

Capital Goods - Engineering

Dürr

- Earnings preview -

Strong Buy

Previously: Strong Buy

Target price: €34.50

Closing price: **€22.90**

(15 February 2008)

Expected impact: Positive

Dürr will release preliminary numbers for FY07F on 25 February. The company guided for a sales growth of 5-10% and an operating EBIT margin of €3.5%. Thus, FY07F EBIT guidance is €50-53m in absolute terms. We expect sales to be more at the upper end of the guided range.

We estimate profitability to be marginally ahead of company guidance, as we forecast an EBIT margin of 3.6%. Typically, 4Q is responsible for a large share of a FY, in the case of FY07 it should be roughly 50%. News from KUKA and Schuler, which are also suppliers for Automotive OEM plants, were encouraging and thus we are optimistic. If we look at our segment forecasts, we believe that MPS has the highest potential to surprise on the upside as we have a conservative estimate for 4Q07F on a YoY comparison.

2Q07 and 3Q07 of PAS were burdened by losses from the Indian operations by €11.5m. The problems are solved by now. They were counterbalanced by one-off gains of €9.8m in 9M07, nearly eliminating the Indian losses. Recently, Dürr had released a statement according to which the region continues its boom. Thus, we think Dürr will be able to book nice profits from India in FY08F. Order intake is still very strong and the project pipeline seems to be nicely filled. We expect Dürr to reiterate its FY08F guidance of a 5% EBIT margin. The company expects FY08F sales to grow above 5%; order intake should clearly underline that.

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FY07F	Reporting date: 25 Feb 08	08:00 am
	Conference call 25 Feb 08	02:00 pm

Key figures	FY06	BHF-BANK estimates			Consensus
		FY07F	YoY (%)	4Q07F	
(€m)					
Sales	1,361	1,485	9.1	470	1,464
EBIT	33.1	53.5	61.6	26.1	52.9
Net profit	7.4	18.3	147.2	12.8	19.3
EPS (€)	0.45	1.16	157.8	0.81	1.21

Source: Company data, BHF-BANK, Reuters, Bloomberg

Segments	Sales			EBIT		
	FY06	FY07F	YoY (%)	FY06	FY07F	Margin (%)
(€m)						
Paint and Assembly Systems (PAS)	1,089	1,180	8.4	29.9	32.0	2.7
Measuring and Process Systems (MPS)	285	310	9.9	9.8	18.0	5.8
Total	1,361	1,485	9.1	33.1	53.5	3.6

Source: Company data, BHF-BANK estimates

Full year guidance	2006	Company guidance	BHF-BANK estimates
		2007F	2008F
(€m)			
Sales	1,361	5-10%	1,582
EBIT	33	50-53	82
Net profit adj	7.4	n.a.	43

Source: Company data, BHF-BANK

Notes on equity research products

Our recommendations and the corresponding target prices are based on a six-month forecast period unless stated otherwise in the report.

Share prices used in our reports are closing prices of the day before publication unless a different date is stated.

We will update our research products in accordance with the performance of the equity market and/or following press conferences on annual results, interim reports, ad hoc statements of the companies.

Publications of the last 12 months:

	Date	Recommendation		Date	Recommendation
Update	16/11/2007	Strong Buy	Preview Report	03/05/2007	Strong Buy
Preview	05/11/2007	Strong Buy		20/04/2007	Strong Buy
Update	10/08/2007	Strong Buy			
Preview	01/08/2007	Strong Buy			
Update	20/06/2007	Strong Buy			
Update	10/05/2007	Strong Buy			

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