

**Buy** (old: Buy)

**Price target: EUR 6.50** (old: EUR 6.00)

**Price:** EUR 3.06      **Next result:** Q4 April  
**Bloomberg:** MSAG@GR      **Market cap:** EUR 91.8 m  
**Reuters:** MSAG.DE      **Enterprise Value:** EUR 149.0 m

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## Major step to transform into an ultrasonic tech company

**MS Industrie announced the disposal of its US valve train business for Daimler** (27% of group sales in FY18E) to its peer Gnutti which should come into effect beginning of April. The company will continue to serve Daimler in Europe (c. 26% of group sales). The US business should have contributed about € 80m in sales and € 8m in EBIT in FY19E. The selling price is estimated to be around € 46m in total which puts the valuation at c. 6x EBIT. This is in line with MS' EV/ EBIT FY19E multiple adjusted for € 17m book gain. The cash inflow should be c. € 36m while the rest should be settled via long-term rental and supply contracts.

**The disposal looks strategically sensible, the selling price fairly good and the timing just right** against the background that Daimler planned to implement a dual-source strategy in the US by 2021 which should have roughly halved MS's total output (eH&A c. 90k units in FY18E). Moreover, the US heavy duty demand should slow down from 2020E onwards given the advanced economic life-cycle. Last but not least, the disposal reduces the dominating sales exposure to Daimler from slightly > 50% to c. 35% by 2020E (eH&A).

MS should **use the cash proceeds** to (1) deleverage its balance sheet, (2) potentially pay extraordinary dividend or buy-back shares and most importantly to (3) push the Ultrasonic business (c. 30% of sales in FY19E) organically or through selected acquisitions. This should allow the company to gradually **transform from a truck supplier towards a hi-tech ultrasonic specialist**. Overall, the cash proceeds plus already ramped-up capacity should allow MS to generate € 100m in sales in the mid-term (eH&A € 72m by 2020E excl. acquisitions). Once the Ultrasonic business has reached a critical size of about € 100m in sales, we would also expect MS to sell its remaining European Powertrain business.

**Newsflow should remain positive** driven by a **strong set of Q4 results**. Moreover, we expect MS to win new milestone orders from further truck OEMs in Europe (e.g. Scania).

**Action:** We incorporate the deconsolidation of the US Daimler business incl. a one-off book gain of € 17m in Q2 2019. We lower our capex, D&A and w/c estimates respectively. Tax rate increases by 2pp to 28% due to lower mix from the US.

This seem to be a **great opportunity to invest into a high-tech ultrasonic specialist at subdued automotive multiples**. Valuation looks undemanding trading at 6x EV/

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	218.5	274.4	237.5	250.6	281.0	231.8	214.4
Sales growth	22 %	26 %	-13 %	6 %	12 %	-18 %	-7 %
EBITDA	21.2	21.0	18.8	22.0	23.3	41.3	21.6
EBIT	9.9	9.1	6.4	9.0	9.5	30.3	11.1
Net income	4.1	3.5	4.5	7.0	5.5	20.4	6.5
Net debt	66.4	49.6	60.5	52.9	55.5	-6.1	-16.8
Net gearing	158.7 %	105.0 %	116.6 %	93.1 %	90.3 %	-5.3 %	-14.4 %
Net Debt/EBITDA	3.1	2.4	3.2	2.4	2.4	0.0	0.0
EPS pro forma	0.14	0.12	0.15	0.23	0.18	0.68	0.22
CPS	-0.04	0.46	-0.05	-0.11	-0.08	0.84	0.49
DPS	0.00	0.00	0.00	0.03	0.06	0.20	0.12
Dividend yield	0.0 %	0.0 %	0.0 %	1.0 %	1.8 %	6.7 %	3.9 %
Gross profit margin	42.1 %	39.1 %	46.1 %	46.8 %	47.8 %	49.2 %	48.6 %
EBITDA margin	9.7 %	7.7 %	7.9 %	8.8 %	8.3 %	17.8 %	10.1 %
EBIT margin	4.5 %	3.3 %	2.7 %	3.6 %	3.4 %	13.1 %	5.2 %
ROCE	7.9 %	7.9 %	5.3 %	7.1 %	7.3 %	19.0 %	6.9 %
EV/sales	0.7	0.5	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	7.5	6.8	8.2	6.6	6.4	2.1	3.6
EV/EBIT	16.0	15.7	24.2	16.3	15.7	2.9	6.9
PER	22.2	26.5	20.3	13.1	16.6	4.5	14.0
Adjusted FCF yield	8.3 %	7.7 %	7.2 %	8.8 %	8.9 %	37.6 %	22.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 03.04.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.09 / 2.62

**Price/Book Ratio:** 1.5

**Relative performance (SDAX):**

3 months -  
6 months -  
12 months -20.5 %

### Changes in estimates

		Sales	EBIT	EPS
2018	old:	277.6	9.2	0.18
	Δ	1.2%	2.4%	3.1%
2019	old:	285.5	12.8	0.27
	Δ	-18.8%	136.6%	154.8%
2020	old:	297.0	15.7	0.34
	Δ	-27.8%	-29.3%	-35.4%

### Key share data:

Number of shares: (in m pcs) 30.0  
Authorised capital: (in € m) 9.7  
Book value per share: (in €) 2.0  
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 5.0 %  
Kreissparkasse Biberach 3.0 %

### 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)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Net sales</b>	<b>218.5</b>	<b>274.4</b>	<b>237.5</b>	<b>250.6</b>	<b>281.0</b>	<b>231.8</b>	<b>214.4</b>
<i>Sales growth</i>	21.5 %	25.6 %	-13.5 %	5.5 %	12.1 %	-17.5 %	-7.5 %
Increase/decrease in finished goods and work-in-process	1.8	2.6	0.4	2.6	2.5	2.5	2.5
<b>Total sales</b>	<b>220.2</b>	<b>277.1</b>	<b>237.9</b>	<b>253.2</b>	<b>283.5</b>	<b>234.3</b>	<b>216.9</b>
Other operating income	4.5	4.7	5.5	5.6	4.0	21.0	5.0
Material expenses	127.4	168.8	128.3	134.8	148.0	119.0	111.4
Personnel expenses	47.7	56.2	60.5	63.6	74.1	60.2	56.7
Other operating expenses	28.4	35.7	35.9	38.3	42.2	34.8	32.2
Total operating expenses	199.0	256.0	219.1	231.2	260.3	193.0	195.3
<b>EBITDA</b>	<b>21.2</b>	<b>21.0</b>	<b>18.8</b>	<b>22.0</b>	<b>23.3</b>	<b>41.3</b>	<b>21.6</b>
Depreciation	9.3	9.9	11.7	12.9	13.6	10.8	10.3
<b>EBITA</b>	<b>11.9</b>	<b>11.1</b>	<b>7.1</b>	<b>9.2</b>	<b>9.7</b>	<b>30.5</b>	<b>11.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	2.0	0.7	0.2	0.2	0.2	0.2
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>9.9</b>	<b>9.1</b>	<b>6.4</b>	<b>9.0</b>	<b>9.5</b>	<b>30.3</b>	<b>11.1</b>
Interest income	0.3	1.0	1.2	1.6	0.0	0.0	0.0
Interest expenses	4.6	3.8	2.9	2.1	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	-2.8	-1.7	-0.5	-2.0	-2.0	-2.0
<b>Recurring pretax income from continuing operations</b>	<b>5.6</b>	<b>6.3</b>	<b>4.6</b>	<b>8.5</b>	<b>7.5</b>	<b>28.3</b>	<b>9.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>5.6</b>	<b>6.3</b>	<b>4.6</b>	<b>8.5</b>	<b>7.5</b>	<b>28.3</b>	<b>9.1</b>
Taxes	1.4	2.9	0.2	1.5	1.9	7.9	2.5
<b>Net income from continuing operations</b>	<b>4.1</b>	<b>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>5.5</b>	<b>20.4</b>	<b>6.5</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>4.1</b>	<b>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>5.5</b>	<b>20.4</b>	<b>6.5</b>
Minority interest	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>4.1</b>	<b>3.5</b>	<b>4.5</b>	<b>7.0</b>	<b>5.5</b>	<b>20.4</b>	<b>6.5</b>
Average number of shares	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>EPS reported</b>	<b>0.14</b>	<b>0.12</b>	<b>0.15</b>	<b>0.23</b>	<b>0.18</b>	<b>0.68</b>	<b>0.22</b>

Profit and loss (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<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	0.8 %	1.0 %	0.2 %	1.0 %	0.9 %	1.1 %	1.2 %
<b>Total sales</b>	<b>100.8 %</b>	<b>101.0 %</b>	<b>100.2 %</b>	<b>101.0 %</b>	<b>100.9 %</b>	<b>101.1 %</b>	<b>101.2 %</b>
Other operating income	2.1 %	1.7 %	2.3 %	2.2 %	1.4 %	9.1 %	2.3 %
Material expenses	58.3 %	61.5 %	54.0 %	53.8 %	52.7 %	51.3 %	52.0 %
Personnel expenses	21.8 %	20.5 %	25.5 %	25.4 %	26.4 %	26.0 %	26.5 %
Other operating expenses	13.0 %	13.0 %	15.1 %	15.3 %	15.0 %	15.0 %	15.0 %
Total operating expenses	91.1 %	93.3 %	92.3 %	92.2 %	92.6 %	83.3 %	91.1 %
<b>EBITDA</b>	<b>9.7 %</b>	<b>7.7 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>8.3 %</b>	<b>17.8 %</b>	<b>10.1 %</b>
Depreciation	4.3 %	3.6 %	4.9 %	5.1 %	4.8 %	4.7 %	4.8 %
<b>EBITA</b>	<b>5.5 %</b>	<b>4.0 %</b>	<b>3.0 %</b>	<b>3.7 %</b>	<b>3.4 %</b>	<b>13.2 %</b>	<b>5.3 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.9 %	0.7 %	0.3 %	0.1 %	0.1 %	0.1 %	0.1 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>4.5 %</b>	<b>3.3 %</b>	<b>2.7 %</b>	<b>3.6 %</b>	<b>3.4 %</b>	<b>13.1 %</b>	<b>5.2 %</b>
Interest income	0.1 %	0.4 %	0.5 %	0.6 %	0.0 %	0.0 %	0.0 %
Interest expenses	2.1 %	1.4 %	1.2 %	0.8 %	0.7 %	0.9 %	0.9 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>2.6 %</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.4 %</b>	<b>2.7 %</b>	<b>12.2 %</b>	<b>4.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.6 %</b>	<b>2.3 %</b>	<b>2.0 %</b>	<b>3.4 %</b>	<b>2.7 %</b>	<b>12.2 %</b>	<b>4.2 %</b>
Tax rate	25.8 %	45.3 %	4.0 %	18.2 %	26.0 %	28.0 %	28.0 %
<b>Net income from continuing operations</b>	<b>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>2.0 %</b>	<b>8.8 %</b>	<b>3.0 %</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>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>2.0 %</b>	<b>8.8 %</b>	<b>3.0 %</b>
Minority interest	0.0 %	neg.	neg.	neg.	0.0 %	0.0 %	0.0 %
<b>Net profit (reported)</b>	<b>1.9 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>2.0 %</b>	<b>8.8 %</b>	<b>3.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>4.6</b>	<b>4.2</b>	<b>4.3</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>	<b>2.9</b>
Property, plant and equipment	48.4	58.4	63.1	51.2	46.6	41.3	36.2
Financial assets	16.1	14.4	15.6	17.4	17.4	17.4	17.4
<b>FIXED ASSETS</b>	<b>69.1</b>	<b>77.0</b>	<b>83.1</b>	<b>72.1</b>	<b>67.3</b>	<b>61.9</b>	<b>56.5</b>
Inventories	31.8	39.8	37.7	41.8	49.3	48.3	44.7
Accounts receivable	27.0	25.5	25.1	27.5	33.9	30.5	28.2
Other current assets	6.1	4.2	3.0	2.8	2.8	2.8	2.8
Liquid assets	3.5	2.4	4.1	8.4	5.8	67.4	78.1
Deferred taxes	0.9	0.8	0.8	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>69.2</b>	<b>72.6</b>	<b>70.7</b>	<b>80.6</b>	<b>91.8</b>	<b>149.0</b>	<b>153.8</b>
<b>TOTAL ASSETS</b>	<b>138.3</b>	<b>149.6</b>	<b>153.8</b>	<b>152.7</b>	<b>159.1</b>	<b>210.9</b>	<b>210.3</b>
SHAREHOLDERS EQUITY	41.8	47.2	51.9	56.8	61.4	116.1	116.8
MINORITY INTEREST	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Long-term debt	59.2	42.8	44.9	34.3	34.3	34.3	34.3
Provisions for pensions and similar obligations	0.0	1.6	1.8	1.7	1.7	1.7	1.7
Other provisions	5.8	11.4	7.6	7.4	7.4	7.4	7.4
<b>Non-current liabilities</b>	<b>64.9</b>	<b>55.7</b>	<b>54.3</b>	<b>43.5</b>	<b>43.5</b>	<b>43.5</b>	<b>43.5</b>
short-term liabilities to banks	10.7	9.2	19.7	27.0	27.0	27.0	27.0
Accounts payable	11.3	19.1	12.0	14.9	16.8	13.8	12.8
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)	8.2	15.7	14.0	9.7	9.7	9.7	9.5
Deferred taxes	1.3	2.7	1.9	0.9	0.9	0.9	0.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>31.5</b>	<b>46.7</b>	<b>47.7</b>	<b>52.6</b>	<b>54.4</b>	<b>51.5</b>	<b>50.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>138.3</b>	<b>149.6</b>	<b>153.8</b>	<b>152.7</b>	<b>159.1</b>	<b>210.9</b>	<b>210.3</b>

Balance sheet (common size)	2014	2015	2016	2017	2018E	2019E	2020E
<b>Intangible assets</b>	<b>3.3 %</b>	<b>2.8 %</b>	<b>2.8 %</b>	<b>2.3 %</b>	<b>2.1 %</b>	<b>1.5 %</b>	<b>1.4 %</b>
Property, plant and equipment	35.0 %	39.0 %	41.0 %	33.5 %	29.3 %	19.6 %	17.2 %
Financial assets	11.6 %	9.7 %	10.2 %	11.4 %	10.9 %	8.3 %	8.3 %
<b>FIXED ASSETS</b>	<b>50.0 %</b>	<b>51.5 %</b>	<b>54.0 %</b>	<b>47.2 %</b>	<b>42.3 %</b>	<b>29.3 %</b>	<b>26.9 %</b>
Inventories	23.0 %	26.6 %	24.5 %	27.4 %	31.0 %	22.9 %	21.2 %
Accounts receivable	19.5 %	17.1 %	16.3 %	18.0 %	21.3 %	14.5 %	13.4 %
Other current assets	4.4 %	2.8 %	2.0 %	1.8 %	1.7 %	1.3 %	1.3 %
Liquid assets	2.5 %	1.6 %	2.7 %	5.5 %	3.6 %	32.0 %	37.1 %
Deferred taxes	0.6 %	0.5 %	0.5 %	0.1 %	0.1 %	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>50.0 %</b>	<b>48.6 %</b>	<b>46.0 %</b>	<b>52.8 %</b>	<b>57.7 %</b>	<b>70.7 %</b>	<b>73.1 %</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	30.3 %	31.6 %	33.7 %	37.2 %	38.6 %	55.1 %	55.5 %
MINORITY INTEREST	0.0 %	neg.	neg.	neg.	neg.	neg.	neg.
Long-term debt	42.8 %	28.6 %	29.2 %	22.5 %	21.6 %	16.3 %	16.3 %
Provisions for pensions and similar obligations	0.0 %	1.1 %	1.2 %	1.1 %	1.1 %	0.8 %	0.8 %
Other provisions	4.2 %	7.6 %	4.9 %	4.9 %	4.7 %	3.5 %	3.5 %
<b>Non-current liabilities</b>	<b>47.0 %</b>	<b>37.3 %</b>	<b>35.3 %</b>	<b>28.5 %</b>	<b>27.3 %</b>	<b>20.6 %</b>	<b>20.7 %</b>
short-term liabilities to banks	7.7 %	6.2 %	12.8 %	17.7 %	16.9 %	12.8 %	12.8 %
Accounts payable	8.2 %	12.8 %	7.8 %	9.8 %	10.5 %	6.6 %	6.1 %
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)	5.9 %	10.5 %	9.1 %	6.4 %	6.1 %	4.6 %	4.5 %
Deferred taxes	1.0 %	1.8 %	1.3 %	0.6 %	0.6 %	0.4 %	0.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>22.8 %</b>	<b>31.2 %</b>	<b>31.0 %</b>	<b>34.4 %</b>	<b>34.2 %</b>	<b>24.4 %</b>	<b>23.9 %</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)	2014	2015	2016	2017	2018E	2019E	2020E
Net profit/loss	4.1	3.4	4.5	7.0	5.5	20.4	6.5
Depreciation of fixed assets (incl. leases)	9.3	9.9	11.7	12.9	13.6	10.8	10.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	2.0	0.7	0.2	0.2	0.2	0.2
Others	-1.7	5.5	-5.2	-10.4	0.0	0.0	0.0
Cash flow from operations before changes in w/c	13.7	20.8	11.7	9.6	19.3	31.4	17.0
Increase/decrease in inventory	-3.4	-8.0	2.1	-4.2	-7.5	1.0	3.6
Increase/decrease in accounts receivable	-3.9	1.5	0.4	-2.4	-6.4	3.4	2.3
Increase/decrease in accounts payable	0.4	7.8	-7.1	2.9	1.8	-2.9	-1.0
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	-6.9	1.3	-4.6	-3.7	-12.0	1.5	4.9
<b>Cash flow from operating activities</b>	<b>6.8</b>	<b>22.2</b>	<b>7.2</b>	<b>5.9</b>	<b>7.3</b>	<b>32.8</b>	<b>21.9</b>
CAPEX	5.6	19.8	8.1	7.1	9.0	5.6	5.1
Payments for acquisitions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.1	0.0	0.4	0.0	0.0	0.0	0.0
Income from asset disposals	5.2	0.3	1.0	8.1	0.0	36.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.4</b>	<b>-19.5</b>	<b>-7.5</b>	<b>1.0</b>	<b>-9.0</b>	<b>30.4</b>	<b>-5.1</b>
Cash flow before financing	6.4	2.7	-0.3	6.9	-1.7	63.3	16.8
Increase/decrease in debt position	-6.6	-17.9	12.7	-3.4	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	0.0	0.9	1.7	6.1
Others	0.0	14.1	-13.1	0.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-6.6</b>	<b>-3.8</b>	<b>-0.4</b>	<b>-2.7</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-6.1</b>
Increase/decrease in liquid assets	-0.1	-1.2	-0.8	4.2	-2.6	61.6	10.7
<b>Liquid assets at end of period</b>	<b>3.5</b>	<b>2.4</b>	<b>4.1</b>	<b>8.4</b>	<b>5.8</b>	<b>67.4</b>	<b>78.1</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
<b>P&amp;L growth analysis</b>							
Sales growth	21.5 %	25.6 %	-13.5 %	5.5 %	12.1 %	-17.5 %	-7.5 %
EBITDA growth	22.7 %	-0.9 %	-10.6 %	17.3 %	5.6 %	77.4 %	-7.3 %
EBIT growth	47.3 %	-8.2 %	-30.1 %	41.1 %	5.6 %	219.8 %	17.0 %
EPS growth	96.6 %	-16.2 %	30.8 %	55.2 %	-21.3 %	268.4 %	18.3 %
<b>Efficiency</b>							
Total operating costs / sales	91.1 %	93.3 %	92.3 %	92.2 %	92.6 %	83.3 %	91.1 %
Sales per employee	203.8	245.6	207.6	219.1	245.7	202.6	187.4
EBITDA per employee	19.8	18.8	16.4	19.3	20.3	36.1	18.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	19.4 %	17.1 %	20.4 %	21.0 %	21.5 %	28.3 %	29.5 %
Inventory turnover (sales/inventory)	6.9	6.9	6.3	6.0	5.7	4.8	4.8
Trade debtors in days of sales	45.1	33.9	38.5	40.1	44.0	48.0	48.0
A/P turnover [(A/P*365)/sales]	18.9	25.5	18.5	21.8	21.8	21.8	21.8
Cash conversion cycle (days)	103.8	78.5	111.5	112.9	124.3	153.7	152.4
<b>Cash flow analysis</b>							
Free cash flow	1.2	2.4	-0.9	-1.2	-1.7	27.3	16.8
Free cash flow/sales	0.5 %	0.9 %	-0.4 %	-0.5 %	-0.6 %	11.8 %	7.8 %
FCF / net profit	28.7 %	69.8 %	neg.	neg.	neg.	134.0 %	256.4 %
Capex / depn	50.7 %	165.9 %	68.3 %	54.5 %	65.2 %	50.6 %	49.0 %
Capex / maintenance capex	71.4 %	236.9 %	92.9 %	77.9 %	93.2 %	72.2 %	70.0 %
Capex / sales	2.6 %	7.2 %	3.6 %	2.8 %	3.2 %	2.4 %	2.4 %
<b>Security</b>							
Net debt	66.4	49.6	60.5	52.9	55.5	-6.1	-16.8
Net Debt/EBITDA	3.1	2.4	3.2	2.4	2.4	0.0	0.0
Net debt / equity	1.6	1.1	1.2	0.9	0.9	neg.	neg.
Interest cover	2.2	2.4	2.2	4.3	4.7	15.1	5.5
Dividend payout ratio	0.0 %	0.0 %	0.0 %	12.8 %	30.0 %	30.0 %	55.1 %
<b>Asset utilisation</b>							
Capital employed turnover	1.9	2.4	1.9	2.0	2.1	1.2	1.1
Operating assets turnover	2.3	2.6	2.1	2.4	2.5	2.2	2.2
Plant turnover	4.5	4.7	3.8	4.9	6.0	5.6	5.9
Inventory turnover (sales/inventory)	6.9	6.9	6.3	6.0	5.7	4.8	4.8
<b>Returns</b>							
ROCE	7.9 %	7.9 %	5.3 %	7.1 %	7.3 %	19.0 %	6.9 %
ROE	9.9 %	7.3 %	8.7 %	12.4 %	9.0 %	17.5 %	5.6 %
<b>Other</b>							
Interest paid / avg. debt	5.8 %	6.2 %	4.9 %	3.3 %	3.3 %	3.3 %	3.3 %
No. employees (average)	1072	1118	1144	1144	1144	1144	1144
Number of shares	30.0	30.0	30.0	30.0	30.0	30.0	30.0
DPS	0.0	0.0	0.0	0.0	0.1	0.2	0.1
EPS reported	0.14	0.12	0.15	0.23	0.18	0.68	0.22
<b>Valuation ratios</b>							
P/BV	2.2	1.9	1.8	1.6	1.5	0.8	0.8
EV/sales	0.7	0.5	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	7.5	6.8	8.2	6.6	6.4	2.1	3.6
EV/EBITA	13.3	12.9	21.8	16.0	15.4	2.9	6.8
EV/EBIT	16.0	15.7	24.2	16.3	15.7	2.9	6.9
EV/FCF	133.7	59.2	-167.7	-122.2	-88.1	3.2	4.6
Adjusted FCF yield	8.3 %	7.7 %	7.2 %	8.8 %	8.9 %	37.6 %	22.0 %
Dividend yield	0.0 %	0.0 %	0.0 %	1.0 %	1.8 %	6.7 %	3.9 %

Source: Company data, Hauck & Aufhäuser

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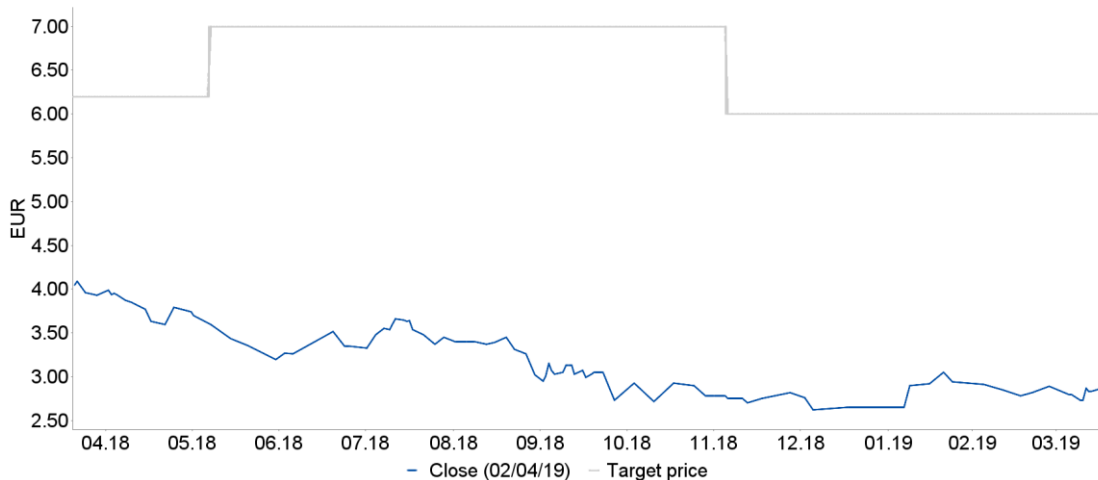
Company	Disclosure
MS Industrie AG	6

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

#### Price and Rating History MS Industrie AG as of 04/04/19

Initiation coverage

12-March-13



Company	Date	Analyst	Rating	Target price	Close
MS Industrie AG	22.11.2018	Glowa, Christian	Buy	EUR 6,00	EUR 2,75
	20.09.2018	Glowa, Christian	Buy	EUR 7,00	EUR 3,07
	24.08.2018	Glowa, Christian	Buy	EUR 7,00	EUR 3,40
	11.07.2018	Glowa, Christian	Buy	EUR 7,00	EUR 3,35
	24.05.2018	Glowa, Christian	Buy	EUR 7,00	EUR 3,60

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