



Buy (old: Buy)

Price target: EUR 7.00 (old: EUR 6.20)

| | | | |
|-------------------|----------|--------------------------|-------------|
| Price: | EUR 3.60 | Next result: | Q2 n/a |
| Bloomberg: | MSAG@GR | Market cap: | EUR 108.0 m |
| Reuters: | MSAG.DE | Enterprise Value: | EUR 162.6 m |

24-May-18

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Capitalising strong pipeline – chg. in est & PT

Our roadshow with the management to Paris highlighted that MS Industrie (MS) looks set to be at an inflection point starting to **capitalise its robust order pipeline which should yield disproportionate earnings growth**. That being said, the timing for investors to buy into this structural growth case looks favourable.

1. PowertrainTechnology (c. 70% of sales) **with full order books AND potential tailwind from new customer contracts**. MS' full order books provide excellent visibility (6-months rolling forward) potentially reaching the sustainable production peak of 200k units p.a. already in 2018 thanks to stronger than expected demand from the US. Even more important, **we expect MS Industrie to win new customer contracts** by end FY18E carrying a sustainable sale volume of € 110-140m p.a. (eH&A not yet reflected in our est.). This would roughly equal the total volume of the current Daimler contract (c. 50% of group sales). The best, only little capex into additional machinery would be required given that MS has the required infrastructure in place following the relocation of the plant in Germany.

2. Ultrasonic (c. 22% of sales) **expansion in full swing**. In fact, the Ultrasonic order books are covered till Q1 2019E driven by both the automotive business (c. 19% of sales) as well as the industrial/ packaging business (3% of sales). While the automotive business should continue to be driven by an increasing amount of new car models, the expansion of the packaging business is further gaining momentum. As such, sales of the new standard machine should increase to € 3m and reach breakeven in 2018E (2017 € 1m sales and a loss of c. € 1.5m). In the mid-term, the Ultrasonic business should reach € 100m in sales (thereof € 10m the new standard machine) and thus further drive a favourable product/ margin mix.

All geared towards disproportionate earnings growth (25% EBIT CAGR 2017-20E). MS has recently invested into additional capacity and new product innovations. Thus, the company looks now well positioned to capitalise its full order books. Hence, strong earnings growth is seen to be imminent (i.e. Q1 EBITDA +54% yoy to € 5.7m) thanks to a favourable product mix, efficiency gains, an improved utilisation and scale effects.

Action. We slightly lift our 2018E sales estimates. Earnings estimates are unchanged as we also increase our personnel expenses reflecting the ramp-up of the Ultrasonic business. Given the excellent visibility (Q1 order backlog +8% yoy to € 143m), we roll over valuation to FCFY20E (old 19E). **BUY, new PT of € 7.00** (old € 6.20).

| Y/E 31.12 (EUR m) | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---------------------|---------|---------|---------|--------|--------|--------|--------|
| Sales | 218.5 | 274.4 | 237.5 | 250.6 | 270.8 | 285.6 | 297.2 |
| Sales growth | 22 % | 26 % | -13 % | 6 % | 8 % | 5 % | 4 % |
| EBITDA | 21.2 | 21.0 | 18.8 | 22.0 | 24.1 | 26.8 | 29.7 |
| EBIT | 9.9 | 9.1 | 6.4 | 9.0 | 12.7 | 15.4 | 17.7 |
| Net income | 4.1 | 3.5 | 4.5 | 7.0 | 7.9 | 9.9 | 11.6 |
| Net debt | 66.4 | 49.6 | 60.5 | 52.9 | 47.9 | 42.1 | 34.4 |
| Net gearing | 158.7 % | 105.0 % | 116.6 % | 93.1 % | 75.0 % | 59.0 % | 43.0 % |
| Net Debt/EBITDA | 3.1 | 2.4 | 3.2 | 2.4 | 2.0 | 1.6 | 1.2 |
| EPS pro forma | 0.14 | 0.12 | 0.15 | 0.23 | 0.26 | 0.33 | 0.39 |
| CPS | -0.04 | 0.46 | -0.05 | -0.11 | 0.23 | 0.34 | 0.42 |
| DPS | 0.00 | 0.00 | 0.00 | 0.03 | 0.08 | 0.10 | 0.00 |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.8 % | 2.2 % | 2.8 % | 0.0 % |
| Gross profit margin | 42.1 % | 39.1 % | 46.1 % | 46.8 % | 47.8 % | 48.6 % | 48.5 % |
| EBITDA margin | 9.7 % | 7.7 % | 7.9 % | 8.8 % | 8.9 % | 9.4 % | 10.0 % |
| EBIT margin | 4.5 % | 3.3 % | 2.7 % | 3.6 % | 4.7 % | 5.4 % | 5.9 % |
| ROCE | 7.9 % | 7.9 % | 5.3 % | 7.1 % | 9.7 % | 11.2 % | 12.4 % |
| EV/sales | 0.8 | 0.6 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 |
| EV/EBITDA | 8.2 | 7.6 | 9.1 | 7.4 | 6.5 | 5.7 | 4.9 |
| EV/EBIT | 17.6 | 17.5 | 26.8 | 18.1 | 12.4 | 9.9 | 8.2 |
| PER | 26.2 | 31.2 | 23.9 | 15.4 | 13.6 | 10.9 | 9.3 |
| Adjusted FCF yield | 7.5 % | 6.8 % | 6.4 % | 7.9 % | 9.6 % | 11.6 % | 13.9 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 17.05.2018



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 4.45 / 2.65

Price/Book Ratio: 2.0

Relative performance (SDAX):

3 months -17.2 %

6 months -21.0 %

12 months 25.7 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2018 | old: | 267.2 | 12.7 | 0.25 |
| | Δ | 1.3% | - | - |
| 2019 | old: | 286.2 | 15.3 | 0.32 |
| | Δ | - | - | - |
| 2020 | old: | 297.8 | 17.9 | 0.38 |
| | 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 5.0 %

Kreissparkasse 3.0 %

Biberach

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 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 218.5 | 274.4 | 237.5 | 250.6 | 270.8 | 285.6 | 297.2 |
| <i>Sales growth</i> | 21.5 % | 25.6 % | -13.5 % | 5.5 % | 8.0 % | 5.5 % | 4.1 % |
| Increase/decrease in finished goods and work-in-process | 1.8 | 2.6 | 0.4 | 2.6 | 2.5 | 2.5 | 2.5 |
| Total sales | 220.2 | 277.1 | 237.9 | 253.2 | 273.3 | 288.1 | 299.7 |
| Other operating income | 4.5 | 4.7 | 5.5 | 5.6 | 4.0 | 4.0 | 4.0 |
| Material expenses | 127.4 | 168.8 | 128.3 | 134.8 | 142.6 | 148.2 | 154.2 |
| Personnel expenses | 47.7 | 56.2 | 60.5 | 63.6 | 70.0 | 74.2 | 75.2 |
| Other operating expenses | 28.4 | 35.7 | 35.9 | 38.3 | 40.6 | 42.8 | 44.6 |
| Total operating expenses | 199.0 | 256.0 | 219.1 | 231.2 | 249.2 | 261.3 | 270.0 |
| EBITDA | 21.2 | 21.0 | 18.8 | 22.0 | 24.1 | 26.8 | 29.7 |
| Depreciation | 9.3 | 9.9 | 11.7 | 12.9 | 11.2 | 11.2 | 11.8 |
| EBITA | 11.9 | 11.1 | 7.1 | 9.2 | 12.9 | 15.6 | 17.9 |
| 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 |
| EBIT | 9.9 | 9.1 | 6.4 | 9.0 | 12.7 | 15.4 | 17.7 |
| 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 |
| Recurring pretax income from continuing operations | 5.6 | 6.3 | 4.6 | 8.5 | 10.7 | 13.4 | 15.7 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 5.6 | 6.3 | 4.6 | 8.5 | 10.7 | 13.4 | 15.7 |
| Taxes | 1.4 | 2.9 | 0.2 | 1.5 | 2.8 | 3.5 | 4.1 |
| Net income from continuing operations | 4.1 | 3.4 | 4.5 | 7.0 | 7.9 | 9.9 | 11.6 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 4.1 | 3.4 | 4.5 | 7.0 | 7.9 | 9.9 | 11.6 |
| Minority interest | 0.0 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 |
| Net income (net of minority interest) | 4.1 | 3.5 | 4.5 | 7.0 | 7.9 | 9.9 | 11.6 |
| Average number of shares | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| EPS reported | 0.14 | 0.12 | 0.15 | 0.23 | 0.26 | 0.33 | 0.39 |

| Profit and loss (common size) | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Increase/decrease in finished goods and work-in-process | 0.8 % | 1.0 % | 0.2 % | 1.0 % | 0.9 % | 0.9 % | 0.8 % |
| Total sales | 100.8 % | 101.0 % | 100.2 % | 101.0 % | 100.9 % | 100.9 % | 100.8 % |
| Other operating income | 2.1 % | 1.7 % | 2.3 % | 2.2 % | 1.5 % | 1.4 % | 1.3 % |
| Material expenses | 58.3 % | 61.5 % | 54.0 % | 53.8 % | 52.7 % | 51.9 % | 51.9 % |
| Personnel expenses | 21.8 % | 20.5 % | 25.5 % | 25.4 % | 25.9 % | 26.0 % | 25.3 % |
| 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 % | 92.0 % | 91.5 % | 90.9 % |
| EBITDA | 9.7 % | 7.7 % | 7.9 % | 8.8 % | 8.9 % | 9.4 % | 10.0 % |
| Depreciation | 4.3 % | 3.6 % | 4.9 % | 5.1 % | 4.1 % | 3.9 % | 4.0 % |
| EBITA | 5.5 % | 4.0 % | 3.0 % | 3.7 % | 4.8 % | 5.5 % | 6.0 % |
| 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 % |
| EBIT | 4.5 % | 3.3 % | 2.7 % | 3.6 % | 4.7 % | 5.4 % | 5.9 % |
| 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 % | 0.7 % | 0.7 % |
| Other financial result | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | -2.0 % | -1.0 % | -0.7 % | -0.2 % | -0.7 % | -0.7 % | -0.7 % |
| Recurring pretax income from continuing operations | 2.6 % | 2.3 % | 2.0 % | 3.4 % | 4.0 % | 4.7 % | 5.3 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 2.6 % | 2.3 % | 2.0 % | 3.4 % | 4.0 % | 4.7 % | 5.3 % |
| Tax rate | 25.8 % | 45.3 % | 4.0 % | 18.2 % | 26.0 % | 26.0 % | 26.0 % |
| Net income from continuing operations | 1.9 % | 1.3 % | 1.9 % | 2.8 % | 2.9 % | 3.5 % | 3.9 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 1.9 % | 1.3 % | 1.9 % | 2.8 % | 2.9 % | 3.5 % | 3.9 % |
| Minority interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income (net of minority interest) | 1.9 % | 1.3 % | 1.9 % | 2.8 % | 2.9 % | 3.5 % | 3.9 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets | 4.6 | 4.2 | 4.3 | 3.5 | 3.3 | 3.1 | 2.9 |
| Property, plant and equipment | 48.4 | 58.4 | 63.1 | 51.2 | 49.0 | 47.7 | 46.3 |
| Financial assets | 16.1 | 14.4 | 15.6 | 17.4 | 17.4 | 17.4 | 17.4 |
| FIXED ASSETS | 69.1 | 77.0 | 83.1 | 72.1 | 69.7 | 68.3 | 66.7 |
| Inventories | 31.8 | 39.8 | 37.7 | 41.8 | 45.2 | 47.7 | 49.6 |
| Accounts receivable | 27.0 | 25.5 | 25.1 | 27.5 | 29.7 | 31.3 | 32.6 |
| 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 | 13.4 | 19.2 | 26.9 |
| 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 |
| CURRENT ASSETS | 69.2 | 72.6 | 70.7 | 80.6 | 91.2 | 101.1 | 112.0 |
| TOTAL ASSETS | 138.3 | 149.6 | 153.8 | 152.7 | 160.9 | 169.4 | 178.7 |
| SHAREHOLDERS EQUITY | 41.8 | 47.2 | 51.9 | 56.8 | 63.8 | 71.4 | 80.0 |
| 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 |
| Non-current liabilities | 64.9 | 55.7 | 54.3 | 43.5 | 43.5 | 43.5 | 43.5 |
| 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 | 16.1 | 17.0 | 17.7 |
| 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) | 8.2 | 15.7 | 14.0 | 9.7 | 9.7 | 9.7 | 9.7 |
| 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 |
| Current liabilities | 31.5 | 46.7 | 47.7 | 52.6 | 53.8 | 54.7 | 55.4 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 138.3 | 149.6 | 153.8 | 152.7 | 160.9 | 169.4 | 178.7 |

| Balance sheet (common size) | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 3.3 % | 2.8 % | 2.8 % | 2.3 % | 2.1 % | 1.8 % | 1.6 % |
| Property, plant and equipment | 35.0 % | 39.0 % | 41.0 % | 33.5 % | 30.4 % | 28.2 % | 25.9 % |
| Financial assets | 11.6 % | 9.7 % | 10.2 % | 11.4 % | 10.8 % | 10.3 % | 9.8 % |
| FIXED ASSETS | 50.0 % | 51.5 % | 54.0 % | 47.2 % | 43.3 % | 40.3 % | 37.3 % |
| Inventories | 23.0 % | 26.6 % | 24.5 % | 27.4 % | 28.1 % | 28.2 % | 27.8 % |
| Accounts receivable | 19.5 % | 17.1 % | 16.3 % | 18.0 % | 18.5 % | 18.5 % | 18.3 % |
| Other current assets | 4.4 % | 2.8 % | 2.0 % | 1.8 % | 1.7 % | 1.6 % | 1.6 % |
| Liquid assets | 2.5 % | 1.6 % | 2.7 % | 5.5 % | 8.3 % | 11.3 % | 15.0 % |
| Deferred taxes | 0.6 % | 0.5 % | 0.5 % | 0.1 % | 0.1 % | 0.1 % | 0.0 % |
| Deferred charges and prepaid expenses | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 50.0 % | 48.6 % | 46.0 % | 52.8 % | 56.7 % | 59.7 % | 62.7 % |
| TOTAL ASSETS | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 30.3 % | 31.6 % | 33.7 % | 37.2 % | 39.7 % | 42.1 % | 44.8 % |
| MINORITY INTEREST | 0.0 % | 0.0 % | -0.1 % | -0.1 % | -0.1 % | -0.1 % | -0.1 % |
| Long-term debt | 42.8 % | 28.6 % | 29.2 % | 22.5 % | 21.3 % | 20.3 % | 19.2 % |
| Provisions for pensions and similar obligations | 0.0 % | 1.1 % | 1.2 % | 1.1 % | 1.1 % | 1.0 % | 1.0 % |
| Other provisions | 4.2 % | 7.6 % | 4.9 % | 4.9 % | 4.6 % | 4.4 % | 4.2 % |
| Non-current liabilities | 47.0 % | 37.3 % | 35.3 % | 28.5 % | 27.0 % | 25.7 % | 24.3 % |
| short-term liabilities to banks | 7.7 % | 6.2 % | 12.8 % | 17.7 % | 16.8 % | 15.9 % | 15.1 % |
| Accounts payable | 8.2 % | 12.8 % | 7.8 % | 9.8 % | 10.0 % | 10.1 % | 9.9 % |
| 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 % | 5.8 % | 5.5 % |
| Deferred taxes | 1.0 % | 1.8 % | 1.3 % | 0.6 % | 0.6 % | 0.5 % | 0.5 % |
| Deferred income | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Current liabilities | 22.8 % | 31.2 % | 31.0 % | 34.4 % | 33.4 % | 32.3 % | 31.0 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

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 | 7.9 | 9.9 | 11.6 |
| Depreciation of fixed assets (incl. leases) | 9.3 | 9.9 | 11.7 | 12.9 | 11.2 | 11.2 | 11.8 |
| 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 | 21.3 | 23.6 |
| Increase/decrease in inventory | -3.4 | -8.0 | 2.1 | -4.2 | -3.4 | -2.5 | -1.9 |
| Increase/decrease in accounts receivable | -3.9 | 1.5 | 0.4 | -2.4 | -2.2 | -1.6 | -1.3 |
| Increase/decrease in accounts payable | 0.4 | 7.8 | -7.1 | 2.9 | 1.2 | 0.9 | 0.7 |
| 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 | -4.4 | -3.2 | -2.5 |
| Cash flow from operating activities | 6.8 | 22.2 | 7.2 | 5.9 | 14.9 | 18.1 | 21.1 |
| CAPEX | 5.6 | 19.8 | 8.1 | 7.1 | 9.0 | 10.0 | 10.4 |
| 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 | 0.0 | 0.0 |
| Cash flow from investing activities | -0.4 | -19.5 | -7.5 | 1.0 | -9.0 | -10.0 | -10.4 |
| Cash flow before financing | 6.4 | 2.7 | -0.3 | 6.9 | 5.9 | 8.1 | 10.7 |
| 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 | 2.4 | 3.0 |
| 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 |
| Cash flow from financing activities | -6.6 | -3.8 | -0.4 | -2.7 | -0.9 | -2.4 | -3.0 |
| Increase/decrease in liquid assets | -0.1 | -1.2 | -0.8 | 4.2 | 5.0 | 5.7 | 7.7 |
| Liquid assets at end of period | 3.5 | 2.4 | 4.1 | 8.4 | 13.4 | 19.2 | 26.9 |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m) | 2014 | 2015 | 2016 | 2017 | 2018E | 2019E | 2020E |
|--------------------------------------|--------|---------|---------|---------|---------|---------|---------|
| P&L growth analysis | | | | | | | |
| Sales growth | 21.5 % | 25.6 % | -13.5 % | 5.5 % | 8.0 % | 5.5 % | 4.1 % |
| EBITDA growth | 22.7 % | -0.9 % | -10.6 % | 17.3 % | 9.4 % | 11.2 % | 23.2 % |
| EBIT growth | 47.3 % | -8.2 % | -30.1 % | 41.1 % | 41.6 % | 21.3 % | 39.2 % |
| EPS growth | 96.6 % | -16.2 % | 30.8 % | 55.2 % | 12.8 % | 25.3 % | 46.5 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 91.1 % | 93.3 % | 92.3 % | 92.2 % | 92.0 % | 91.5 % | 90.9 % |
| Sales per employee | 203.8 | 245.6 | 207.6 | 219.1 | 236.7 | 249.7 | 259.8 |
| EBITDA per employee | 19.8 | 18.8 | 16.4 | 19.3 | 21.1 | 23.4 | 25.9 |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 19.4 % | 17.1 % | 20.4 % | 21.0 % | 20.9 % | 21.1 % | 20.7 % |
| Inventory turnover (sales/inventory) | 6.9 | 6.9 | 6.3 | 6.0 | 6.0 | 6.0 | 6.0 |
| Trade debtors in days of sales | 45.1 | 33.9 | 38.5 | 40.1 | 40.1 | 40.1 | 40.1 |
| 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 | 114.5 | 115.5 | 115.5 |
| Cash flow analysis | | | | | | | |
| Free cash flow | 1.2 | 2.4 | -0.9 | -1.2 | 5.9 | 8.1 | 10.7 |
| Free cash flow/sales | 0.5 % | 0.9 % | -0.4 % | -0.5 % | 2.2 % | 2.8 % | 3.6 % |
| FCF / net profit | 28.7 % | 69.8 % | -20.3 % | -17.1 % | 75.0 % | 81.7 % | 92.1 % |
| Capex / depre | 50.7 % | 165.9 % | 68.3 % | 54.5 % | 78.9 % | 87.7 % | 86.7 % |
| Capex / maintenance capex | 71.4 % | 236.9 % | 92.9 % | 77.9 % | 112.8 % | 125.3 % | 123.8 % |
| Capex / sales | 2.6 % | 7.2 % | 3.6 % | 2.8 % | 3.3 % | 3.5 % | 3.5 % |
| Security | | | | | | | |
| Net debt | 66.4 | 49.6 | 60.5 | 52.9 | 47.9 | 42.1 | 34.4 |
| Net Debt/EBITDA | 3.1 | 2.4 | 3.2 | 2.4 | 2.0 | 1.6 | 1.2 |
| Net debt / equity | 1.6 | 1.1 | 1.2 | 0.9 | 0.7 | 0.6 | 0.4 |
| Interest cover | 2.2 | 2.4 | 2.2 | 4.3 | 6.4 | 7.7 | 8.8 |
| Dividend payout ratio | 0.0 % | 0.0 % | 0.0 % | 12.8 % | 30.0 % | 30.0 % | 0.0 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 1.9 | 2.4 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 |
| Operating assets turnover | 2.3 | 2.6 | 2.1 | 2.4 | 2.5 | 2.6 | 2.7 |
| Plant turnover | 4.5 | 4.7 | 3.8 | 4.9 | 5.5 | 6.0 | 6.4 |
| Inventory turnover (sales/inventory) | 6.9 | 6.9 | 6.3 | 6.0 | 6.0 | 6.0 | 6.0 |
| Returns | | | | | | | |
| ROCE | 7.9 % | 7.9 % | 5.3 % | 7.1 % | 9.7 % | 11.2 % | 12.4 % |
| ROE | 9.9 % | 7.3 % | 8.7 % | 12.4 % | 12.4 % | 13.9 % | 14.5 % |
| Other | | | | | | | |
| 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 | 0.1 | 0.0 |
| EPS reported | 0.14 | 0.12 | 0.15 | 0.23 | 0.26 | 0.33 | 0.39 |
| Valuation ratios | | | | | | | |
| P/BV | 2.6 | 2.3 | 2.1 | 1.9 | 1.7 | 1.5 | 1.4 |
| EV/sales | 0.8 | 0.6 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 |
| EV/EBITDA | 8.2 | 7.6 | 9.1 | 7.4 | 6.5 | 5.7 | 4.9 |
| EV/EBITA | 14.6 | 14.3 | 24.1 | 17.7 | 12.2 | 9.7 | 8.1 |
| EV/EBIT | 17.6 | 17.5 | 26.8 | 18.1 | 12.4 | 9.9 | 8.2 |
| EV/FCF | 147.4 | 65.9 | -185.3 | -135.7 | 26.5 | 18.7 | 13.5 |
| Adjusted FCF yield | 7.5 % | 6.8 % | 6.4 % | 7.9 % | 9.6 % | 11.6 % | 13.9 % |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.8 % | 2.2 % | 2.8 % | 0.0 % |

Source: Company data, Hauck & Aufhäuser

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| Company | Disclosure |
|-----------------|------------|
| MS Industrie AG | 5a, 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 24/05/18

Initiation coverage
12-March-13



| Company | Date | Analyst | Rating | Target price | Close |
|-----------------|------------|------------------|--------|--------------|----------|
| MS Industrie AG | 02.02.2018 | Glowa, Christian | Buy | EUR 6.20 | EUR 4.45 |
| | 21.11.2017 | Glowa, Christian | Buy | EUR 5.70 | EUR 4.29 |
| | 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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Date of publication creation: 24/05/2018 08:05 AM

Date of publication dissemination: 24/05/2018 08:25 AM

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