



**Hold** (old: Hold)

**Price target: EUR 1.90** (old: EUR 2.60)

<b>Price:</b>	EUR 2.10	<b>Next result:</b>	Q4 n/a
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 62.7 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 150.5 m

20-December-19

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## A transition year ahead - remains HOLD / chg in est. & PT

Daimler reported a **slump in its European truck order intake of c. -20% yoy** as per 09/2019. This is reflected in MS Industrie's order intake (-33% yoy on group level; -45% yoy in Powertrain) adjusting for the disposal of its US Daimler Powertrain business as per 04/2019. This development **implies declining sales and subdued earnings in 2020E** against the backdrop of a weak fixed cost coverage. This should be partly offset by the re-allocation of production capacity in combination with a higher degree of production automation at the site in Zittau, allowing to **scale back personnel expenses** (eH&A c. € 3m).

Positively, the Ultrasonic business should have seen a pick-up in Q4 backed by current delivery schedules (sales declined -10% yoy; order intake -2% yoy after 9M 2019). Thus, Ultrasonic sales should grow moderately to around € 65m at year-end (eH&A). More importantly, the **Ultrasonic business should continue to grow soundly in FY20E** (eH&A c. +5% yoy to € 68m contributing c. 36% of group sales) thanks to the expansion of the standard series machinery business and a robust Ultrasonic automotive business.

Even better, the latter should particularly benefit from a **pick-up in demand** at year-end 2020E and beyond **thanks to several new (e-)car models launches** by 2023. Moreover, the Ultrasonic business could potentially be fuelled by a **strategic acquisition** helping to transform the company from a truck supplier towards a **hi-tech ultrasonic specialist** targeting around € 100m in sales in the mid-term. This could be financed by the cash inflow from the disposal of the US valve train business (€ 36m over 3 equal annual instalments).

Overall, **2020E should be a transition year**. Importantly, from 2021E onwards **prospects should turn more favorable** thanks to (1) the ramp-up of the new Powertrain business for Scania (c. sustainable € 25-30m annual sales), (2) a leaner fixed cost structure and (3) a more pronounced increase in demand of the Ultrasonic business.

**Action.** Estimates for 2019E and 2020E are reduced in light of the drop in the Powertrain order intake. Estimates for 2021E and beyond are increased reflecting the Scania ramp-up and a more pronounced development of the Ultrasonic business.

While the mid-term prospects look more favorable, we would need to see a stronger acceleration of the Ultrasonic business first, before we turn more bullish. **The stock remains a HOLD** with a **new PT of € 1.90** (old € 2.60) based on FCFY 20E.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	274.4	237.5	250.6	282.7	222.0	188.7	202.0
Sales growth	26 %	-13 %	6 %	13 %	-21 %	-15 %	7 %
EBITDA	21.0	18.8	22.0	22.8	35.7	18.0	22.0
EBIT	9.1	6.4	9.0	10.8	21.7	4.5	9.0
Net income	3.5	4.5	7.0	7.1	14.6	1.8	4.9
Net debt	49.6	60.5	52.9	70.5	86.2	64.2	50.1
Net gearing	105.0 %	116.6 %	93.1 %	107.7 %	116.8 %	77.2 %	50.3 %
Net Debt/EBITDA	2.4	3.2	2.4	3.1	2.4	3.6	2.3
EPS pro forma	0.12	0.15	0.24	0.24	0.49	0.06	0.16
CPS	0.47	-0.05	-0.11	-0.25	-0.03	0.49	0.20
DPS	0.00	0.00	0.03	0.09	0.03	0.02	0.05
Dividend yield	0.0 %	0.0 %	1.4 %	4.3 %	1.4 %	0.8 %	2.4 %
Gross profit margin	39.1 %	46.1 %	46.8 %	46.0 %	48.0 %	52.7 %	49.9 %
EBITDA margin	7.7 %	7.9 %	8.8 %	8.1 %	16.1 %	9.5 %	10.9 %
EBIT margin	3.3 %	2.7 %	3.6 %	3.8 %	9.8 %	2.4 %	4.5 %
ROCE	7.9 %	5.3 %	7.1 %	7.8 %	13.1 %	2.6 %	4.6 %
EV/sales	0.4	0.5	0.5	0.5	0.7	0.7	0.6
EV/EBITDA	5.4	6.7	5.3	5.9	4.2	7.1	5.2
EV/EBIT	12.4	19.7	13.1	12.5	6.9	28.5	12.7
PER	17.9	13.9	8.9	8.8	4.3	35.8	12.7
Adjusted FCF yield	10.0 %	9.1 %	11.4 %	9.9 %	14.1 %	7.2 %	12.1 %

Source: Company data, Hauck & Aufhäuser Close price as of: 19.12.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.35 / 1.75

**Price/Book Ratio:** 0.8

**Relative performance (SDAX):**

3 months	-3.3 %
6 months	-36.9 %
12 months	-

### Changes in estimates

		Sales	EBIT	EPS
2019	old:	229.7	26.1	0.57
	Δ	-3.3%	-17.0%	-13.9%
2020	old:	210.0	5.7	0.10
	Δ	-10.1%	-21.6%	-39.3%
2021	old:	205.4	6.4	0.11
	Δ	-1.6%	42.0%	48.4%

### Key share data:

Number of shares: (in m pcs)	29.9
Authorised capital: (in € m)	9.7
Book value per share: (in €)	2.5
Ø trading volume: (12 months)	52,941

### Major shareholders:

Free Float	57.0 %
MS ProActive	20.0 %
Andreas Aufschneider	6.2 %
Kreissparkasse Biberach	5.1 %
Universal Investments GmbH	4.8 %
Amundi	3.5 %

### 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.

Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net sales</b>	<b>274.4</b>	<b>237.5</b>	<b>250.6</b>	<b>282.7</b>	<b>222.0</b>	<b>188.7</b>	<b>202.0</b>
<i>Sales growth</i>	25.6 %	-13.5 %	5.5 %	12.8 %	-21.5 %	-15.0 %	7.1 %
Increase/decrease in finished goods and work-in-process	2.6	0.4	2.6	4.5	4.0	3.0	3.0
<b>Total sales</b>	<b>277.1</b>	<b>237.9</b>	<b>253.2</b>	<b>287.2</b>	<b>226.0</b>	<b>191.7</b>	<b>205.0</b>
Other operating income	4.7	5.5	5.6	4.1	25.0	5.0	5.0
Material expenses	168.8	128.3	134.8	155.1	117.6	90.7	102.8
Personnel expenses	56.2	60.5	63.6	71.1	63.7	58.0	56.9
Other operating expenses	35.7	35.9	38.3	42.4	34.0	30.0	28.3
Total operating expenses	256.0	219.1	231.2	264.4	190.3	173.7	183.0
<b>EBITDA</b>	<b>21.0</b>	<b>18.8</b>	<b>22.0</b>	<b>22.8</b>	<b>35.7</b>	<b>18.0</b>	<b>22.0</b>
Depreciation	9.9	11.7	11.7	10.6	12.6	12.1	11.6
<b>EBITA</b>	<b>11.1</b>	<b>7.1</b>	<b>10.4</b>	<b>12.2</b>	<b>23.1</b>	<b>5.9</b>	<b>10.5</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	0.7	1.4	1.4	1.4	1.4	1.4
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>9.1</b>	<b>6.4</b>	<b>9.0</b>	<b>10.8</b>	<b>21.7</b>	<b>4.5</b>	<b>9.0</b>
Interest income	1.0	1.2	1.6	0.9	0.0	0.0	0.0
Interest expenses	3.8	2.9	2.1	2.4	2.4	2.0	2.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.8	-1.7	-0.5	-1.5	-2.4	-2.0	-2.0
<b>Recurring pretax income from continuing operations</b>	<b>6.3</b>	<b>4.6</b>	<b>8.5</b>	<b>9.3</b>	<b>19.3</b>	<b>2.5</b>	<b>7.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.3</b>	<b>4.6</b>	<b>8.5</b>	<b>9.3</b>	<b>19.3</b>	<b>2.5</b>	<b>7.0</b>
Taxes	2.9	0.2	1.5	2.2	4.7	0.8	2.1
<b>Net income from continuing operations</b>	<b>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>7.2</b>	<b>14.6</b>	<b>1.8</b>	<b>4.9</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>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>7.2</b>	<b>14.6</b>	<b>1.8</b>	<b>4.9</b>
Minority interest	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>3.5</b>	<b>4.5</b>	<b>7.0</b>	<b>7.1</b>	<b>14.6</b>	<b>1.8</b>	<b>4.9</b>
Average number of shares	29.5	29.9	29.9	29.9	29.9	29.9	29.9
<b>EPS reported</b>	<b>0.12</b>	<b>0.15</b>	<b>0.24</b>	<b>0.24</b>	<b>0.49</b>	<b>0.06</b>	<b>0.16</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net sales</b>	<b>100.0 %</b>						
Increase/decrease in finished goods and work-in-process	1.0 %	0.2 %	1.0 %	1.6 %	1.8 %	1.6 %	1.5 %
<b>Total sales</b>	<b>101.0 %</b>	<b>100.2 %</b>	<b>101.0 %</b>	<b>101.6 %</b>	<b>101.8 %</b>	<b>101.6 %</b>	<b>101.5 %</b>
Other operating income	1.7 %	2.3 %	2.2 %	1.5 %	11.3 %	2.6 %	2.5 %
Material expenses	61.5 %	54.0 %	53.8 %	54.8 %	53.0 %	48.1 %	50.9 %
Personnel expenses	20.5 %	25.5 %	25.4 %	25.1 %	28.7 %	30.7 %	28.2 %
Other operating expenses	13.0 %	15.1 %	15.3 %	15.0 %	15.3 %	15.9 %	14.0 %
Total operating expenses	93.3 %	92.3 %	92.2 %	93.5 %	85.7 %	92.1 %	90.6 %
<b>EBITDA</b>	<b>7.7 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>8.1 %</b>	<b>16.1 %</b>	<b>9.5 %</b>	<b>10.9 %</b>
Depreciation	3.6 %	4.9 %	4.6 %	3.7 %	5.7 %	6.4 %	5.7 %
<b>EBITA</b>	<b>4.0 %</b>	<b>3.0 %</b>	<b>4.1 %</b>	<b>4.3 %</b>	<b>10.4 %</b>	<b>3.1 %</b>	<b>5.2 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.7 %	0.3 %	0.6 %	0.5 %	0.6 %	0.8 %	0.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>3.3 %</b>	<b>2.7 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>9.8 %</b>	<b>2.4 %</b>	<b>4.5 %</b>
Interest income	0.4 %	0.5 %	0.6 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest expenses	1.4 %	1.2 %	0.8 %	0.8 %	1.1 %	1.1 %	1.0 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.						
<b>Recurring pretax income from continuing operations</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.4 %</b>	<b>3.3 %</b>	<b>8.7 %</b>	<b>1.3 %</b>	<b>3.5 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.4 %</b>	<b>3.3 %</b>	<b>8.7 %</b>	<b>1.3 %</b>	<b>3.5 %</b>
Tax rate	45.3 %	4.0 %	18.2 %	23.1 %	24.4 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>2.5 %</b>	<b>6.6 %</b>	<b>0.9 %</b>	<b>2.4 %</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>2.8 %</b>	<b>2.5 %</b>	<b>6.6 %</b>	<b>0.9 %</b>	<b>2.4 %</b>
Minority interest	neg.	neg.	neg.	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>2.5 %</b>	<b>6.6 %</b>	<b>0.9 %</b>	<b>2.4 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>4.2</b>	<b>4.3</b>	<b>3.5</b>	<b>2.8</b>	<b>2.1</b>	<b>1.4</b>	<b>0.7</b>
Property, plant and equipment	58.4	63.1	51.2	55.2	58.7	58.6	57.0
Financial assets	14.4	15.6	17.4	11.3	11.3	11.3	11.3
<b>FIXED ASSETS</b>	<b>77.0</b>	<b>83.1</b>	<b>72.1</b>	<b>69.3</b>	<b>72.0</b>	<b>71.2</b>	<b>68.9</b>
Inventories	39.8	37.7	41.8	41.5	43.5	37.0	39.6
Accounts receivable	25.5	25.1	27.5	44.3	34.7	30.0	33.2
Other current assets	4.2	3.0	2.8	13.7	38.7	38.7	38.7
Liquid assets	2.4	4.1	8.4	2.3	11.5	33.6	47.7
Deferred taxes	0.8	0.8	0.1	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>72.6</b>	<b>70.7</b>	<b>80.6</b>	<b>101.7</b>	<b>128.5</b>	<b>139.3</b>	<b>159.2</b>
<b>TOTAL ASSETS</b>	<b>149.6</b>	<b>153.8</b>	<b>152.7</b>	<b>171.1</b>	<b>200.5</b>	<b>210.5</b>	<b>228.2</b>
SHAREHOLDERS EQUITY	47.2	51.9	56.8	65.5	73.8	83.2	99.6
MINORITY INTEREST	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Long-term debt	42.8	44.9	34.3	45.8	70.8	70.8	70.8
Provisions for pensions and similar obligations	1.6	1.8	1.7	1.5	1.5	1.5	1.5
Other provisions	11.4	7.6	7.4	9.2	9.2	9.2	9.2
<b>Non-current liabilities</b>	<b>55.7</b>	<b>54.3</b>	<b>43.5</b>	<b>56.5</b>	<b>81.5</b>	<b>81.5</b>	<b>81.5</b>
short-term liabilities to banks	9.2	19.7	27.0	27.0	27.0	27.0	27.0
Accounts payable	19.1	12.0	14.9	16.3	12.3	9.5	10.8
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)	15.7	14.0	9.7	6.0	6.0	9.5	9.5
Deferred taxes	2.7	1.9	0.9	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>46.7</b>	<b>47.7</b>	<b>52.6</b>	<b>49.2</b>	<b>45.3</b>	<b>46.0</b>	<b>47.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>149.6</b>	<b>153.8</b>	<b>152.7</b>	<b>171.1</b>	<b>200.5</b>	<b>210.5</b>	<b>228.2</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>2.8 %</b>	<b>2.8 %</b>	<b>2.3 %</b>	<b>1.6 %</b>	<b>1.0 %</b>	<b>0.7 %</b>	<b>0.3 %</b>
Property, plant and equipment	39.0 %	41.0 %	33.5 %	32.3 %	29.3 %	27.8 %	25.0 %
Financial assets	9.7 %	10.2 %	11.4 %	6.6 %	5.6 %	5.3 %	4.9 %
<b>FIXED ASSETS</b>	<b>51.5 %</b>	<b>54.0 %</b>	<b>47.2 %</b>	<b>40.5 %</b>	<b>35.9 %</b>	<b>33.8 %</b>	<b>30.2 %</b>
Inventories	26.6 %	24.5 %	27.4 %	24.3 %	21.7 %	17.6 %	17.4 %
Accounts receivable	17.1 %	16.3 %	18.0 %	25.9 %	17.3 %	14.2 %	14.6 %
Other current assets	2.8 %	2.0 %	1.8 %	8.0 %	19.3 %	18.4 %	17.0 %
Liquid assets	1.6 %	2.7 %	5.5 %	1.3 %	5.8 %	15.9 %	20.9 %
Deferred taxes	0.5 %	0.5 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>48.6 %</b>	<b>46.0 %</b>	<b>52.8 %</b>	<b>59.5 %</b>	<b>64.1 %</b>	<b>66.2 %</b>	<b>69.8 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>						
SHAREHOLDERS EQUITY	31.6 %	33.7 %	37.2 %	38.3 %	36.8 %	39.5 %	43.7 %
MINORITY INTEREST	neg.						
Long-term debt	28.6 %	29.2 %	22.5 %	26.8 %	35.3 %	33.6 %	31.0 %
Provisions for pensions and similar obligations	1.1 %	1.2 %	1.1 %	0.9 %	0.8 %	0.7 %	0.7 %
Other provisions	7.6 %	4.9 %	4.9 %	5.4 %	4.6 %	4.4 %	4.0 %
<b>Non-current liabilities</b>	<b>37.3 %</b>	<b>35.3 %</b>	<b>28.5 %</b>	<b>33.0 %</b>	<b>40.7 %</b>	<b>38.7 %</b>	<b>35.7 %</b>
short-term liabilities to banks	6.2 %	12.8 %	17.7 %	15.8 %	13.4 %	12.8 %	11.8 %
Accounts payable	12.8 %	7.8 %	9.8 %	9.5 %	6.1 %	4.5 %	4.7 %
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)	10.5 %	9.1 %	6.4 %	3.5 %	3.0 %	4.5 %	4.2 %
Deferred taxes	1.8 %	1.3 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>31.2 %</b>	<b>31.0 %</b>	<b>34.4 %</b>	<b>28.8 %</b>	<b>22.6 %</b>	<b>21.8 %</b>	<b>20.7 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>						

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	3.4	4.5	7.0	7.2	14.6	1.8	4.9
Depreciation of fixed assets (incl. leases)	9.9	11.7	11.7	10.6	12.6	12.1	11.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	0.7	1.4	1.4	1.4	1.4	1.4
Others	5.5	-5.2	-10.4	-3.0	-21.3	0.0	0.0
Cash flow from operations before changes in w/c	20.8	11.7	9.6	16.2	7.3	15.3	17.9
Increase/decrease in inventory	-8.0	2.1	-4.2	0.4	-2.0	6.5	-2.6
Increase/decrease in accounts receivable	1.5	0.4	-2.4	-16.8	9.6	4.7	-3.2
Increase/decrease in accounts payable	7.8	-7.1	2.9	1.3	-3.9	-2.8	1.3
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	1.3	-4.6	-3.7	-15.1	3.6	8.4	-4.6
<b>Cash flow from operating activities</b>	<b>22.2</b>	<b>7.2</b>	<b>5.9</b>	<b>1.1</b>	<b>10.9</b>	<b>23.6</b>	<b>13.4</b>
CAPEX	19.8	8.1	7.1	12.1	16.7	12.7	10.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.3	1.0	8.1	-0.3	17.7	12.0	12.0
<b>Cash flow from investing activities</b>	<b>-19.5</b>	<b>-7.5</b>	<b>1.0</b>	<b>-12.4</b>	<b>1.0</b>	<b>-0.7</b>	<b>1.3</b>
Cash flow before financing	2.7	-0.3	6.9	-11.3	11.9	22.9	14.6
Increase/decrease in debt position	-17.9	12.7	-3.4	11.5	0.0	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	0.9	2.7	0.9	0.5
Others	14.1	-13.1	0.7	-4.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	0.0	0.0	-0.5	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-3.8</b>	<b>-0.4</b>	<b>-2.7</b>	<b>5.8</b>	<b>-2.7</b>	<b>-0.9</b>	<b>-0.5</b>
Increase/decrease in liquid assets	-1.2	-0.8	4.2	-6.0	9.2	22.0	14.1
<b>Liquid assets at end of period</b>	<b>2.4</b>	<b>4.1</b>	<b>8.4</b>	<b>2.4</b>	<b>11.5</b>	<b>33.6</b>	<b>47.7</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
Sales growth	25.6 %	-13.5 %	5.5 %	12.8 %	-21.5 %	-15.0 %	7.1 %
EBITDA growth	-0.9 %	-10.6 %	17.3 %	3.6 %	56.5 %	-21.1 %	-38.3 %
EBIT growth	-8.2 %	-30.1 %	41.1 %	20.4 %	100.9 %	-58.3 %	-58.4 %
EPS growth	-16.2 %	29.3 %	55.2 %	1.7 %	104.4 %	-75.5 %	-66.3 %
<b>Efficiency</b>							
Total operating costs / sales	93.3 %	92.3 %	92.2 %	93.5 %	85.7 %	92.1 %	90.6 %
Sales per employee	245.6	207.6	208.2	216.8	165.1	140.3	150.2
EBITDA per employee	18.8	16.4	18.3	17.5	26.5	13.4	16.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	17.1 %	20.4 %	21.0 %	21.9 %	30.5 %	33.6 %	31.7 %
Inventory turnover (sales/inventory)	6.9	6.3	6.0	6.8	5.1	5.1	5.1
Trade debtors in days of sales	33.9	38.5	40.1	57.1	57.0	58.0	60.0
A/P turnover [(A/P*365)/sales]	41.4	34.2	40.5	38.3	38.3	38.3	38.3
Cash conversion cycle (days)	78.5	111.5	112.9	116.5	153.8	168.6	162.4
<b>Cash flow analysis</b>							
Free cash flow	2.4	-0.9	-1.2	-11.0	-5.8	10.9	2.6
Free cash flow/sales	0.9 %	-0.4 %	-0.5 %	-3.9 %	-2.6 %	5.8 %	1.3 %
FCF / net profit	69.8 %	neg.	neg.	neg.	neg.	624.8 %	53.7 %
Capex / depre	165.9 %	68.3 %	54.5 %	101.0 %	119.4 %	94.1 %	82.4 %
Capex / maintenance capex	212.1 %	72.8 %	71.0 %	134.5 %	136.8 %	134.9 %	133.4 %
Capex / sales	7.2 %	3.6 %	2.8 %	4.3 %	7.5 %	6.7 %	5.3 %
<b>Security</b>							
Net debt	49.6	60.5	52.9	70.5	86.2	64.2	50.1
Net Debt/EBITDA	2.4	3.2	2.4	3.1	2.4	3.6	2.3
Net debt / equity	1.1	1.2	0.9	1.1	1.2	0.8	0.5
Interest cover	2.4	2.2	4.3	4.5	9.0	2.3	4.5
Dividend payout ratio	0.0 %	0.0 %	12.8 %	37.6 %	6.1 %	30.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	2.4	1.9	2.0	1.9	1.2	1.0	1.0
Operating assets turnover	2.6	2.1	2.4	2.3	1.8	1.6	1.7
Plant turnover	4.7	3.8	4.9	5.1	3.8	3.2	3.5
Inventory turnover (sales/inventory)	6.9	6.3	6.0	6.8	5.1	5.1	5.1
<b>Returns</b>							
ROCE	7.9 %	5.3 %	7.1 %	7.8 %	13.1 %	2.6 %	4.6 %
ROE	7.3 %	8.7 %	12.4 %	10.9 %	19.8 %	2.1 %	4.9 %
<b>Other</b>							
Interest paid / avg. debt	6.2 %	4.9 %	3.3 %	3.6 %	2.8 %	2.3 %	2.0 %
No. employees (average)	1118	1144	1204	1304	1345	1345	1345
Number of shares	29.5	29.9	29.9	29.9	29.9	29.9	29.9
DPS	0.0	0.0	0.0	0.1	0.0	0.0	0.0
EPS reported	0.12	0.15	0.24	0.24	0.49	0.06	0.16
<b>Valuation ratios</b>							
P/BV	1.3	1.2	1.1	1.0	0.8	0.8	0.6
EV/sales	0.4	0.5	0.5	0.5	0.7	0.7	0.6
EV/EBITDA	5.4	6.7	5.3	5.9	4.2	7.1	5.2
EV/EBITA	10.2	17.7	11.3	11.0	6.5	21.7	10.9
EV/EBIT	12.4	19.7	13.1	12.5	6.9	28.5	12.7
EV/FCF	46.9	-136.0	-97.9	-12.2	-25.9	11.7	43.2
Adjusted FCF yield	10.0 %	9.1 %	11.4 %	9.9 %	14.1 %	7.2 %	12.1 %
Dividend yield	0.0 %	0.0 %	1.4 %	4.3 %	1.4 %	0.8 %	2.4 %

Source: Company data, Hauck & Aufhäuser

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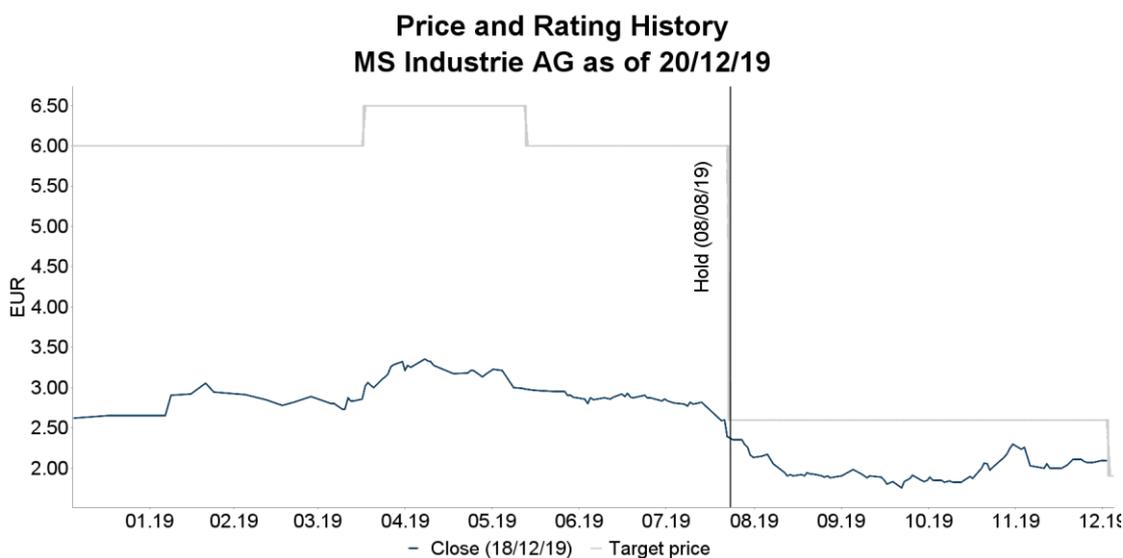
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Company	Disclosure
MS Industrie AG	6

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

Initiation coverage  
12-March-13



Company	Date	Analyst	Rating	Target price	Close
MS Industrie AG	09.08.2019	Glowa, Christian	Hold	EUR 2,60	EUR 2,35
	31.05.2019	Glowa, Christian	Buy	EUR 6,00	EUR 2,97
	04.04.2019	Glowa, Christian	Buy	EUR 6,50	EUR 3,03

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Date of publication creation: 20/12/2019 08:02 AM

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