5	15.9
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	3.2	-3.5	0.1	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-18.1	-10.4	-13.9	-14.9	-15.5	-15.9
Cash flow before financing	-6.3	-4.4	0.3	6.5	17.8	20.3
Increase/decrease in debt position	-7.6	14.3	-4.4	3.6	-7.5	-3.0
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	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.4	-0.2	-0.4	0.0	0.0	0.0
Cash flow from financing activities	-7.6	14.3	-4.4	3.6	-7.5	-3.0
Increase/decrease in liquid assets	-13.5	9.7	-4.5	10.1	10.3	17.3
Liquid assets at end of period	6.3	16.1	11.5	21.7	31.9	49.3

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	0.7%	10.6%	20.5%	4.2%	3.0%	4.0%
EBITDA growth	-2.1%	22.5%	78.0%	-1.7%	5.9%	7.8%
EBIT growth	-112.6%	-6309.7%	396.5%	-4.0%	11.4%	15.5%
EPS growth	40.7%	-139.4%	-90.0%	4503.0%	2.9%	28.3%
Efficiency						
Sales per employee	148.2	164.7	193.7	197.8	199.7	205.7
EBITDA per employee	10.0	12.4	21.5	20.7	21.5	22.9
No. employees (average)	1,674	1,666	1,707	1,741	1,776	1,794
Balance sheet analysis						
Avg. working capital / sales	23.5%	22.6%	23.4%	26.3%	25.5%	24.1%
Inventory turnover (sales/inventory)	5.3	5.0	4.5	4.1	4.5	4.7
Accounts receivable turnover	6.8	7.5	8.2	7.1	7.3	7.0
Accounts payable turnover	34.2	31.3	28.3	25.5	28.2	28.2
Cash flow analysis						
Free cash flow	-3.1	-7.9	0.3	6.5	17.8	20.3
Free cash flow/sales	-1.3%	-2.9%	0.1%	1.9%	5.0%	5.5%
FCF / net profit	63.1%	neg.	187.4%	72.6%	191.5%	171.7%
Capex / sales	7.3%	3.8%	4.2%	4.3%	4.4%	4.3%
Solvency						
Net debt	18.3	29.2	38.8	32.3	14.5	-5.8
Net Debt/EBITDA	1.1	1.4	1.1	0.9	0.4	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	11.6%	10.4%	14.7%	14.9%	14.7%	15.4%
Returns						
ROCE	-0.0%	2.0%	9.7%	8.4%	9.0%	10.2%
ROE	-9.9%	2.7%	0.3%	11.7%	10.8%	12.1%
Adjusted FCF yield	1.5%	5.5%	11.1%	10.7%	11.9%	14.2%
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	-0.77	0.30	0.03	1.39	1.43	1.84
Average number of shares	6.4	6.4	6.4	6.4	6.4	6.4
Valuation ratios						
P/BV	2.2	1.5	1.6	1.4	1.3	1.1
EV/sales	0.8	0.7	0.6	0.6	0.5	0.5
EV/EBITDA	12.2	9.1	5.8	5.8	5.0	4.1
EV/EBIT	-3304.5	48.8	11.2	11.3	9.3	7.2

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

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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	07.11.2024	Sandherr, Christian	Buy	EUR 25.00	EUR 19.00
	18.04.2024	Sandherr, Christian	Buy	EUR 29.00	EUR 21.40
	15.02.2024	Sandherr, Christian	Buy	EUR 31.00	EUR 22.40
	09.02.2024	Sandherr, Christian	Buy	EUR 23.00	EUR 21.00

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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 return 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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