



**Buy** (old: Buy)

**Price target: EUR 3.00** (old: EUR 3.00)

<b>Price:</b>	EUR 1.91	<b>Next result:</b>	FY 2012 01.04.13
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 56.3 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 135.6 m

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### Roadshow feedback – est. unchanged, rating and PT confirmed

We roadshowed CEO Dr. Aufschnaiter in London yesterday. The majority of the meetings were introductory, because it was the company's first trip in London with its new strategic set up. All in all, **the roadshow confirmed our positive view on the company.**

#### Key takeaways Engine Technology:

Yesterday, Daimler announced that it will update its guidance for the current year with the release of Q1 figures on April 24. Reason for that is the worse than anticipated development of the European car (-9.5% yoy over 2 months) and truck (-11.9% yoy over 2 months) markets in Q1. Even if Daimler represents the biggest part of MS Industrie's revenues (c. 50%), one should not forget that **MS Industrie's top line is more dependent on the further penetration of the new engine model (OM 47X) in Daimler's heavy truck engine portfolio** than on the overall truck market development. Thus, there is no cross read resulting from Daimler's recent announcement and, according to the company, the current development in Europe is satisfying.

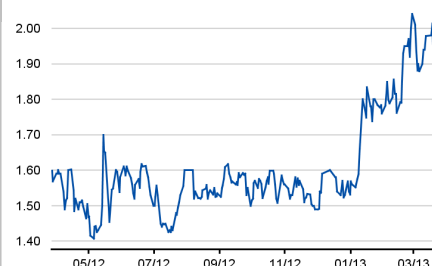
**In the US on the other hand, Q1 has been weaker than anticipated, as Daimler experienced some problems with its turbochargers.** Consequently, demand for MS Industrie's valve train systems has sequentially shrunk in this market (from c. 250 daily units to c. 100 daily units in February) and the company has reduced its staff in order to match the temporary lower demand. However, the problem has been solved in March and **the negative effect should be completely made up over the course of Q2 and Q3.**

Moreover, further customer diversification looks well on track, as the company recently won MAN Augsburg, a producer of stationary motors for which it will supply rocker arms from April 2013 onwards. Additionally, valve bridge systems for stationary motors are currently being supplied to Tognum MTU, which was won last year.

- continued -

Y/E 31.12 (EUR m)	2009	2010	2011	2012E	2013E	2014E	2015E
Sales	102.5	116.7	154.3	173.3	190.3	212.7	240.6
Sales growth	-47 %	14 %	32 %	12 %	10 %	12 %	13 %
EBITDA	6.2	15.9	20.9	17.7	17.9	22.0	27.8
EBIT	-4.0	5.6	9.2	7.7	7.7	11.6	17.5
Net income	-7.6	0.8	2.1	3.2	2.4	5.5	9.6
Net debt	45.6	49.5	74.3	76.1	76.3	58.4	48.7
Net gearing	175.9 %	156.3 %	218.8 %	206.8 %	193.7 %	144.9 %	97.2 %
Net Debt/EBITDA	7.3	3.1	3.5	4.3	4.3	2.7	1.8
EPS fully diluted	-0.35	0.03	0.07	0.11	0.08	0.19	0.33
CPS	-0.03	-0.36	-0.52	0.02	0.09	0.15	0.19
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross profit margin	48.7 %	42.6 %	42.5 %	42.9 %	42.5 %	42.6 %	42.7 %
EBITDA margin	6.1 %	13.6 %	13.6 %	10.2 %	9.4 %	10.4 %	11.5 %
EBIT margin	-4.0 %	4.8 %	6.0 %	4.4 %	4.1 %	5.5 %	7.3 %
ROCE	-3.6 %	5.4 %	7.9 %	6.0 %	5.7 %	8.8 %	13.2 %
EV/sales	0.9	0.9	0.9	0.8	0.7	0.6	0.4
EV/EBITDA	14.5	6.5	6.3	7.7	7.6	5.4	3.9
EV/EBIT	-22.2	18.3	14.5	17.7	17.6	10.1	6.2
PER	-5.8	62.5	13.6	17.9	23.1	10.3	5.9
Adjusted FCF yield	2.1 %	8.7 %	11.0 %	7.7 %	6.9 %	9.6 %	14.1 %

Source: Company data, Hauck & Aufhäuser Close price as of: 10.04.2013



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 2.04 / 1.41  
**Price/Book Ratio:** 1.5  
**Relative performance (SDAX):**  
 3 months 20.3 %  
 6 months 10.4 %  
 12 months 4.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2012	old:	173.3	7.7	0.11
	Δ	-	-	-
2013	old:	190.3	7.7	0.09
	Δ	-	-	-
2014	old:	212.7	11.6	0.20
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs) 29.5  
 Authorised capital: (in € m) 9.7  
 Book value per share: (in €) 1.2  
 Ø trading volume: (12 months) 34,000

#### Major shareholders:

Free Float 54.0 %  
 MS ProActive 20.0 %  
 Dreyer Ventures & Management 10.0 %  
 Management 10.0 %  
 MM Vermögensverw. / Paladin 6.0 %

#### Company description:

Supplier of Diesel motor parts and systems for truck manufacturers, of electric motors and components and of welding machines for the automotive and packaging industries.

## **Key takeaways Welding Technology:**

In 2012, MS Industrie has won a contract from Fuso, a Japanese producer of tea bag packaging machines. From April 2013 onwards, ultrasonic welding modules will be supplied to Fuso which sells c. 300 machines per year and had so far relied on hot welding technology. This field which currently only represents the smallest part of MS Industrie's revenues (eH&A: € 1.3m in 2012E, or c. 1% of group revenues) should benefit from a strong organic growth in the next years, as ultrasonic welding allows a reduced material and energy consumption combined with faster processes.

Consequently, more and more end customers are switching from hot welding machines to ultrasonic machines, and require from their Tier 1 suppliers that they integrate MS Industrie's system in their machines.

## **Key takeaways strategy:**

**The deleveraging process is currently a high priority of management.** However, some strategic partnerships or small acquisitions related to Engine Technology have not been ruled out, as these could allow MS Industrie to reduce its exposure to Daimler and strengthen the growth in the off-road segment (with clients like Caterpillar for example).

## **Conclusion:**

Our positive view for the investment case was confirmed, with MS Industrie continuously benefitting from:

- The further penetration of the OM 47X in Daimler's heavy engine portfolio regardless of the current market development in Europe,
- The increasing amount of vehicle models and plastic content per vehicle underpinning the development in the automotive welding machinery segment.

The company seems to be on path for further growth (eH&A: +9.8% yoy organically in 2013E) and to efficiently control its costs and CAPEX. We do not see the necessity of adjusting our estimates, as the weakness in the US in Q1 should be compensated over the course of the year and some positive effects resulting from the coming introduction of the Euro VI standard in Europe are expected to materialise in the last quarters.

With a **PER 2014E of 9.7x adjusted for PPA** (eH&A: € 1.8m), **the stock does not like expensive at these levels**, especially bearing in mind the top line growth potential (CAGR 2012-15E: +11.6%). **We reiterate our BUY rating and our PT of € 3.00 based on FCFY 2014E.**

## Financials

Profit and loss (EUR m)	2009	2010	2011	2012E	2013E	2014E	2015E
<b>Net sales</b>	<b>102.5</b>	<b>116.7</b>	<b>154.3</b>	<b>173.3</b>	<b>190.3</b>	<b>212.7</b>	<b>240.6</b>
<i>Sales growth</i>	-46.8 %	13.9 %	32.2 %	12.4 %	9.8 %	11.8 %	13.1 %
Increase/decrease in finished goods and work-in-process	0.0	3.1	0.9	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>102.5</b>	<b>119.8</b>	<b>155.2</b>	<b>173.3</b>	<b>190.3</b>	<b>212.7</b>	<b>240.6</b>
Other operating income	4.6	11.5	10.9	6.0	5.1	4.1	3.1
Material expenses	52.6	68.7	89.2	99.0	109.4	122.1	137.9
Personnel expenses	27.9	29.3	33.2	38.2	42.1	44.9	48.1
Other operating expenses	20.4	17.4	22.8	24.4	26.0	27.8	30.0
Total operating expenses	96.2	103.9	134.3	155.6	172.4	190.7	212.9
<b>EBITDA</b>	<b>6.2</b>	<b>15.9</b>	<b>20.9</b>	<b>17.7</b>	<b>17.9</b>	<b>22.0</b>	<b>27.8</b>
Depreciation	7.6	7.7	7.5	7.8	8.2	8.4	8.3
<b>EBITA</b>	<b>-1.4</b>	<b>8.2</b>	<b>13.5</b>	<b>9.9</b>	<b>9.7</b>	<b>13.6</b>	<b>19.5</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.2	2.6	2.3	2.2	2.0	2.0	2.0
Impairment charges	0.5	0.0	2.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-4.0</b>	<b>5.6</b>	<b>9.2</b>	<b>7.7</b>	<b>7.7</b>	<b>11.6</b>	<b>17.5</b>
Interest income	6.9	0.5	0.1	0.0	0.0	0.0	0.0
Interest expenses	13.8	4.8	7.5	4.5	4.1	3.7	3.5
Other financial result	0.0	-0.6	0.0	0.0	0.0	0.0	0.0
Financial result	-6.9	-4.9	-7.4	-4.5	-4.1	-3.7	-3.5
<b>Recurring pretax income from continuing operations</b>	<b>-10.9</b>	<b>0.7</b>	<b>1.8</b>	<b>3.2</b>	<b>3.6</b>	<b>8.0</b>	<b>13.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-10.9</b>	<b>0.7</b>	<b>1.8</b>	<b>3.2</b>	<b>3.6</b>	<b>8.0</b>	<b>13.9</b>
Taxes	-2.2	-0.2	-0.4	0.0	1.1	2.5	4.3
<b>Net income from continuing operations</b>	<b>-8.7</b>	<b>0.9</b>	<b>2.2</b>	<b>3.2</b>	<b>2.5</b>	<b>5.5</b>	<b>9.6</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>-8.7</b>	<b>0.9</b>	<b>2.2</b>	<b>3.2</b>	<b>2.5</b>	<b>5.5</b>	<b>9.6</b>
Minority interest	-1.2	0.1	0.0	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>-7.6</b>	<b>0.8</b>	<b>2.1</b>	<b>3.2</b>	<b>2.4</b>	<b>5.5</b>	<b>9.6</b>
Average number of shares	21.4	26.4	28.9	29.5	29.5	29.5	29.5
<b>EPS reported</b>	<b>-0.35</b>	<b>0.03</b>	<b>0.07</b>	<b>0.11</b>	<b>0.08</b>	<b>0.19</b>	<b>0.33</b>

Profit and loss (common size)	2009	2010	2011	2012E	2013E	2014E	2015E
<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	0.0 %	2.7 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>102.7 %</b>	<b>100.6 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	4.5 %	9.9 %	7.1 %	3.5 %	2.7 %	1.9 %	1.3 %
Material expenses	51.3 %	58.9 %	57.8 %	57.1 %	57.5 %	57.4 %	57.3 %
Personnel expenses	27.2 %	25.2 %	21.5 %	22.1 %	22.1 %	21.1 %	20.0 %
Other operating expenses	19.9 %	14.9 %	14.8 %	14.1 %	13.6 %	13.1 %	12.5 %
Total operating expenses	93.9 %	89.0 %	87.0 %	89.8 %	90.6 %	89.6 %	88.5 %
<b>EBITDA</b>	<b>6.1 %</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>10.2 %</b>	<b>9.4 %</b>	<b>10.4 %</b>	<b>11.5 %</b>
Depreciation	7.4 %	6.6 %	4.8 %	4.5 %	4.3 %	3.9 %	3.4 %
<b>EBITA</b>	<b>-1.3 %</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.7 %</b>	<b>5.1 %</b>	<b>6.4 %</b>	<b>8.1 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.1 %	2.3 %	1.5 %	1.3 %	1.1 %	0.9 %	0.8 %
Impairment charges	0.5 %	0.0 %	1.3 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>-4.0 %</b>	<b>4.8 %</b>	<b>6.0 %</b>	<b>4.4 %</b>	<b>4.1 %</b>	<b>5.5 %</b>	<b>7.3 %</b>
Interest income	6.8 %	0.4 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	13.5 %	4.1 %	4.9 %	2.6 %	2.2 %	1.7 %	1.5 %
Other financial result	0.0 %	-0.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-6.7 %	-4.2 %	-4.8 %	-2.6 %	-2.2 %	-1.7 %	-1.5 %
<b>Recurring pretax income from continuing operations</b>	<b>-10.7 %</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>1.9 %</b>	<b>3.7 %</b>	<b>5.8 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>-10.7 %</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>1.9 %</b>	<b>3.7 %</b>	<b>5.8 %</b>
Tax rate	20.0 %	-34.6 %	-20.4 %	0.0 %	31.0 %	31.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>-8.5 %</b>	<b>0.8 %</b>	<b>1.4 %</b>	<b>1.8 %</b>	<b>1.3 %</b>	<b>2.6 %</b>	<b>4.0 %</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>-8.5 %</b>	<b>0.8 %</b>	<b>1.4 %</b>	<b>1.8 %</b>	<b>1.3 %</b>	<b>2.6 %</b>	<b>4.0 %</b>
Minority interest	-1.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>-7.4 %</b>	<b>0.7 %</b>	<b>1.4 %</b>	<b>1.8 %</b>	<b>1.3 %</b>	<b>2.6 %</b>	<b>4.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012E	2013E	2014E	2015E
<b>Intangible assets</b>	<b>12.6</b>	<b>11.3</b>	<b>9.6</b>	<b>7.4</b>	<b>5.4</b>	<b>3.4</b>	<b>1.4</b>
Property, plant and equipment	61.0	56.8	52.9	61.1	63.9	56.5	52.3
Financial assets	5.3	13.1	11.1	11.1	11.1	0.4	0.4
<b>FIXED ASSETS</b>	<b>78.8</b>	<b>81.3</b>	<b>73.5</b>	<b>79.6</b>	<b>80.4</b>	<b>60.2</b>	<b>54.1</b>
Inventories	13.9	20.5	25.6	26.7	27.2	28.4	32.1
Accounts receivable	14.1	19.1	21.8	24.2	26.6	29.7	33.6
Other current assets	4.1	11.4	16.1	10.4	10.4	10.4	10.4
Liquid assets	8.1	7.1	5.1	4.5	11.3	15.2	26.9
Deferred taxes	3.1	1.9	0.2	0.2	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
<b>CURRENT ASSETS</b>	<b>43.3</b>	<b>60.1</b>	<b>68.7</b>	<b>65.9</b>	<b>75.5</b>	<b>83.6</b>	<b>103.0</b>
<b>TOTAL ASSETS</b>	<b>122.2</b>	<b>141.4</b>	<b>142.2</b>	<b>145.5</b>	<b>155.9</b>	<b>143.9</b>	<b>157.0</b>
SHAREHOLDERS EQUITY	25.9	31.7	34.0	36.8	39.4	40.3	50.1
MINORITY INTEREST	3.3	2.1	1.5	1.4	1.4	1.4	1.4
Long-term debt	46.7	50.9	59.1	62.6	69.6	55.6	57.6
Provisions for pensions and similar obligations	3.5	3.1	3.2	3.2	3.2	3.2	3.2
Other provisions	13.1	13.6	6.2	7.9	7.9	7.9	7.9
<b>Non-current liabilities</b>	<b>63.3</b>	<b>67.6</b>	<b>68.5</b>	<b>73.6</b>	<b>80.7</b>	<b>66.7</b>	<b>68.7</b>
short-term liabilities to banks	7.0	5.7	20.2	18.0	18.0	18.0	18.0
Accounts payable	7.0	11.9	11.1	10.0	10.9	12.2	13.8
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)	8.0	16.3	3.7	2.7	2.7	2.7	2.7
Deferred taxes	7.6	6.2	3.3	3.0	2.8	2.6	2.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>29.6</b>	<b>40.0</b>	<b>38.3</b>	<b>33.7</b>	<b>34.5</b>	<b>35.5</b>	<b>36.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>122.2</b>	<b>141.4</b>	<b>142.2</b>	<b>145.5</b>	<b>155.9</b>	<b>143.9</b>	<b>157.0</b>

Balance sheet (common size)	2009	2010	2011	2012E	2013E	2014E	2015E
<b>Intangible assets</b>	<b>10.3 %</b>	<b>8.0 %</b>	<b>6.7 %</b>	<b>5.1 %</b>	<b>3.4 %</b>	<b>2.3 %</b>	<b>0.9 %</b>
Property, plant and equipment	49.9 %	40.2 %	37.2 %	42.0 %	41.0 %	39.2 %	33.3 %
Financial assets	4.3 %	9.3 %	7.8 %	7.7 %	7.2 %	0.3 %	0.3 %
<b>FIXED ASSETS</b>	<b>64.5 %</b>	<b>57.5 %</b>	<b>51.7 %</b>	<b>54.7 %</b>	<b>51.5 %</b>	<b>41.9 %</b>	<b>34.4 %</b>
Inventories	11.3 %	14.5 %	18.0 %	18.3 %	17.4 %	19.7 %	20.4 %
Accounts receivable	11.6 %	13.5 %	15.3 %	16.6 %	17.1 %	20.7 %	21.4 %
Other current assets	3.4 %	8.1 %	11.3 %	7.1 %	6.7 %	7.2 %	6.6 %
Liquid assets	6.6 %	5.0 %	3.6 %	3.1 %	7.2 %	10.5 %	17.1 %
Deferred taxes	2.5 %	1.4 %	0.2 %	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>35.5 %</b>	<b>42.5 %</b>	<b>48.3 %</b>	<b>45.3 %</b>	<b>48.5 %</b>	<b>58.1 %</b>	<b>65.6 %</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	21.2 %	22.4 %	23.9 %	25.3 %	25.3 %	28.0 %	31.9 %
MINORITY INTEREST	2.7 %	1.5 %	1.0 %	0.9 %	0.9 %	0.9 %	0.9 %
Long-term debt	38.2 %	36.0 %	41.6 %	43.0 %	44.6 %	38.6 %	36.7 %
Provisions for pensions and similar obligations	2.8 %	2.2 %	2.3 %	2.2 %	2.1 %	2.2 %	2.0 %
Other provisions	10.7 %	9.6 %	4.4 %	5.4 %	5.1 %	5.5 %	5.0 %
<b>Non-current liabilities</b>	<b>51.8 %</b>	<b>47.8 %</b>	<b>48.2 %</b>	<b>50.6 %</b>	<b>51.8 %</b>	<b>46.3 %</b>	<b>43.7 %</b>
short-term liabilities to banks	5.8 %	4.0 %	14.2 %	12.4 %	11.5 %	12.5 %	11.5 %
Accounts payable	5.8 %	8.4 %	7.8 %	6.9 %	7.0 %	8.5 %	8.8 %
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)	6.5 %	11.5 %	2.6 %	1.8 %	1.7 %	1.9 %	1.7 %
Deferred taxes	6.2 %	4.4 %	2.3 %	2.1 %	1.8 %	1.8 %	1.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>24.3 %</b>	<b>28.3 %</b>	<b>26.9 %</b>	<b>23.2 %</b>	<b>22.1 %</b>	<b>24.7 %</b>	<b>23.5 %</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)	2009	2010	2011	2012E	2013E	2014E	2015E
Net profit/loss	-8.7	0.9	2.2	3.2	2.5	5.5	9.6
Depreciation of fixed assets (incl. leases)	7.6	7.7	7.5	7.8	8.2	8.4	8.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.2	2.6	2.3	2.2	2.0	2.0	2.0
Others	-1.0	-4.7	-1.0	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	0.1	6.5	10.9	13.2	12.7	15.9	19.9
Increase/decrease in inventory	17.2	-13.1	-11.4	-1.1	-0.5	-1.2	-3.7
Increase/decrease in accounts receivable	0.0	0.0	0.0	-2.4	-2.4	-3.1	-3.9
Increase/decrease in accounts payable	-10.0	5.5	-6.7	-1.1	1.0	1.3	1.6
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	7.2	-7.6	-18.0	-4.6	-1.9	-3.0	-6.0
<b>Cash flow from operating activities</b>	<b>7.3</b>	<b>-1.2</b>	<b>-7.1</b>	<b>8.6</b>	<b>10.8</b>	<b>12.9</b>	<b>13.9</b>
CAPEX	9.2	3.8	11.0	16.0	11.0	6.0	4.2
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	2.8	2.0	3.7	5.7	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-6.3</b>	<b>-2.0</b>	<b>-7.3</b>	<b>-10.3</b>	<b>-11.0</b>	<b>-6.0</b>	<b>-4.2</b>
Cash flow before financing	0.9	-3.2	-14.5	-1.8	-0.2	6.9	9.7
Increase/decrease in debt position	-5.4	0.5	14.5	1.2	7.0	-3.0	2.0
Purchase of own shares	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Capital measures	-0.1	2.6	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	-1.8	-1.0	-1.7	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-2.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-7.2</b>	<b>2.2</b>	<b>12.5</b>	<b>1.2</b>	<b>7.0</b>	<b>-3.0</b>	<b>2.0</b>
Increase/decrease in liquid assets	-8.3	-1.0	-2.0	-0.6	6.8	3.9	11.7
<b>Liquid assets at end of period</b>	<b>8.1</b>	<b>7.1</b>	<b>5.1</b>	<b>4.5</b>	<b>11.3</b>	<b>15.2</b>	<b>26.9</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2009	2010	2011	2012E	2013E	2014E	2015E
Domestic	63.8	72.9	78.3	0.0	0.0	0.0	0.0
yoy change	n/a	14.4 %	7.4 %	n/a	n/a	n/a	n/a
Rest of Europe	5.9	5.4	15.5	0.0	0.0	0.0	0.0
yoy change	n/a	-7.6 %	185.6 %	n/a	n/a	n/a	n/a
NAFTA	31.1	35.2	55.7	0.0	0.0	0.0	0.0
yoy change	n/a	13.4 %	58.1 %	n/a	n/a	n/a	n/a
Asia Pacific	0.6	0.2	0.1	0.0	0.0	0.0	0.0
yoy change	n/a	-69.0 %	-45.8 %	n/a	n/a	n/a	n/a
Rest of world	1.1	2.9	4.6	0.0	0.0	0.0	0.0
yoy change	n/a	156.7 %	61.4 %	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>102.5</b>	<b>116.7</b>	<b>154.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
yoy change	n/a	13.9 %	32.2 %	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2009	2010	2011	2012E	2013E	2014E	2015E
<b>P&amp;L growth analysis</b>							
Sales growth	-46.8 %	13.9 %	32.2 %	12.4 %	9.8 %	11.8 %	13.1 %
EBITDA growth	-3.4 %	155.8 %	31.6 %	-15.6 %	1.4 %	22.9 %	26.0 %
EBIT growth	-86.0 %	-238.7 %	63.4 %	-16.4 %	0.7 %	50.6 %	50.1 %
EPS growth	-85.1 %	-108.6 %	138.2 %	46.9 %	-22.7 %	125.0 %	75.1 %
<b>Efficiency</b>							
Total operating costs / sales	93.9 %	89.0 %	87.0 %	89.8 %	90.6 %	89.6 %	88.5 %
Sales per employee	93.1	171.6	208.2	176.0	184.1	198.4	215.3
EBITDA per employee	5.7	23.4	28.3	17.9	17.3	20.6	24.8
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.7 %	20.9 %	20.8 %	22.3 %	22.0 %	20.8 %	20.3 %
Inventory turnover (sales/inventory)	7.4	5.7	6.0	6.5	7.0	7.5	7.5
Trade debtors in days of sales	50.3	59.9	51.6	51.0	51.0	51.0	51.0
A/P turnover [(A/P*365)/sales]	25.0	37.2	26.3	21.0	21.0	21.0	21.0
Cash conversion cycle (days)	97.7	105.8	110.8	112.6	105.2	99.2	99.3
<b>Cash flow analysis</b>							
Free cash flow	-1.9	-5.0	-18.2	-7.4	-0.2	6.9	9.7
Free cash flow/sales	-1.8 %	-4.3 %	-11.8 %	-4.3 %	-0.1 %	3.2 %	4.0 %
FCF / net profit	24.6 %	-618.6 %	-862.2 %	-236.0 %	-9.7 %	125.3 %	101.3 %
FCF yield	-4.6 %	-9.9 %	-32.9 %	-13.2 %	-0.4 %	12.2 %	17.3 %
Capex / depre	93.6 %	39.5 %	113.1 %	160.4 %	107.8 %	57.7 %	40.3 %
Capex / maintenance capex	117.0 %	46.2 %	140.8 %	200.0 %	134.8 %	72.1 %	50.4 %
Capex / sales	8.9 %	3.5 %	7.2 %	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	45.6	49.5	74.3	76.1	76.3	58.4	48.7
Net Debt/EBITDA	7.3	3.1	3.5	4.3	4.3	2.7	1.8
Net debt / equity	1.8	1.6	2.2	2.1	1.9	1.4	1.0
Interest cover	0.0	1.2	1.2	1.7	1.9	3.2	4.9
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	1.1	1.2	1.3	1.4	1.7	1.7
Operating assets turnover	1.3	1.4	1.7	1.7	1.8	2.1	2.3
Plant turnover	1.7	2.1	2.9	2.8	3.0	3.8	4.6
Inventory turnover (sales/inventory)	7.4	5.7	6.0	6.5	7.0	7.5	7.5
<b>Returns</b>							
ROCE	-3.6 %	5.4 %	7.9 %	6.0 %	5.7 %	8.8 %	13.2 %
ROE	-29.1 %	2.5 %	6.2 %	8.6 %	6.2 %	13.6 %	19.2 %
<b>Other</b>							
Interest paid / avg. debt	23.5 %	8.7 %	11.1 %	5.6 %	4.9 %	4.6 %	4.7 %
No. employees (average)	1100	680	741	985	1034	1072	1118
Number of shares	21.4	26.4	28.9	29.5	29.5	29.5	29.5
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.35	0.03	0.07	0.11	0.08	0.19	0.33
<b>Valuation ratios</b>							
P/BV	1.6	1.6	1.6	1.5	1.4	1.4	1.1
EV/sales	0.9	0.9	0.9	0.8	0.7	0.6	0.4
EV/EBITDA	14.5	6.5	6.3	7.7	7.6	5.4	3.9
EV/EBITA	-65.7	12.5	9.9	13.7	14.0	8.7	5.6
EV/EBIT	-22.2	18.3	14.5	17.7	17.6	10.1	6.2
EV/FCF	-48.3	-20.6	-7.3	-18.2	-575.6	17.2	11.1
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

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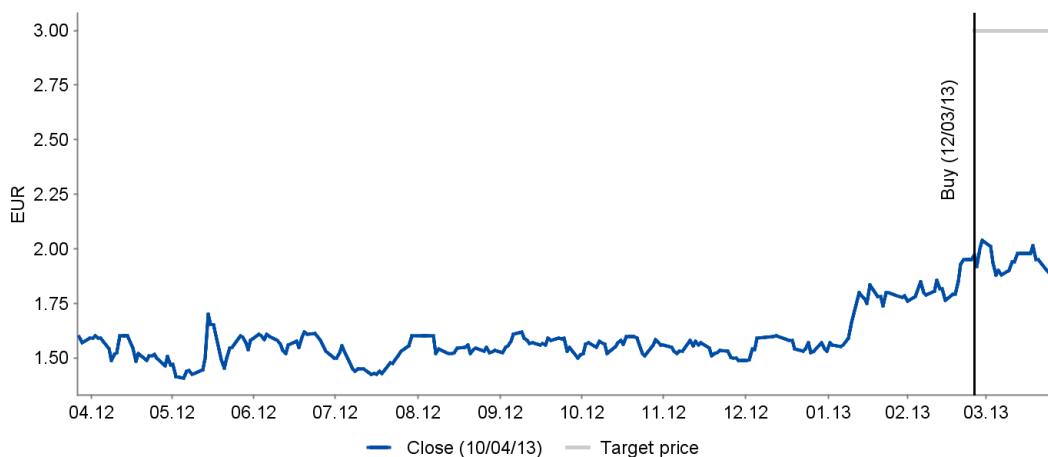
Company	Disclosure
MS Industrie AG	5, 8

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

#### Price and Rating History MS Industrie AG as of 11/04/13

**Initiation coverage**  
12-March-13



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<b>Buy</b>	63.54 %	100.00 %
<b>Sell</b>	13.54 %	0.00 %
<b>Hold</b>	22.92 %	0.00 %

### Valuation basis/rating key

**Buy:** Sustainable upside potential of more than 10% within 12 months.

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