



**Buy** (old: Buy)

**Price target: EUR 5.70** (old: EUR 5.70)

<b>Price:</b>	EUR 4.18	<b>Next result:</b>	Q4 n/a
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 125.3 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 167.5 m

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### Strong Q3 results; guidance raised

Last Friday, MS Industrie reported a strong set of Q3 results fully confirming our investment case: (1) MS looks set to be at a turning point in automotive AND (2) the new ultrasonic machine should be a game changer for the company.

Thanks to a sound US truck market recovery, **management raised its FY17E guidance** now targeting about € 250m sales (prev. € 240; eH&A € 248m) while the EBITDA should be above previous year's level (prev. flat yoy; eH&A +10% yoy to c. € 21m).

**Q3 sales increased dynamically by 15% yoy to c. € 66m** mainly carried by the revitalisation of the US truck market (PowertrainTechnology c. 79% of sales). Positively, the current US truck market upturn (Oct. order intake +170% yoy to 36k units) should provide a persistently strong production environment well into 2019 (eH&A Daimler 'Weltmotor unit sales +7% yoy to 178k units).

**The Q3 operating result more than doubled to € 3.6m** (+25% yoy to € 7.5m after 9M) due to economies of scale and the fade out of one-off costs (i.e. € 1.2m for the relocation of the production plant in Germany).

**Ultrasonic welding provides additional upside.** Next to the US truck market recovery, MS Industrie looks well positioned to further expand its welding business thanks to structural growth drivers: The Ultrasonic Automotive business (c. 20% of sales) should be carried by an increasing number of car models while the Ultrasonic Packaging business (c. 2% of sales) should be driven by the ramp-up of the new ultrasonic welding machine (eH&A c. € 1m in sales in 17E, € 3m in 18E).

In essence, MS should increasingly capitalise on cross selling opportunities AND exploit new, highly profitable revenue streams (e.g. aftermarket). Overall, we expect the Ultrasonic business to contribute about € 100m sales in the mid-term (eH&A € 54m in FY17) with superior margins in the packing business (> 20% in packaging vs 8% on group level in FY16).

Moreover, **the newsflow should remain positive with M&A gaining relevance.** In our view, a potential acquisition should be positive newsflow as expanding the sales network is seen to help accelerating the ramp up of the high margin packing business.

Against this background, valuation looks still attractive at 15x PER 2019E. **The stock remains a BUY with a PT of € 5.70.** -continued-

Y/E 31.12 (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Sales	179.8	218.5	274.4	237.5	247.9	259.4	271.8
Sales growth	3 %	22 %	26 %	-13 %	4 %	5 %	5 %
EBITDA	17.3	21.2	21.0	18.8	20.7	23.5	25.8
EBIT	6.7	9.9	9.1	6.4	9.3	12.1	14.4
Net income	2.0	4.1	3.5	4.5	5.0	6.7	8.3
Net debt	84.9	66.4	49.6	49.2	40.4	33.8	28.4
Net gearing	237.9 %	158.7 %	105.0 %	94.8 %	71.0 %	53.2 %	40.6 %
Net Debt/EBITDA	4.9	3.1	2.4	2.6	1.9	1.4	1.1
EPS pro forma	0.08	0.14	0.12	0.15	0.17	0.22	0.28
CPS	0.04	-0.04	0.46	-0.05	0.14	0.25	0.30
DPS	0.00	0.00	0.00	0.00	0.00	0.07	0.08
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.6 %	2.0 %
Gross profit margin	45.7 %	42.1 %	39.1 %	46.1 %	43.8 %	44.0 %	43.9 %
EBITDA margin	9.6 %	9.7 %	7.7 %	7.9 %	8.4 %	9.0 %	9.5 %
EBIT margin	3.7 %	4.5 %	3.3 %	2.7 %	3.8 %	4.6 %	5.3 %
ROCE	5.0 %	7.9 %	7.9 %	5.6 %	8.1 %	10.1 %	11.4 %
EV/sales	1.2	0.9	0.6	0.7	0.7	0.6	0.6
EV/EBITDA	12.0	9.0	8.4	9.4	8.1	6.9	6.0
EV/EBIT	30.9	19.3	19.4	27.7	18.0	13.3	10.8
PER	55.4	30.3	36.2	27.7	25.1	18.6	15.1
Adjusted FCF yield	5.3 %	6.8 %	6.1 %	6.2 %	6.8 %	8.4 %	10.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 20.11.2017



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.40 / 2.16

**Price/Book Ratio:** 2.2

**Relative performance (SDAX):**

3 months 5.9 %

6 months 45.1 %

12 months 55.9 %

### Changes in estimates

		Sales	EBIT	EPS
2017	old:	247.9	9.3	0.17
	Δ	-	-	-
2018	old:	259.4	12.1	0.22
	Δ	-	-	-
2019	old:	271.8	14.4	0.28
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 30.0

Authorised capital: (in € m) 9.7

Book value per share: (in €) 1.9

Ø trading volume: (12 months) 52,941

### Major shareholders:

Free Float 57.0 %

MS ProActive 20.0 %

Andreas Aufschneider 6.2 %

Universal-Investment GmbH 5.0 %

AGI 4.5 %

Bennjamin Mayer 3.3 %

### Company description:

Supplier of Diesel motor parts and systems for truck OEMs, of electric motors and of welding machines for the automotive and packaging industries.

## MS Industrie AG

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<b>MS Industrie reported</b> <i>key figures (EUR m)</i>	<b>Q3 2017</b>	<b>Q3 2016</b>	<b>yoy</b>
<b>Total sales</b>	<b>65.6</b>	<b>56.7</b>	15.6%
<b>EBITDA</b>	<b>6.8</b>	<b>4.5</b>	51.4%
<i>EBITDA-margin</i>	<i>10.4%</i>	<i>7.9%</i>	<i>2.4 pp</i>
<b>EBIT</b>	<b>3.6</b>	<b>1.5</b>	144.2%
<i>EBIT-margin</i>	<i>5.4%</i>	<i>2.6%</i>	<i>2.9 pp</i>
<b>EPS</b>	<b>0.07</b>	<b>0.06</b>	16.7%

Source: Company data; Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Net sales</b>	<b>179.8</b>	<b>218.5</b>	<b>274.4</b>	<b>237.5</b>	<b>247.9</b>	<b>259.4</b>	<b>271.8</b>
<i>Sales growth</i>	2.8 %	21.5 %	25.6 %	-13.5 %	4.4 %	4.7 %	4.8 %
Increase/decrease in finished goods and work-in-process	2.3	1.8	2.6	0.4	0.0	0.0	0.0
<b>Total sales</b>	<b>182.1</b>	<b>220.2</b>	<b>277.1</b>	<b>237.9</b>	<b>247.9</b>	<b>259.4</b>	<b>271.8</b>
Other operating income	4.5	4.5	4.7	5.5	4.0	4.0	4.0
Material expenses	98.9	127.4	168.8	128.3	139.3	145.4	152.5
Personnel expenses	42.1	47.7	56.2	60.5	58.8	60.1	61.4
Other operating expenses	28.3	28.4	35.7	35.9	33.1	34.5	36.1
Total operating expenses	164.8	199.0	256.0	219.1	227.2	236.0	246.0
<b>EBITDA</b>	<b>17.3</b>	<b>21.2</b>	<b>21.0</b>	<b>18.8</b>	<b>20.7</b>	<b>23.5</b>	<b>25.8</b>
Depreciation	7.8	9.3	9.9	11.7	11.2	11.2	11.2
<b>EBITA</b>	<b>9.4</b>	<b>11.9</b>	<b>11.1</b>	<b>7.1</b>	<b>9.5</b>	<b>12.3</b>	<b>14.6</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.5	2.0	2.0	0.7	0.2	0.2	0.2
Impairment charges	0.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>6.7</b>	<b>9.9</b>	<b>9.1</b>	<b>6.4</b>	<b>9.3</b>	<b>12.1</b>	<b>14.4</b>
Interest income	0.3	0.3	1.0	1.2	0.0	0.0	0.0
Interest expenses	4.6	4.6	3.8	2.9	2.0	2.0	2.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-4.3	-4.3	-2.8	-1.7	-2.0	-2.0	-2.0
<b>Recurring pretax income from continuing operations</b>	<b>2.4</b>	<b>5.6</b>	<b>6.3</b>	<b>4.6</b>	<b>7.3</b>	<b>10.1</b>	<b>12.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>2.4</b>	<b>5.6</b>	<b>6.3</b>	<b>4.6</b>	<b>7.3</b>	<b>10.1</b>	<b>12.4</b>
Taxes	0.2	1.4	2.9	0.2	2.3	3.3	4.1
<b>Net income from continuing operations</b>	<b>2.3</b>	<b>4.1</b>	<b>3.4</b>	<b>4.5</b>	<b>5.0</b>	<b>6.7</b>	<b>8.3</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.3</b>	<b>4.1</b>	<b>3.4</b>	<b>4.5</b>	<b>5.0</b>	<b>6.7</b>	<b>8.3</b>
Minority interest	0.3	0.0	0.0	-0.1	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>2.0</b>	<b>4.1</b>	<b>3.5</b>	<b>4.5</b>	<b>5.0</b>	<b>6.7</b>	<b>8.3</b>
Average number of shares	29.5	30.0	30.0	30.0	30.0	30.0	30.0
<b>EPS reported</b>	<b>0.07</b>	<b>0.14</b>	<b>0.12</b>	<b>0.15</b>	<b>0.17</b>	<b>0.22</b>	<b>0.28</b>

Profit and loss (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<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>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	1.3 %	0.8 %	1.0 %	0.2 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>101.3 %</b>	<b>100.8 %</b>	<b>101.0 %</b>	<b>100.2 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	2.5 %	2.1 %	1.7 %	2.3 %	1.6 %	1.5 %	1.5 %
Material expenses	55.0 %	58.3 %	61.5 %	54.0 %	56.2 %	56.0 %	56.1 %
Personnel expenses	23.4 %	21.8 %	20.5 %	25.5 %	23.7 %	23.2 %	22.6 %
Other operating expenses	15.7 %	13.0 %	13.0 %	15.1 %	13.4 %	13.3 %	13.3 %
Total operating expenses	91.7 %	91.1 %	93.3 %	92.3 %	91.6 %	91.0 %	90.5 %
<b>EBITDA</b>	<b>9.6 %</b>	<b>9.7 %</b>	<b>7.7 %</b>	<b>7.9 %</b>	<b>8.4 %</b>	<b>9.0 %</b>	<b>9.5 %</b>
Depreciation	4.4 %	4.3 %	3.6 %	4.9 %	4.5 %	4.3 %	4.1 %
<b>EBITA</b>	<b>5.2 %</b>	<b>5.5 %</b>	<b>4.0 %</b>	<b>3.0 %</b>	<b>3.8 %</b>	<b>4.7 %</b>	<b>5.4 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.4 %	0.9 %	0.7 %	0.3 %	0.1 %	0.1 %	0.1 %
Impairment charges	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>3.7 %</b>	<b>4.5 %</b>	<b>3.3 %</b>	<b>2.7 %</b>	<b>3.8 %</b>	<b>4.6 %</b>	<b>5.3 %</b>
Interest income	0.2 %	0.1 %	0.4 %	0.5 %	0.0 %	0.0 %	0.0 %
Interest expenses	2.5 %	2.1 %	1.4 %	1.2 %	0.8 %	0.8 %	0.7 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-2.4 %	-2.0 %	-1.0 %	-0.7 %	-0.8 %	-0.8 %	-0.7 %
<b>Recurring pretax income from continuing operations</b>	<b>1.4 %</b>	<b>2.6 %</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.0 %</b>	<b>3.9 %</b>	<b>4.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.4 %</b>	<b>2.6 %</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.0 %</b>	<b>3.9 %</b>	<b>4.6 %</b>
Tax rate	6.5 %	25.8 %	45.3 %	4.0 %	32.0 %	33.0 %	33.0 %
<b>Net income from continuing operations</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.0 %</b>	<b>2.6 %</b>	<b>3.1 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.0 %</b>	<b>2.6 %</b>	<b>3.1 %</b>
Minority interest	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>1.1 %</b>	<b>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.0 %</b>	<b>2.6 %</b>	<b>3.1 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>6.2</b>	<b>4.6</b>	<b>4.2</b>	<b>4.3</b>	<b>4.1</b>	<b>3.9</b>	<b>3.7</b>
Property, plant and equipment	61.8	48.4	58.4	63.1	52.3	50.1	48.4
Financial assets	23.2	16.1	14.4	15.6	15.6	15.6	15.6
<b>FIXED ASSETS</b>	<b>91.1</b>	<b>69.1</b>	<b>77.0</b>	<b>83.1</b>	<b>72.1</b>	<b>69.7</b>	<b>67.8</b>
Inventories	28.4	31.8	39.8	37.7	41.3	43.2	45.3
Accounts receivable	23.1	27.0	25.5	25.1	26.1	27.4	28.7
Other current assets	8.5	6.1	4.2	3.0	6.1	6.1	6.1
Liquid assets	3.6	3.5	2.4	4.1	9.4	16.0	21.4
Deferred taxes	0.6	0.9	0.8	0.8	0.8	0.8	0.8
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>64.3</b>	<b>69.2</b>	<b>72.6</b>	<b>70.7</b>	<b>83.8</b>	<b>93.5</b>	<b>102.3</b>
<b>TOTAL ASSETS</b>	<b>155.5</b>	<b>138.3</b>	<b>149.6</b>	<b>153.8</b>	<b>155.8</b>	<b>163.2</b>	<b>170.1</b>
SHAREHOLDERS EQUITY	35.7	41.8	47.2	51.9	56.9	63.6	69.9
MINORITY INTEREST	0.9	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Long-term debt	74.9	59.2	42.8	33.6	35.6	35.6	35.6
Provisions for pensions and similar obligations	0.0	0.0	1.6	1.8	1.8	1.8	1.8
Other provisions	9.1	5.8	11.4	7.6	7.6	7.6	7.6
<b>Non-current liabilities</b>	<b>84.0</b>	<b>64.9</b>	<b>55.7</b>	<b>43.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
short-term liabilities to banks	13.6	10.7	9.2	19.7	14.2	14.2	14.2
Accounts payable	14.2	11.3	19.1	12.0	12.6	13.1	13.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	5.9	8.2	15.7	25.3	25.3	25.3	25.3
Deferred taxes	1.1	1.3	2.7	1.9	1.9	1.9	1.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>34.9</b>	<b>31.5</b>	<b>46.7</b>	<b>59.0</b>	<b>54.1</b>	<b>54.7</b>	<b>55.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>155.5</b>	<b>138.3</b>	<b>149.6</b>	<b>153.8</b>	<b>155.8</b>	<b>163.2</b>	<b>170.1</b>

Balance sheet (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>4.0 %</b>	<b>3.3 %</b>	<b>2.8 %</b>	<b>2.8 %</b>	<b>2.6 %</b>	<b>2.4 %</b>	<b>2.2 %</b>
Property, plant and equipment	39.7 %	35.0 %	39.0 %	41.0 %	33.6 %	30.7 %	28.5 %
Financial assets	14.9 %	11.6 %	9.7 %	10.2 %	10.0 %	9.6 %	9.2 %
<b>FIXED ASSETS</b>	<b>58.6 %</b>	<b>50.0 %</b>	<b>51.5 %</b>	<b>54.0 %</b>	<b>46.2 %</b>	<b>42.7 %</b>	<b>39.8 %</b>
Inventories	18.3 %	23.0 %	26.6 %	24.5 %	26.5 %	26.5 %	26.6 %
Accounts receivable	14.9 %	19.5 %	17.1 %	16.3 %	16.8 %	16.8 %	16.9 %
Other current assets	5.5 %	4.4 %	2.8 %	2.0 %	3.9 %	3.8 %	3.6 %
Liquid assets	2.3 %	2.5 %	1.6 %	2.7 %	6.0 %	9.8 %	12.6 %
Deferred taxes	0.4 %	0.6 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>41.4 %</b>	<b>50.0 %</b>	<b>48.6 %</b>	<b>46.0 %</b>	<b>53.8 %</b>	<b>57.3 %</b>	<b>60.2 %</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>100.0 %</b>
SHAREHOLDERS EQUITY	23.0 %	30.3 %	31.6 %	33.7 %	36.5 %	39.0 %	41.1 %
MINORITY INTEREST	0.6 %	0.0 %	0.0 %	-0.1 %	0.0 %	0.0 %	0.0 %
Long-term debt	48.2 %	42.8 %	28.6 %	21.8 %	22.8 %	21.8 %	20.9 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	1.1 %	1.2 %	1.2 %	1.1 %	1.1 %
Other provisions	5.8 %	4.2 %	7.6 %	4.9 %	4.9 %	4.6 %	4.5 %
<b>Non-current liabilities</b>	<b>54.0 %</b>	<b>47.0 %</b>	<b>37.3 %</b>	<b>27.9 %</b>	<b>28.8 %</b>	<b>27.6 %</b>	<b>26.4 %</b>
short-term liabilities to banks	8.8 %	7.7 %	6.2 %	12.8 %	9.1 %	8.7 %	8.4 %
Accounts payable	9.1 %	8.2 %	12.8 %	7.8 %	8.1 %	8.1 %	8.1 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	3.8 %	5.9 %	10.5 %	16.5 %	16.3 %	15.5 %	14.9 %
Deferred taxes	0.7 %	1.0 %	1.8 %	1.3 %	1.2 %	1.2 %	1.1 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>22.4 %</b>	<b>22.8 %</b>	<b>31.2 %</b>	<b>38.4 %</b>	<b>34.7 %</b>	<b>33.5 %</b>	<b>32.5 %</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>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Net profit/loss	2.3	4.1	3.4	4.5	5.0	6.7	8.3
Depreciation of fixed assets (incl. leases)	7.8	9.3	9.9	11.7	11.2	11.2	11.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.5	2.0	2.0	0.7	0.2	0.2	0.2
Others	0.3	-1.7	5.5	-5.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	12.9	13.7	20.8	11.7	16.4	18.1	19.7
Increase/decrease in inventory	-2.9	-3.4	-8.0	2.1	-3.6	-1.9	-2.1
Increase/decrease in accounts receivable	0.0	-3.9	1.5	0.4	-1.1	-1.2	-1.3
Increase/decrease in accounts payable	-1.8	0.4	7.8	-7.1	0.5	0.6	0.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-4.6	-6.9	1.3	-4.6	-4.2	-2.6	-2.7
<b>Cash flow from operating activities</b>	<b>8.2</b>	<b>6.8</b>	<b>22.2</b>	<b>7.2</b>	<b>12.2</b>	<b>15.6</b>	<b>17.0</b>
CAPEX	7.5	5.6	19.8	8.1	9.0	9.0	9.5
Payments for acquisitions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Financial investments	4.3	0.1	0.0	0.4	0.0	0.0	0.0
Income from asset disposals	0.5	5.2	0.3	1.0	5.5	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-11.3</b>	<b>-0.4</b>	<b>-19.5</b>	<b>-7.5</b>	<b>-3.5</b>	<b>-9.0</b>	<b>-9.5</b>
Cash flow before financing	-3.0	6.4	2.7	-0.3	8.7	6.6	7.4
Increase/decrease in debt position	-3.7	-6.6	-17.9	1.3	-3.5	0.0	0.0
Purchase of own shares	0.0	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	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Others	0.0	0.0	14.1	-1.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	0.1	-0.1	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-3.7</b>	<b>-6.6</b>	<b>-3.8</b>	<b>-0.4</b>	<b>-3.5</b>	<b>0.0</b>	<b>-2.0</b>
Increase/decrease in liquid assets	-6.8	-0.1	-1.2	-0.7	5.2	6.6	5.4
<b>Liquid assets at end of period</b>	<b>3.6</b>	<b>3.5</b>	<b>2.4</b>	<b>4.2</b>	<b>9.4</b>	<b>16.0</b>	<b>21.4</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>P&amp;L growth analysis</b>							
Sales growth	2.8 %	21.5 %	25.6 %	-13.5 %	4.4 %	4.7 %	4.8 %
EBITDA growth	6.1 %	22.7 %	-0.9 %	-10.6 %	10.3 %	13.2 %	10.0 %
EBIT growth	11.8 %	47.3 %	-8.2 %	-30.1 %	46.7 %	29.4 %	19.4 %
EPS growth	-2.1 %	96.6 %	-16.2 %	30.8 %	10.1 %	35.3 %	23.3 %
<b>Efficiency</b>							
Total operating costs / sales	91.7 %	91.1 %	93.3 %	92.3 %	91.6 %	91.0 %	90.5 %
Sales per employee	173.9	203.8	245.6	207.6	216.7	226.8	237.6
EBITDA per employee	16.7	19.8	18.8	16.4	18.1	20.5	22.6
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.4 %	19.4 %	17.1 %	20.4 %	21.9 %	22.8 %	22.8 %
Inventory turnover (sales/inventory)	6.3	6.9	6.9	6.3	6.0	6.0	6.0
Trade debtors in days of sales	46.9	45.1	33.9	38.5	38.5	38.5	38.5
A/P turnover [(A/P*365)/sales]	28.8	18.9	25.5	18.5	18.5	18.5	18.5
Cash conversion cycle (days)	99.4	103.8	78.5	111.5	113.8	114.0	114.0
<b>Cash flow analysis</b>							
Free cash flow	0.7	1.2	2.4	-0.9	3.2	6.6	7.4
Free cash flow/sales	0.4 %	0.5 %	0.9 %	-0.4 %	1.3 %	2.5 %	2.7 %
FCF / net profit	35.3 %	28.7 %	69.8 %	-20.3 %	64.0 %	97.7 %	89.6 %
Capex / depre	114.6 %	50.7 %	165.9 %	68.3 %	78.9 %	78.9 %	83.5 %
Capex / maintenance capex	113.0 %	71.4 %	236.9 %	92.9 %	112.8 %	112.8 %	119.2 %
Capex / sales	6.6 %	2.6 %	7.2 %	3.6 %	3.6 %	3.5 %	3.5 %
<b>Security</b>							
Net debt	84.9	66.4	49.6	49.2	40.4	33.8	28.4
Net Debt/EBITDA	4.9	3.1	2.4	2.6	1.9	1.4	1.1
Net debt / equity	2.4	1.6	1.1	0.9	0.7	0.5	0.4
Interest cover	1.5	2.2	2.4	2.2	4.7	6.0	7.2
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	30.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.3	1.9	2.4	2.1	2.1	2.1	2.1
Operating assets turnover	1.8	2.3	2.6	2.1	2.3	2.4	2.5
Plant turnover	2.9	4.5	4.7	3.8	4.7	5.2	5.6
Inventory turnover (sales/inventory)	6.3	6.9	6.9	6.3	6.0	6.0	6.0
<b>Returns</b>							
ROCE	5.0 %	7.9 %	7.9 %	5.6 %	8.1 %	10.1 %	11.4 %
ROE	5.5 %	9.9 %	7.3 %	8.7 %	8.8 %	10.6 %	11.9 %
<b>Other</b>							
Interest paid / avg. debt	5.1 %	5.8 %	6.2 %	5.5 %	3.9 %	4.0 %	4.0 %
No. employees (average)	1034	1072	1118	1144	1144	1144	1144
Number of shares	29.5	30.0	30.0	30.0	30.0	30.0	30.0
DPS	0.0	0.0	0.0	0.0	0.0	0.1	0.1
EPS reported	0.07	0.14	0.12	0.15	0.17	0.22	0.28
<b>Valuation ratios</b>							
P/BV	3.5	3.0	2.7	2.4	2.2	2.0	1.8
EV/sales	1.2	0.9	0.6	0.7	0.7	0.6	0.6
EV/EBITDA	12.0	9.0	8.4	9.4	8.1	6.9	6.0
EV/EBITA	22.1	16.1	15.9	25.0	17.6	13.1	10.6
EV/EBIT	30.9	19.3	19.4	27.7	18.0	13.3	10.8
EV/FCF	298.6	162.0	73.1	-191.8	52.5	24.4	20.9
Adjusted FCF yield	5.3 %	6.8 %	6.1 %	6.2 %	6.8 %	8.4 %	10.0 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.6 %	2.0 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
MS Industrie AG	6

### Historical target price and rating changes for MS Industrie AG in the last 12 months

#### Price and Rating History MS Industrie AG as of 21/11/17

**Initiation coverage**  
12-March-13



Company	Date	Analyst	Rating	Target price	Close
MS Industrie AG	23.10.2017	Glowa, Christian	Buy	EUR 5.70	EUR 4.12
	18.08.2017	Glowa, Christian	Buy	EUR 5.30	EUR 3.74
	12.07.2017	Glowa, Christian	Buy	EUR 4.40	EUR 3.51
	30.05.2017	Glowa, Christian	Buy	EUR 4.40	EUR 2.80

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