

**Hold** (old: Buy)

**Price target: EUR 2.60** (old: EUR 6.00)

<b>Price:</b>	EUR 2.44	<b>Next result:</b>	Q2 08/19
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 71.4 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 96.5 m

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### Truck business to slow down – Down to HOLD / chg. in est.

The Q2 results of key truck OEMs such as Daimler and Traton have shown a notable decline in order intake. For instance, Daimler's incoming Q2 truck orders declined by more than 30% yoy to 96k units. The most significant slump was recorded in NAFTA (-55% yoy), followed by RoW (-36%) and the EU (-15% yoy). This suggests a **notable contraction of MS Industrie's Powertrain Technology business**, which should become visible beginning of 2020.

Note that MS Industrie disposed its US valve train business for Daimler (c. 27% of group sales in FY18) to its peer Gnutti which became effective beginning of April 2019. However, MS Industrie will continue to serve Daimler in Europe (c. 26% of group sales). Here, **lower volumes should weigh on earnings** based on a weaker fix cost coverage.

What's more, also the VDMA mechanical engineering H1 2019 order intake (-9% yoy) is pointing towards a **slowdown of MS Industrie's Ultrasonic business** (20% of group sales in FY18). Lower volumes in conjunction with **ramp-up costs** for the expansion of its new standardized welding machine should lead to **diseconomies of scale** as well as an **adverse product mix** and thus also put **pressure on earnings**.

Positively, the expected ~ € 36m cash inflow from the disposal of the US Daimler truck business should be used to **deleverage the company's balance sheet** while investors should also **expect an extraordinary dividend**. Moreover, we also expect MS Industrie to push the Ultrasonic business (eH&A 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 midterm (eH&A c. € 80m by 2021E). 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. However, during this transition phase **newsflow should be rather weak** amid the expected slowdown of the truck market globally and weak quarterly results respectively.

**Action.** Est. cut to mainly reflect weaker truck business in Europe. Valuation looks fair at 6 x EV/ EBITDA 20E. **Down to HOLD** (old BUY) with a new **PT of € 2.60** (old € 6.00) 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	229.7	210.0	205.4
Sales growth	26 %	-13 %	6 %	13 %	-19 %	-9 %	-2 %
EBITDA	21.0	18.8	22.0	22.8	38.1	17.2	17.4
EBIT	9.1	6.4	9.0	10.8	26.1	5.7	6.4
Net income	3.5	4.5	7.0	7.1	17.0	2.9	3.3
Net debt	49.6	60.5	52.9	70.5	23.6	35.6	36.2
Net gearing	105.0 %	116.6 %	93.1 %	107.7 %	20.3 %	32.3 %	32.1 %
Net Debt/EBITDA	2.4	3.2	2.4	3.1	0.6	2.1	2.1
EPS pro forma	0.12	0.15	0.23	0.24	0.57	0.10	0.11
CPS	0.46	-0.05	-0.11	-0.26	1.29	-0.22	0.02
DPS	0.00	0.00	0.03	0.09	0.17	0.03	0.03
Dividend yield	0.0 %	0.0 %	1.3 %	3.8 %	7.2 %	1.2 %	1.4 %
Gross profit margin	39.1 %	46.1 %	46.8 %	46.0 %	47.9 %	45.4 %	44.9 %
EBITDA margin	7.7 %	7.9 %	8.8 %	8.1 %	16.6 %	8.2 %	8.5 %
EBIT margin	3.3 %	2.7 %	3.6 %	3.8 %	11.4 %	2.7 %	3.1 %
ROCE	7.9 %	5.3 %	7.1 %	7.8 %	14.0 %	3.1 %	2.9 %
EV/sales	0.4	0.6	0.5	0.5	0.4	0.5	0.5
EV/EBITDA	5.8	7.1	5.7	6.3	2.5	6.3	6.3
EV/EBIT	13.5	21.0	14.0	13.3	3.7	18.9	17.1
PER	20.6	15.8	10.2	10.0	4.2	24.6	21.4
Adjusted FCF yield	9.1 %	8.4 %	10.5 %	8.8 %	26.5 %	8.0 %	7.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 08.08.2019



**High/low 52 weeks:** 3.45 / 2.39

**Price/Book Ratio:** 0.6

**Relative performance (SDAX):**

3 months -18.4 %

6 months -

12 months -19.2 %

#### Changes in estimates

		Sales	EBIT	EPS
2019	old:	229.7	29.3	0.65
	Δ	-	-10.9%	-12.5%
2020	old:	215.3	12.5	0.24
	Δ	-2.5%	-54.2%	-59.9%
2021	old:	224.8	14.9	0.30
	Δ	-8.6%	-57.2%	-62.6%

#### Key share data:

Number of shares: (in m pcs) 30.0

Authorised capital: (in € m) 9.7

Book value per share: (in €) 3.9

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>229.7</b>	<b>210.0</b>	<b>205.4</b>
<i>Sales growth</i>	25.6 %	-13.5 %	5.5 %	12.8 %	-18.8 %	-8.6 %	-2.2 %
Increase/decrease in finished goods and work-in-process	2.6	0.4	2.6	4.5	2.5	2.5	2.5
<b>Total sales</b>	<b>277.1</b>	<b>237.9</b>	<b>253.2</b>	<b>287.2</b>	<b>232.2</b>	<b>212.5</b>	<b>207.9</b>
Other operating income	4.7	5.5	5.6	4.1	21.0	5.0	5.0
Material expenses	168.8	128.3	134.8	155.1	120.9	116.0	114.5
Personnel expenses	56.2	60.5	63.6	71.1	59.7	56.8	54.2
Other operating expenses	35.7	35.9	38.3	42.4	34.4	27.5	26.8
Total operating expenses	256.0	219.1	231.2	264.4	194.0	195.3	190.5
<b>EBITDA</b>	<b>21.0</b>	<b>18.8</b>	<b>22.0</b>	<b>22.8</b>	<b>38.1</b>	<b>17.2</b>	<b>17.4</b>
Depreciation	9.9	11.7	12.9	11.8	11.8	11.2	10.8
<b>EBITA</b>	<b>11.1</b>	<b>7.1</b>	<b>9.2</b>	<b>11.0</b>	<b>26.3</b>	<b>5.9</b>	<b>6.6</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	0.2	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>9.1</b>	<b>6.4</b>	<b>9.0</b>	<b>10.8</b>	<b>26.1</b>	<b>5.7</b>	<b>6.4</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	1.8	1.6	1.6
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	-1.8	-1.6	-1.6
<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>24.3</b>	<b>4.1</b>	<b>4.8</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>24.3</b>	<b>4.1</b>	<b>4.8</b>
Taxes	2.9	0.2	1.5	2.2	7.3	1.2	1.4
<b>Net income from continuing operations</b>	<b>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>7.2</b>	<b>17.0</b>	<b>2.9</b>	<b>3.3</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>3.4</b>	<b>4.5</b>	<b>7.0</b>	<b>7.2</b>	<b>17.0</b>	<b>2.9</b>	<b>3.3</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>17.0</b>	<b>2.9</b>	<b>3.3</b>
Average number of shares	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>EPS reported</b>	<b>0.12</b>	<b>0.15</b>	<b>0.23</b>	<b>0.24</b>	<b>0.57</b>	<b>0.10</b>	<b>0.11</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<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	1.0 %	0.2 %	1.0 %	1.6 %	1.1 %	1.2 %	1.2 %
<b>Total sales</b>	<b>101.0 %</b>	<b>100.2 %</b>	<b>101.0 %</b>	<b>101.6 %</b>	<b>101.1 %</b>	<b>101.2 %</b>	<b>101.2 %</b>
Other operating income	1.7 %	2.3 %	2.2 %	1.5 %	9.1 %	2.4 %	2.4 %
Material expenses	61.5 %	54.0 %	53.8 %	54.8 %	52.6 %	55.2 %	55.8 %
Personnel expenses	20.5 %	25.5 %	25.4 %	25.1 %	26.0 %	27.1 %	26.4 %
Other operating expenses	13.0 %	15.1 %	15.3 %	15.0 %	15.0 %	13.1 %	13.1 %
Total operating expenses	93.3 %	92.3 %	92.2 %	93.5 %	84.5 %	93.0 %	92.8 %
<b>EBITDA</b>	<b>7.7 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>8.1 %</b>	<b>16.6 %</b>	<b>8.2 %</b>	<b>8.5 %</b>
Depreciation	3.6 %	4.9 %	5.1 %	4.2 %	5.1 %	5.4 %	5.3 %
<b>EBITA</b>	<b>4.0 %</b>	<b>3.0 %</b>	<b>3.7 %</b>	<b>3.9 %</b>	<b>11.5 %</b>	<b>2.8 %</b>	<b>3.2 %</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 %	0.1 %	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>3.3 %</b>	<b>2.7 %</b>	<b>3.6 %</b>	<b>3.8 %</b>	<b>11.4 %</b>	<b>2.7 %</b>	<b>3.1 %</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 %	0.8 %	0.8 %	0.8 %
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>2.3 %</b>	<b>2.0 %</b>	<b>3.4 %</b>	<b>3.3 %</b>	<b>10.6 %</b>	<b>2.0 %</b>	<b>2.3 %</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>10.6 %</b>	<b>2.0 %</b>	<b>2.3 %</b>
Tax rate	45.3 %	4.0 %	18.2 %	23.1 %	30.0 %	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>7.4 %</b>	<b>1.4 %</b>	<b>1.6 %</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>7.4 %</b>	<b>1.4 %</b>	<b>1.6 %</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>7.4 %</b>	<b>1.4 %</b>	<b>1.6 %</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>2.6</b>	<b>2.4</b>	<b>2.2</b>
Property, plant and equipment	58.4	63.1	51.2	55.2	52.6	50.2	48.0
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>66.5</b>	<b>63.9</b>	<b>61.5</b>
Inventories	39.8	37.7	41.8	41.5	33.8	35.0	41.1
Accounts receivable	25.5	25.1	27.5	44.3	30.2	40.3	39.4
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	74.2	62.2	61.6
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>176.9</b>	<b>176.2</b>	<b>180.8</b>
<b>TOTAL ASSETS</b>	<b>149.6</b>	<b>153.8</b>	<b>152.7</b>	<b>171.1</b>	<b>243.4</b>	<b>240.1</b>	<b>242.3</b>
SHAREHOLDERS EQUITY	47.2	51.9	56.8	65.5	115.9	110.2	112.7
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	13.2	12.1	11.8
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>46.2</b>	<b>48.5</b>	<b>48.3</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>243.4</b>	<b>240.1</b>	<b>242.3</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>1.1 %</b>	<b>1.0 %</b>	<b>0.9 %</b>
Property, plant and equipment	39.0 %	41.0 %	33.5 %	32.3 %	21.6 %	20.9 %	19.8 %
Financial assets	9.7 %	10.2 %	11.4 %	6.6 %	4.6 %	4.7 %	4.6 %
<b>FIXED ASSETS</b>	<b>51.5 %</b>	<b>54.0 %</b>	<b>47.2 %</b>	<b>40.5 %</b>	<b>27.3 %</b>	<b>26.6 %</b>	<b>25.4 %</b>
Inventories	26.6 %	24.5 %	27.4 %	24.3 %	13.9 %	14.6 %	17.0 %
Accounts receivable	17.1 %	16.3 %	18.0 %	25.9 %	12.4 %	16.8 %	16.3 %
Other current assets	2.8 %	2.0 %	1.8 %	8.0 %	15.9 %	16.1 %	16.0 %
Liquid assets	1.6 %	2.7 %	5.5 %	1.3 %	30.5 %	25.9 %	25.4 %
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>72.7 %</b>	<b>73.4 %</b>	<b>74.6 %</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	31.6 %	33.7 %	37.2 %	38.3 %	47.6 %	45.9 %	46.5 %
MINORITY INTEREST	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Long-term debt	28.6 %	29.2 %	22.5 %	26.8 %	29.1 %	29.5 %	29.2 %
Provisions for pensions and similar obligations	1.1 %	1.2 %	1.1 %	0.9 %	0.6 %	0.6 %	0.6 %
Other provisions	7.6 %	4.9 %	4.9 %	5.4 %	3.8 %	3.8 %	3.8 %
<b>Non-current liabilities</b>	<b>37.3 %</b>	<b>35.3 %</b>	<b>28.5 %</b>	<b>33.0 %</b>	<b>33.5 %</b>	<b>33.9 %</b>	<b>33.6 %</b>
short-term liabilities to banks	6.2 %	12.8 %	17.7 %	15.8 %	11.1 %	11.2 %	11.1 %
Accounts payable	12.8 %	7.8 %	9.8 %	9.5 %	5.4 %	5.0 %	4.9 %
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)	10.5 %	9.1 %	6.4 %	3.5 %	2.5 %	4.0 %	3.9 %
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>19.0 %</b>	<b>20.2 %</b>	<b>19.9 %</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)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	3.4	4.5	7.0	7.2	17.0	2.9	3.3
Depreciation of fixed assets (incl. leases)	9.9	11.7	12.9	11.8	11.8	11.2	10.8
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	0.2	0.2	0.2	0.2	0.2
Others	5.5	-5.2	-10.4	-3.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	20.8	11.7	9.6	16.2	29.0	14.3	14.3
Increase/decrease in inventory	-8.0	2.1	-4.2	0.4	7.7	-1.2	-6.1
Increase/decrease in accounts receivable	1.5	0.4	-2.4	-16.8	14.1	-10.1	0.9
Increase/decrease in accounts payable	7.8	-7.1	2.9	1.3	-3.1	-1.1	-0.3
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	18.7	-12.4	-5.4
<b>Cash flow from operating activities</b>	<b>22.2</b>	<b>7.2</b>	<b>5.9</b>	<b>1.1</b>	<b>47.8</b>	<b>1.9</b>	<b>8.9</b>
CAPEX	19.8	8.1	7.1	12.1	9.2	8.8	8.6
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	36.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-19.5</b>	<b>-7.5</b>	<b>1.0</b>	<b>-12.4</b>	<b>26.8</b>	<b>-8.8</b>	<b>-8.6</b>
Cash flow before financing	2.7	-0.3	6.9	-11.3	74.6	-6.9	0.3
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	5.1	0.9
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>-5.1</b>	<b>-0.9</b>
Increase/decrease in liquid assets	-1.2	-0.8	4.2	-6.0	71.9	-12.0	-0.6
<b>Liquid assets at end of period</b>	<b>2.4</b>	<b>4.1</b>	<b>8.4</b>	<b>2.3</b>	<b>74.2</b>	<b>62.2</b>	<b>61.6</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 %	-18.8 %	-8.6 %	-2.2 %
EBITDA growth	-0.9 %	-10.6 %	17.3 %	3.6 %	67.1 %	-24.7 %	-54.5 %
EBIT growth	-8.2 %	-30.1 %	41.1 %	20.4 %	141.9 %	-46.8 %	-75.6 %
EPS growth	-16.2 %	30.8 %	55.2 %	1.7 %	138.4 %	-59.4 %	-80.4 %
<b>Efficiency</b>							
Total operating costs / sales	93.3 %	92.3 %	92.2 %	93.5 %	84.5 %	93.0 %	92.8 %
Sales per employee	245.6	207.6	208.2	216.8	170.8	156.1	152.7
EBITDA per employee	18.8	16.4	18.3	17.5	28.3	12.8	12.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	17.1 %	20.4 %	21.0 %	21.9 %	26.2 %	31.6 %	29.1 %
Inventory turnover (sales/inventory)	6.9	6.3	6.0	6.8	6.8	6.0	5.0
Trade debtors in days of sales	33.9	38.5	40.1	57.1	48.0	70.0	70.0
A/P turnover [(A/P*365)/sales]	25.5	18.5	21.8	21.0	21.0	21.0	21.0
Cash conversion cycle (days)	78.5	111.5	112.9	116.5	110.1	142.1	163.3
<b>Cash flow analysis</b>							
Free cash flow	2.4	-0.9	-1.2	-11.0	38.6	-6.9	0.3
Free cash flow/sales	0.9 %	-0.4 %	-0.5 %	-3.9 %	16.8 %	-3.3 %	0.1 %
FCF / net profit	69.8 %	neg.	neg.	neg.	226.5 %	neg.	7.9 %
Capex / depre	165.9 %	68.3 %	54.5 %	101.0 %	76.6 %	77.1 %	78.4 %
Capex / maintenance capex	236.9 %	92.9 %	77.9 %	134.7 %	102.1 %	102.8 %	104.5 %
Capex / sales	7.2 %	3.6 %	2.8 %	4.3 %	4.0 %	4.2 %	4.2 %
<b>Security</b>							
Net debt	49.6	60.5	52.9	70.5	23.6	35.6	36.2
Net Debt/EBITDA	2.4	3.2	2.4	3.1	0.6	2.1	2.1
Net debt / equity	1.1	1.2	0.9	1.1	0.2	0.3	0.3
Interest cover	2.4	2.2	4.3	4.5	14.5	3.6	4.0
Dividend payout ratio	0.0 %	0.0 %	12.8 %	37.8 %	30.0 %	30.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	2.4	1.9	2.0	1.9	1.0	1.0	0.9
Operating assets turnover	2.6	2.1	2.4	2.3	2.2	1.9	1.8
Plant turnover	4.7	3.8	4.9	5.1	4.4	4.2	4.3
Inventory turnover (sales/inventory)	6.9	6.3	6.0	6.8	6.8	6.0	5.0
<b>Returns</b>							
ROCE	7.9 %	5.3 %	7.1 %	7.8 %	14.0 %	3.1 %	2.9 %
ROE	7.3 %	8.7 %	12.4 %	10.9 %	14.7 %	2.6 %	3.0 %
<b>Other</b>							
Interest paid / avg. debt	6.2 %	4.9 %	3.3 %	3.6 %	2.1 %	1.9 %	1.6 %
No. employees (average)	1118	1144	1204	1304	1345	1345	1345
Number of shares	30.0	30.0	30.0	30.0	30.0	30.0	30.0
DPS	0.0	0.0	0.0	0.1	0.2	0.0	0.0
EPS reported	0.12	0.15	0.23	0.24	0.57	0.10	0.11
<b>Valuation ratios</b>							
P/BV	1.5	1.4	1.3	1.1	0.6	0.6	0.6
EV/sales	0.4	0.6	0.5	0.5	0.4	0.5	0.5
EV/EBITDA	5.8	7.1	5.7	6.3	2.5	6.3	6.3
EV/EBITA	11.0	18.9	13.7	13.0	3.7	18.3	16.6
EV/EBIT	13.5	21.0	14.0	13.3	3.7	18.9	17.1
EV/FCF	50.8	-145.5	-105.2	-13.0	2.5	-15.7	411.9
Adjusted FCF yield	9.1 %	8.4 %	10.5 %	8.8 %	26.5 %	8.0 %	7.9 %
Dividend yield	0.0 %	0.0 %	1.3 %	3.8 %	7.2 %	1.2 %	1.4 %

Source: Company data, Hauck & Aufhäuser

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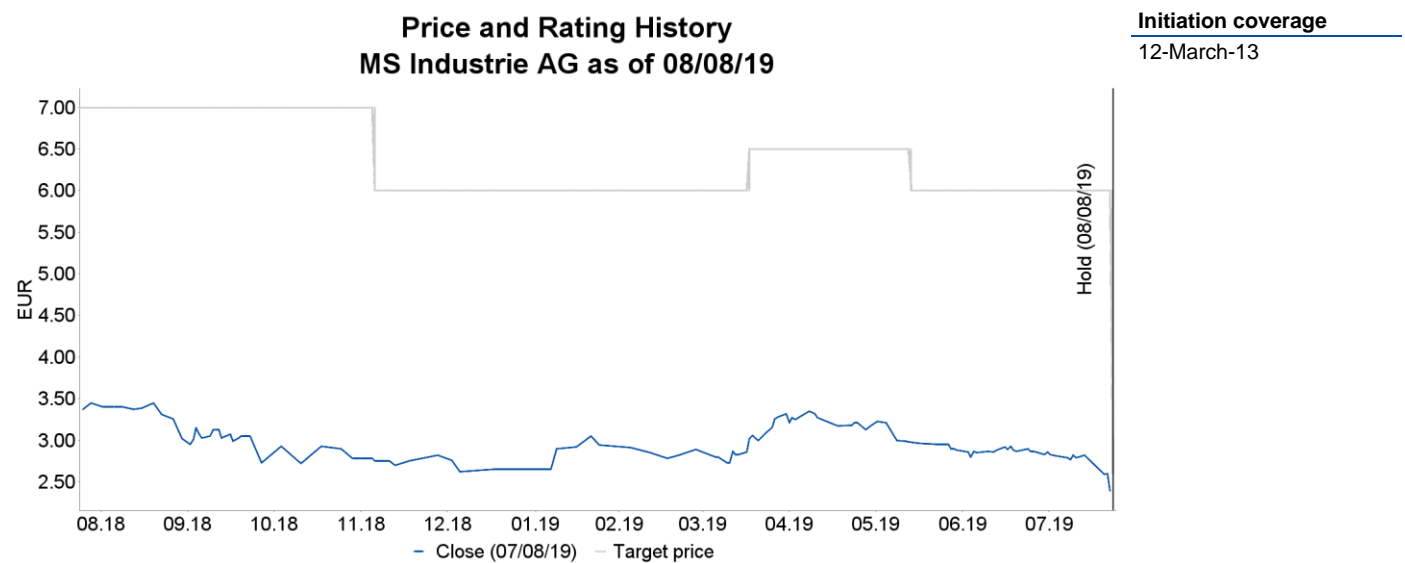
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Company	Disclosure
MS Industrie AG	6

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



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

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