



Buy (old: Buy)

Price target: EUR 4.00 (old: EUR 4.00)

Price:	EUR 3.01	Next result:	Q3 Nov'16
Bloomberg:	MSAG GR	Market cap:	EUR 90.2 m
Reuters:	MSAG.DE	Enterprise Value:	EUR 156.9 m

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Market lost faith but the quality is about to pay off again/ chg

The recent share price collapse suggests that the market has lost faith in the business quality of MS Industrie (MS). This should be mainly due to the somewhat hampered performance of the core business (Powertrain Technology c. 72% of tot sales) given the (1) sluggish development of the US truck market (class 8 trucks -30% yoy to 230k units in FY16E accord. to ACT) and (2) disruptions after the relocation of the production plant in Germany. Moreover, the further deterioration of the margins in FY15 due to € 3.8m one-offs biasing the EBIT-margin by 1.4pp also burdened the sentiment.

Furthermore, MS looks set to be **mistakenly perceived** as a pure automotive supplier. However, in reality MS is a **high-tech company** in the field of **ultrasonic packaging** (c. 2% of sales) with a **clear competitive advantage** fundamentally rooted in its **innovative edge and engineering skills**. More importantly, **FY17E looks set to be the turnaround year** as (1) the US truck market looks set have reached its plateau in 2016E and (2) the extraordinary cost burdens should be of temporary nature.

That being said, the **share price drop is overdone in our view** and with the return to earnings growth (17% EBIT CAGR 2015-18E to € 14.5m) the focus of investors should shift back to MS's quality and structural growth profile.

Furthermore, we see **outstanding business opportunities** from the launch (start in Q4'16) of MS **new series ultrasonic welding machine** for the packaging industry (so far, MS only provided specialised ultrasonic welding machines & components). Our scenario analysis (price x volume) **reveals up to 13% higher EBITDA potential by 2018E**, which is not yet reflected in our and consensus estimates.

Action: We trim our sales estimates for 2016E and 2017E reflecting a somewhat lower unit output for the Powertrain business. Our EBITDA estimates are reduced by 4.5% in 2016 and 17E and 2% in 18E respectively reflecting a weaker utilisation of the core business. However, we also reduce our D&A estimates to an annual run rate of € 10-11m throughout 2018E largely overcompensating the slightly higher fix cost base. Moreover, we reduce the balance sheet total by € 5.5m with regard to the planned deconsolidation of the MS Real Estate in 2017 lowering overall net debt. Importantly, we do not yet reflect meaningful contributions from the launch of the new ultrasonic welding machine due to little visibility in the ramp-up period. Notably, **sustainable sales are seen to the tune of € 15m annually by 2018E. –continued-**

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	174.8	179.8	218.5	274.4	251.5	259.8	271.0
Sales growth	13 %	3 %	22 %	26 %	-8 %	3 %	4 %
EBITDA	16.3	17.3	21.2	21.0	20.9	23.6	25.7
EBIT	6.0	6.7	9.9	9.1	9.5	12.8	14.5
Net income	2.1	2.0	4.1	3.5	4.5	7.4	8.4
Net debt	81.8	84.9	66.4	58.8	65.1	59.8	53.5
Net gearing	237.5 %	237.9 %	158.7 %	124.6 %	128.5 %	113.9 %	87.8 %
Net Debt/EBITDA	5.0	4.9	3.1	2.8	3.1	2.5	2.1
EPS pro forma	0.09	0.08	0.14	0.12	0.15	0.25	0.28
CPS	0.03	0.04	-0.04	0.46	0.16	0.29	0.32
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.08
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	2.8 %
Gross profit margin	42.2 %	45.7 %	42.1 %	39.1 %	42.0 %	42.5 %	42.8 %
EBITDA margin	9.3 %	9.6 %	9.7 %	7.7 %	8.3 %	9.1 %	9.5 %
EBIT margin	3.4 %	3.7 %	4.5 %	3.3 %	3.8 %	4.9 %	5.3 %
ROCE	4.6 %	5.0 %	7.9 %	7.6 %	7.5 %	9.8 %	10.8 %
EV/sales	1.0	1.0	0.7	0.5	0.6	0.6	0.5
EV/EBITDA	10.5	10.1	7.4	7.2	7.5	6.4	5.7
EV/EBIT	28.3	25.8	15.8	16.6	16.5	11.8	10.0
PER	34.0	39.9	21.9	26.1	20.1	12.3	10.8
Adjusted FCF yield	6.9 %	6.5 %	8.4 %	7.2 %	7.7 %	9.2 %	10.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.10.2016



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 4.37 / 2.79

Price/Book Ratio: 1.8

Relative performance (SDAX):

3 months -9.4 %

6 months -7.2 %

12 months -37.7 %

Changes in estimates

		Sales	EBIT	EPS
2016	old:	255.1	9.6	0.15
	Δ	-1.4%	-1.1%	-1.6%
2017	old:	262.8	12.1	0.23
	Δ	-1.2%	5.6%	6.7%
2018	old:	271.0	13.2	0.25
	Δ	-	9.6%	11.3%

Key share data:

Number of shares: (in m pcs) 30.0

Authorised capital: (in € m) 9.7

Book value per share: (in €) 1.7

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.

Valuation looks attractive trading at only 12.3x PER in 2017E. We confirm our BUY rating with an unchanged PT of € 4.00 conservatively based on FCFY 2017E.

Scenario analysis new ultrasonic welding machine and PT implications

Scenario Analysis Potential sales development	Unit sales			price range per unit	Ø price per unit	Sales (in m €)			Sales tooling (in m €)			Service (in m €) e.g. software updates			Total Sales New Machine (in m €)		
	2016E	2017E	2018E			2016E	2017E	2018E	2016E	2017E	2018E	2016E	2017E	2018E	2016E	2017E	2018E
Scenario 1																	
Ultrasonic Packing	40	80	120	€ 30-50k	€ 40k	1.6	3.2	4.8	1.2	2.4	3.6	-	1.0	1.4	2.8	6.6	9.8
Scenario 2																	
Ultrasonic Packing	40	100	160	€ 30-50k	€ 40k	1.6	4.0	6.4	1.2	3.0	4.8	-	1.2	1.9	2.8	8.2	13.1
Scenario 3																	
Ultrasonic Packing	40	120	200	€ 30-50k	€ 40k	1.6	4.8	8.0	1.2	3.6	6.0	-	1.4	2.4	2.8	9.8	16.4
Incremental EBITDA - underlying EBITDA margin 20%													2016E	2017E	2018E		
Scenario 1													0.6	1.3	2.0		
Scenario 2													0.6	1.6	2.6		
Scenario 3													0.6	2.0	3.3		
eH&A EBITDA estimates													20.9	23.6	25.7		
Potential EBITDA incl. contributions from the new machine																	
Scenario 1													21.5	24.9	27.6		
Scenario 2													21.5	25.3	28.3		
Scenario 3													21.5	25.6	29.0		
Upside to our current estimates																	
Scenario 1													2.7%	5.6%	7.7%		
Scenario 2													2.7%	6.9%	10.2%		
Scenario 3													2.7%	8.3%	12.8%		
Implied PT																	
Scenario 1													3.40	4.60	5.60		
Scenario 2													3.40	4.70	5.90		
Scenario 3													3.40	4.90	6.20		

We value MS on FCFY 2017E yielding a fair value per share of € 4. The scenario analysis reveals 15% to 23% upside to our current PT

Source: Company data; Hauck & Aufhäuser

Powertrain unit sales forecast by region

Powertrain unit sales by region	2015	2016E	2017E	2018E
Powertrain unit sales USA	90,000	65,000	67,000	65,000
yoy		-27.8%	3.1%	-3.0%
Powertrain unit sales EU	75,000	93,000	97,000	110,000
yoy		24.0%	4.3%	13.4%
Total Powertrain units sales	165,000	158,000	164,000	175,000
yoy		-4.2%	3.8%	6.7%

Source: Company data; Hauck & Aufhäuser

Sales breakdown (in m €)

Industrial sales (in m €) by division	2016E	2017E	2018E
Powertrain Technology USA	60.1	61.4	59.0
yoy		2.2%	-3.9%
Powertrain Technology EU	69.3	70.8	78.7
yoy		2.2%	11.1%
Powertrain Technology Others (e.g. MAN/Scania, MTU, ZF, Liebherr)	50.0	51.5	53.0
yoy		3.0%	3.0%
Powertrain Technology	179.3	183.7	190.7
in % of total sales	71%	71%	70%
yoy		2.4%	3.8%
Ultrasonic Machinery (automotive sector)	49.2	51.1	52.9
yoy		4.0%	3.5%
Ultrasonic Packing (special machines)	3.5	4.8	6.3
in % of total sales	1%	2%	2%
yoy		34.2%	32.2%
Ultrasonic Technology	52.7	55.9	59.2
in % of total sales	21%	22%	24%
yoy		6.0%	5.9%
Elektromotorenwerke	19.4	20.2	21.0
in % of total sales	8%	8%	8%
yoy		4.0%	4.0%
Total industrial sales	251.5	259.8	271.0
yoy		3.3%	4.3%
Others (real estate)	-	-	-
Reported sales	251.5	259.8	271.0

Source: Company data; Hauck & Aufhäuser

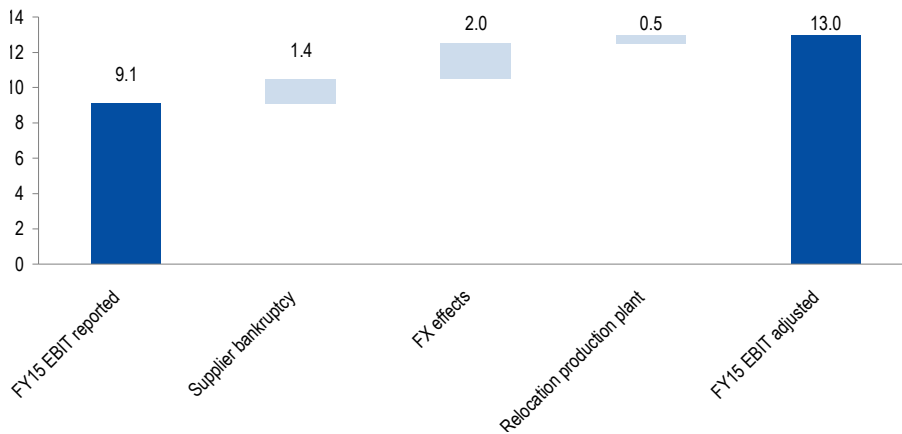
EBIT breakdown (in m €)

Industrial EBIT (in m €) by division	2016E	2017E	2018E
Powertrain Technology USA	1.5	1.7	1.7
EBIT margin	2.5%	2.8%	2.9%
Powertrain Technology EU	1.9	3.2	4.6
EBIT margin	2.8%	4.5%	5.9%
Powertrain Technology Others (e.g. MAN/Scania, MTU, ZF, Liebherr)	1.7	3.0	3.1
EBIT margin	3.5%	5.8%	5.9%
Powertrain Technology	5.2	7.9	9.5
EBIT margin	2.9%	4.3%	5.0%
Ultrasonic Machinery (automotive sector)	1.7	1.9	2.0
EBIT margin	3.5%	3.8%	3.7%
Ultrasonic Packing	0.5	0.8	1.0
EBIT margin	15.5%	15.8%	15.9%
Ultrasonic Technology	2.3	2.7	3.0
EBIT margin	4.3%	4.8%	5.0%
Elektromotorenwerke	2.0	2.2	2.1
EBIT margin	10.5%	10.8%	9.9%
Total industrial sales	9.5	12.8	14.5
EBIT margin	3.8%	4.9%	5.4%
Others (real estate)	-	-	-
Reported EBIT	9.5	12.8	14.5
EBIT margin	3.8%	4.9%	5.4%

Source: Company data; Hauck & Aufhäuser

FY15 adjusted EBIT bridge (in m €)

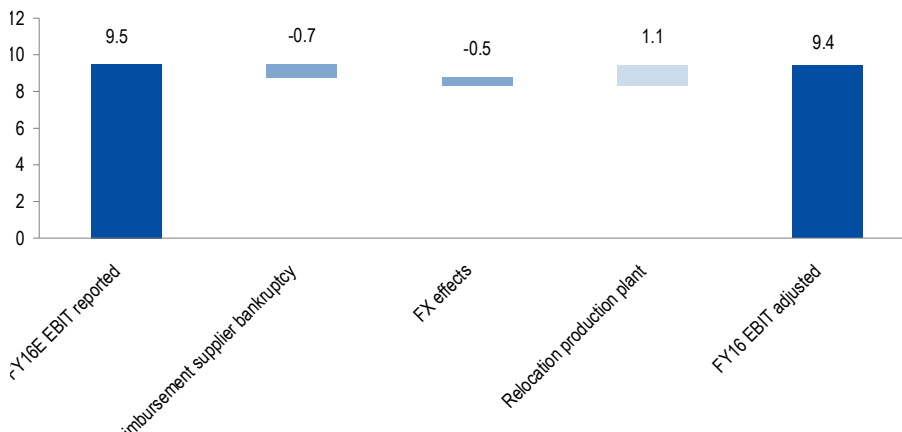
FY15 adjusted EBIT bridge



Source: Company data; Hauck & Aufhäuser

FY16E adjusted EBIT bridge (in m €)

FY16E adjusted EBIT bridge



Source: Company data; Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Net sales	174.8	179.8	218.5	274.4	251.5	259.8	271.0
<i>Sales growth</i>	13.3 %	2.8 %	21.5 %	25.6 %	-8.4 %	3.3 %	4.3 %
Increase/decrease in finished goods and work-in-process	-0.6	2.3	1.8	2.6	0.0	0.0	0.0
Total sales	174.3	182.1	220.2	277.1	251.5	259.8	271.0
Other operating income	6.4	4.5	4.5	4.7	4.0	4.0	4.0
Material expenses	100.7	98.9	127.4	168.8	145.9	149.4	155.0
Personnel expenses	38.0	42.1	47.7	56.2	55.3	57.4	59.6
Other operating expenses	25.8	28.3	28.4	35.7	33.4	33.4	34.7
Total operating expenses	158.0	164.8	199.0	256.0	230.6	236.2	245.3
EBITDA	16.3	17.3	21.2	21.0	20.9	23.6	25.7
Depreciation	7.4	7.8	9.3	9.9	10.7	10.6	11.0
EBITA	8.9	9.4	11.9	11.1	10.2	13.0	14.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.3	2.5	2.0	2.0	0.7	0.2	0.2
Impairment charges	0.5	0.3	0.0	0.0	0.0	0.0	0.0
EBIT	6.0	6.7	9.9	9.1	9.5	12.8	14.5
Interest income	1.4	0.3	0.3	1.0	0.0	0.0	0.0
Interest expenses	6.7	4.6	4.6	3.8	3.0	2.0	2.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-5.3	-4.3	-4.3	-2.8	-3.0	-2.0	-2.0
Recurring pretax income from continuing operations	0.7	2.4	5.6	6.3	6.5	10.8	12.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.7	2.4	5.6	6.3	6.5	10.8	12.5
Taxes	-1.3	0.2	1.4	2.9	2.0	3.5	4.1
Net income from continuing operations	2.1	2.3	4.1	3.4	4.5	7.4	8.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.1	2.3	4.1	3.4	4.5	7.4	8.4
Minority interest	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Net income (net of minority interest)	2.1	2.0	4.1	3.5	4.5	7.4	8.4
Average number of shares	29.3	29.5	30.0	30.0	30.0	30.0	30.0
EPS reported	0.07	0.07	0.14	0.12	0.15	0.25	0.28

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
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	-0.3 %	1.3 %	0.8 %	1.0 %	0.0 %	0.0 %	0.0 %
Total sales	99.7 %	101.3 %	100.8 %	101.0 %	100.0 %	100.0 %	100.0 %
Other operating income	3.7 %	2.5 %	2.1 %	1.7 %	1.6 %	1.5 %	1.5 %
Material expenses	57.6 %	55.0 %	58.3 %	61.5 %	58.0 %	57.5 %	57.2 %
Personnel expenses	21.7 %	23.4 %	21.8 %	20.5 %	22.0 %	22.1 %	22.0 %
Other operating expenses	14.8 %	15.7 %	13.0 %	13.0 %	13.3 %	12.8 %	12.8 %
Total operating expenses	90.4 %	91.7 %	91.1 %	93.3 %	91.7 %	90.9 %	90.5 %
EBITDA	9.3 %	9.6 %	9.7 %	7.7 %	8.3 %	9.1 %	9.5 %
Depreciation	4.3 %	4.4 %	4.3 %	3.6 %	4.3 %	4.1 %	4.1 %
EBITA	5.1 %	5.2 %	5.5 %	4.0 %	4.1 %	5.0 %	5.4 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.3 %	1.4 %	0.9 %	0.7 %	0.3 %	0.1 %	0.1 %
Impairment charges	0.3 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	3.4 %	3.7 %	4.5 %	3.3 %	3.8 %	4.9 %	5.3 %
Interest income	0.8 %	0.2 %	0.1 %	0.4 %	0.0 %	0.0 %	0.0 %
Interest expenses	3.8 %	2.5 %	2.1 %	1.4 %	1.2 %	0.8 %	0.7 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-3.0 %	-2.4 %	-2.0 %	-1.0 %	-1.2 %	-0.8 %	-0.7 %
Recurring pretax income from continuing operations	0.4 %	1.4 %	2.6 %	2.3 %	2.6 %	4.2 %	4.6 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	0.4 %	1.4 %	2.6 %	2.3 %	2.6 %	4.2 %	4.6 %
Tax rate	-177.6 %	6.5 %	25.8 %	45.3 %	31.0 %	32.0 %	33.0 %
Net income from continuing operations	1.2 %	1.3 %	1.9 %	1.3 %	1.8 %	2.8 %	3.1 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	1.2 %	1.3 %	1.9 %	1.3 %	1.8 %	2.8 %	3.1 %
Minority interest	0.0 %	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	1.2 %	1.1 %	1.9 %	1.3 %	1.8 %	2.8 %	3.1 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Intangible assets	7.7	6.2	4.6	4.2	3.5	3.3	3.1
Property, plant and equipment	63.1	61.8	48.4	58.4	65.7	57.5	57.5
Financial assets	14.3	23.2	16.1	14.4	14.4	14.4	14.4
FIXED ASSETS	85.1	91.1	69.1	77.0	83.6	75.2	75.0
Inventories	23.7	28.4	31.8	39.8	39.3	41.9	43.7
Accounts receivable	22.7	23.1	27.0	25.5	27.6	28.5	29.7
Other current assets	10.4	8.5	6.1	4.2	4.2	7.3	7.3
Liquid assets	10.5	3.6	3.5	2.4	2.3	4.1	10.4
Deferred taxes	1.0	0.6	0.9	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
CURRENT ASSETS	68.2	64.3	69.2	72.6	74.1	82.5	91.9
TOTAL ASSETS	153.3	155.5	138.3	149.6	157.7	157.7	166.9
SHAREHOLDERS EQUITY	34.4	35.7	41.8	47.2	50.7	52.5	60.9
MINORITY INTEREST	1.3	0.9	0.0	0.0	0.0	0.0	0.0
Long-term debt	76.0	74.9	59.2	52.0	46.2	48.2	48.2
Provisions for pensions and similar obligations	0.0	0.0	0.0	1.6	1.6	1.6	1.6
Other provisions	7.0	9.1	5.8	11.4	11.4	11.4	11.4
Non-current liabilities	83.0	84.0	64.9	64.9	59.2	61.2	61.2
short-term liabilities to banks	16.2	13.6	10.7	9.2	21.2	15.7	15.7
Accounts payable	10.3	14.2	11.3	19.1	17.6	19.2	20.0
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)	6.5	5.9	8.2	6.4	6.4	6.4	6.4
Deferred taxes	1.6	1.1	1.3	2.7	2.7	2.7	2.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	34.6	34.9	31.5	37.4	47.9	44.0	44.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	153.3	155.5	138.3	149.6	157.7	157.7	166.9

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
Intangible assets	5.0 %	4.0 %	3.3 %	2.8 %	2.2 %	2.1 %	1.8 %
Property, plant and equipment	41.2 %	39.7 %	35.0 %	39.0 %	41.6 %	36.4 %	34.4 %
Financial assets	9.3 %	14.9 %	11.6 %	9.7 %	9.2 %	9.2 %	8.6 %
FIXED ASSETS	55.5 %	58.6 %	50.0 %	51.5 %	53.0 %	47.7 %	44.9 %
Inventories	15.5 %	18.3 %	23.0 %	26.6 %	24.9 %	26.6 %	26.2 %
Accounts receivable	14.8 %	14.9 %	19.5 %	17.1 %	17.5 %	18.1 %	17.8 %
Other current assets	6.8 %	5.5 %	4.4 %	2.8 %	2.7 %	4.6 %	4.4 %
Liquid assets	6.8 %	2.3 %	2.5 %	1.6 %	1.5 %	2.6 %	6.3 %
Deferred taxes	0.6 %	0.4 %	0.6 %	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 %
CURRENT ASSETS	44.5 %	41.4 %	50.0 %	48.6 %	47.0 %	52.3 %	55.1 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	22.5 %	23.0 %	30.3 %	31.6 %	32.1 %	33.3 %	36.5 %
MINORITY INTEREST	0.8 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	49.6 %	48.2 %	42.8 %	34.8 %	29.3 %	30.6 %	28.9 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	1.1 %	1.0 %	1.0 %	0.9 %
Other provisions	4.6 %	5.8 %	4.2 %	7.6 %	7.2 %	7.2 %	6.8 %
Non-current liabilities	54.1 %	54.0 %	47.0 %	43.4 %	37.5 %	38.8 %	36.6 %
short-term liabilities to banks	10.6 %	8.8 %	7.7 %	6.2 %	13.4 %	10.0 %	9.4 %
Accounts payable	6.7 %	9.1 %	8.2 %	12.8 %	11.1 %	12.2 %	12.0 %
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)	4.3 %	3.8 %	5.9 %	4.3 %	4.1 %	4.1 %	3.9 %
Deferred taxes	1.0 %	0.7 %	1.0 %	1.8 %	1.7 %	1.7 %	1.6 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	22.6 %	22.4 %	22.8 %	25.0 %	30.4 %	27.9 %	26.9 %
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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	2.1	2.3	4.1	3.4	4.5	7.4	8.4
Depreciation of fixed assets (incl. leases)	7.4	7.8	9.3	9.9	10.7	10.6	11.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.3	2.5	2.0	2.0	0.7	0.2	0.2
Others	-1.0	0.3	-1.7	5.5	0.0	0.0	0.0
Cash flow from operations before changes in w/c	10.8	12.9	13.7	20.8	15.9	18.2	19.6
Increase/decrease in inventory	-0.7	-2.9	-3.4	-8.0	0.5	-2.6	-1.8
Increase/decrease in accounts receivable	0.0	0.0	-3.9	1.5	-2.0	-0.9	-1.2
Increase/decrease in accounts payable	-2.5	-1.8	0.4	7.8	-1.6	1.6	0.8
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	-3.3	-4.6	-6.9	1.3	-3.1	-1.9	-2.2
Cash flow from operating activities	7.6	8.2	6.8	22.2	12.7	16.3	17.4
CAPEX	17.2	7.5	5.6	19.8	18.0	11.0	11.0
Payments for acquisitions	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Financial investments	0.0	4.3	0.1	0.0	0.0	0.0	0.0
Income from asset disposals	1.4	0.5	5.2	0.3	0.0	0.0	0.0
Cash flow from investing activities	-15.9	-11.3	-0.4	-19.5	-18.0	-11.0	-11.0
Cash flow before financing	-8.4	-3.0	6.4	2.7	-5.3	5.3	6.4
Increase/decrease in debt position	14.2	-3.7	-6.6	-8.7	6.2	-3.5	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	0.0
Others	-0.1	0.0	0.0	4.9	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.4	-0.1	0.1	-1.1	0.0	0.0	0.0
Cash flow from financing activities	14.1	-3.7	-6.6	-3.8	6.2	-3.5	0.0
Increase/decrease in liquid assets	5.4	-6.8	-0.1	-2.2	1.0	1.8	6.4
Liquid assets at end of period	10.5	3.6	3.5	1.3	2.3	4.1	10.4

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Domestic	88.0	96.2	0.0	0.0	0.0	0.0	0.0
yoy change	12.3 %	9.3 %	n/a	n/a	n/a	n/a	n/a
Rest of Europe	9.4	11.4	0.0	0.0	0.0	0.0	0.0
yoy change	-39.4 %	20.6 %	n/a	n/a	n/a	n/a	n/a
NAFTA	74.1	66.1	0.0	0.0	0.0	0.0	0.0
yoy change	33.1 %	-10.8 %	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.9	0.2	0.0	0.0	0.0	0.0	0.0
yoy change	796.2 %	-76.0 %	n/a	n/a	n/a	n/a	n/a
Rest of world	2.4	5.9	0.0	0.0	0.0	0.0	0.0
yoy change	-48.0 %	143.2 %	n/a	n/a	n/a	n/a	n/a
TTL	174.8	179.8	0.0	0.0	0.0	0.0	0.0
yoy change	13.3 %	2.8 %	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
P&L growth analysis							
Sales growth	13.3 %	2.8 %	21.5 %	25.6 %	-8.4 %	3.3 %	4.3 %
EBITDA growth	-22.2 %	6.1 %	22.7 %	-0.9 %	-0.5 %	13.0 %	8.7 %
EBIT growth	-34.4 %	11.8 %	47.3 %	-8.2 %	4.5 %	35.0 %	12.9 %
EPS growth	-1.8 %	-2.1 %	96.6 %	-16.2 %	29.8 %	64.0 %	13.6 %
Efficiency							
Total operating costs / sales	90.4 %	91.7 %	91.1 %	93.3 %	91.7 %	90.9 %	90.5 %
Sales per employee	177.5	173.9	203.8	245.6	219.8	227.1	236.9
EBITDA per employee	16.5	16.7	19.8	18.8	18.3	20.7	22.4
Balance sheet analysis							
Avg. working capital / sales	20.7 %	20.4 %	19.4 %	17.1 %	19.0 %	19.9 %	20.4 %
Inventory turnover (sales/inventory)	7.4	6.3	6.9	6.9	6.4	6.2	6.2
Trade debtors in days of sales	47.4	46.9	45.1	33.9	40.0	40.0	40.0
A/P turnover [(A/P*365)/sales]	21.5	28.8	18.9	25.5	25.5	27.0	27.0
Cash conversion cycle (days)	96.1	99.4	103.8	78.5	94.4	95.4	95.7
Cash flow analysis							
Free cash flow	-9.7	0.7	1.2	2.4	-5.3	5.3	6.4
Free cash flow/sales	-5.5 %	0.4 %	0.5 %	0.9 %	-2.1 %	2.0 %	2.3 %
FCF / net profit	-463.6 %	35.3 %	28.7 %	69.8 %	-117.1 %	71.9 %	76.0 %
Capex / depn	176.9 %	114.6 %	50.7 %	165.9 %	157.9 %	101.9 %	98.2 %
Capex / maintenance capex	272.7 %	113.0 %	71.4 %	236.9 %	225.6 %	145.5 %	140.3 %
Capex / sales	9.9 %	6.6 %	2.6 %	7.2 %	7.2 %	4.2 %	4.1 %
Security							
Net debt	81.8	84.9	66.4	58.8	65.1	59.8	53.5
Net Debt/EBITDA	5.0	4.9	3.1	2.8	3.1	2.5	2.1
Net debt / equity	2.4	2.4	1.6	1.2	1.3	1.1	0.9
Interest cover	0.9	1.5	2.2	2.4	3.2	6.4	7.2
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	30.0 %
Asset utilisation							
Capital employed turnover	1.3	1.3	1.9	2.3	1.9	2.0	2.0
Operating assets turnover	1.8	1.8	2.3	2.6	2.2	2.4	2.4
Plant turnover	2.8	2.9	4.5	4.7	3.8	4.5	4.7
Inventory turnover (sales/inventory)	7.4	6.3	6.9	6.9	6.4	6.2	6.2
Returns							
ROCE	4.6 %	5.0 %	7.9 %	7.6 %	7.5 %	9.8 %	10.8 %
ROE	6.1 %	5.5 %	9.9 %	7.3 %	8.9 %	14.0 %	13.7 %
Other							
Interest paid / avg. debt	7.8 %	5.1 %	5.8 %	5.8 %	4.7 %	3.0 %	3.1 %
No. employees (average)	985	1034	1072	1118	1144	1144	1144
Number of shares	29.3	29.5	30.0	30.0	30.0	30.0	30.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.1
EPS reported	0.07	0.07	0.14	0.12	0.15	0.25	0.28
Valuation ratios							
P/BV	2.6	2.5	2.2	1.9	1.8	1.7	1.5
EV/sales	1.0	1.0	0.7	0.5	0.6	0.6	0.5
EV/EBITDA	10.5	10.1	7.4	7.2	7.5	6.4	5.7
EV/EBITA	19.3	18.4	13.2	13.6	15.4	11.6	9.9
EV/EBIT	28.3	25.8	15.8	16.6	16.5	11.8	10.0
EV/FCF	-17.6	249.2	132.4	62.4	-29.9	28.7	22.9
Adjusted FCF yield	6.9 %	6.5 %	8.4 %	7.2 %	7.7 %	9.2 %	10.5 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	2.8 %

Source: Company data, Hauck & Aufhäuser

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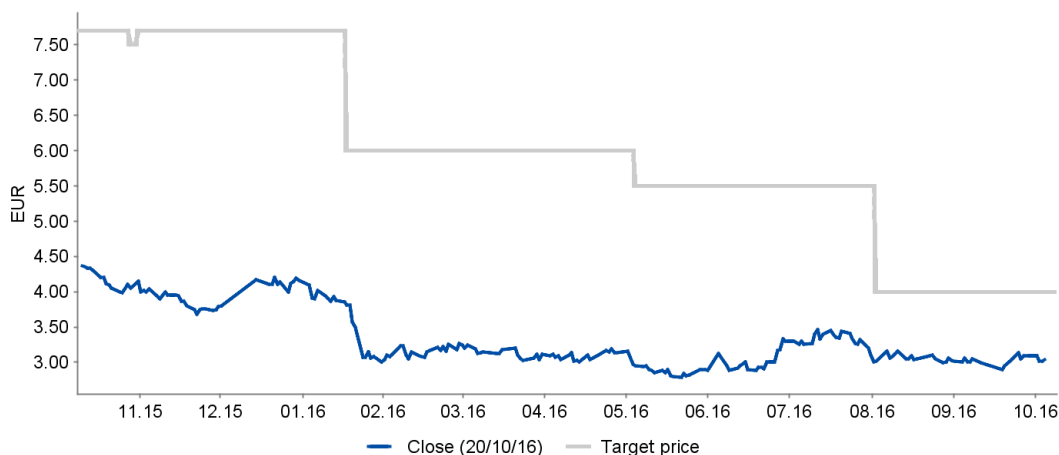
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Company	Disclosure
MS Industrie AG	

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

Price and Rating History MS Industrie AG as of 24/10/16

Initiation coverage
12-March-13



Company	Date	Analyst	Rating	Target price	Close
MS Industrie AG	19.08.2016		Buy	EUR 4.00	-
	01.06.2016		Buy	EUR 5.50	-
	20.05.2016		Buy	EUR 5.50	-
	02.05.2016		Buy	EUR 6.00	-
	05.02.2016		Buy	EUR 6.00	-
	18.01.2016		Buy	EUR 7.70	-

18.01.2016	Buy	EUR 7.70	-
18.01.2016	Buy	EUR 7.70	-
16.12.2015	Buy	EUR 7.70	-
16.12.2015	Buy	EUR 7.70	-
16.12.2015	Buy	EUR 7.70	-
16.12.2015	Buy	EUR 7.70	-
04.12.2015	Buy	EUR 7.70	-
19.11.2015	Buy	EUR 7.70	-
17.11.2015	Buy	EUR 7.70	-
17.11.2015	Buy	EUR 7.70	-
17.11.2015	Buy	EUR 7.70	-
16.11.2015	Buy	EUR 7.70	-

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