

**Buy** (old: Buy)

**Price target: EUR 3.10** (old: EUR 3.10)

<b>Price:</b>	EUR 1.85	<b>Next result:</b>	Q3 2013 20.11.13
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 54.5 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 136.9 m

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### Positive roadshow feedback - change in est.

Yesterday we roadshowed MS Industrie in Frankfurt. All in all, the meetings confirmed our positive view on the investment case.

All in all, we gained the impression that **the welding technology business (16% of sales) is currently running very well**, supported by strong demand from the passenger car industry where several OEMs are ramping up new car models and facelifts. This leads to an increasing demand for MS' ultrasonic welding machines (basically c. 12 welding machines per new car model for the equipment of 1 production line). In this field, MS' order backlog reaches approx. until mid-2014. At the same time, **the company stated that demand from the packaging industry is increasing notably** as MS Industrie's ultrasonic welding elements allow for a significant reduction in (1) material consumption, (2) energy costs and (3) maintenance and cleaning costs.

**Regarding the development of the Diesel engine technology** (mainly valve train systems for Daimler's Weltmotor), **the development in Europe is currently very satisfying**, driven by solid order intake and sales volumes. Daimler recently stated that a significant part of its new orders consist of Euro VI compliant trucks equipped with Weltmotors. **In the US, the situation has stabilised since Q1** when Daimler had to deal with the problems from one of its turbocharger suppliers. Due to this, MS Industrie expects the volumes in the US to be slightly decreasing on a yearly base (2012: c. 65k units). However, **confidence for 2014E and beyond remains high** as MS will benefit from the increasing penetration of the Weltmotor, while the balance sheet structure should benefit from a strong deleveraging mainly driven by a likely deconsolidation of Beno's industrial real estate portfolio (c. € 11m less net debt).

Following the roadshow **we slightly adjust our volume estimates for the Weltmotor in FY'13E** and now expect the company to supply 95k units worldwide (old: 108k). At the same time we increase our sales estimates for the welding technology business (new: € 35m vs. old: € 28m). This results in slightly lower sales estimates of c. € 186m (old: € 190m) for FY'13E, however with no impact on bottom-line due to a more favourable sales mix.

Trading at a **PER'14E of 7.8x adjusted for PPA**, the valuation looks undemanding, especially bearing in mind the growth potential stemming from the increasing penetration of Daimler's Weltmotor which MS supplies exclusively with valve train systems (sales CAGR '12-15E: 11%). **BUY. PT is € 3.10 based on FCFY'14E.**

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	102.5	116.7	154.3	174.8	185.8	212.6	240.6
Sales growth	-47 %	14 %	32 %	13 %	6 %	14 %	13 %
EBITDA	6.2	15.9	20.9	16.3	17.9	22.1	27.9
EBIT	-4.0	5.6	9.2	6.0	7.7	11.7	17.6
Net income	-7.6	0.8	2.1	2.1	2.6	5.8	10.1
Net debt	45.6	49.5	74.3	81.8	82.3	66.7	56.2
Net gearing	175.9 %	156.3 %	218.8 %	237.5 %	216.2 %	169.7 %	113.4 %
Net Debt/EBITDA	7.3	3.1	3.5	5.0	4.6	3.0	2.0
EPS pro forma	-0.33	0.03	0.14	0.09	0.09	0.19	0.34
CPS	-0.03	-0.36	-0.52	-0.01	0.08	0.08	0.22
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 %	42.2 %	43.5 %	42.8 %	42.9 %
EBITDA margin	6.1 %	13.6 %	13.6 %	9.3 %	9.7 %	10.4 %	11.6 %
EBIT margin	-4.0 %	4.8 %	6.0 %	3.4 %	4.2 %	5.5 %	7.3 %
ROCE	-3.6 %	5.4 %	7.9 %	4.6 %	5.5 %	8.5 %	12.7 %
EV/sales	0.9	0.9	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	14.3	6.4	6.3	8.4	7.6	5.5	4.0
EV/EBIT	-21.9	18.1	14.3	22.6	17.7	10.4	6.3
PER	-5.6	60.5	13.1	21.1	21.0	9.6	5.5
Adjusted FCF yield	2.1 %	8.8 %	11.2 %	8.0 %	7.1 %	9.9 %	14.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 10.10.2013



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 2.04 / 1.49  
**Price/Book Ratio:** 1.4  
**Relative performance (SDAX):**  
3 months -1.1 %  
6 months -14.6 %  
12 months -8.5 %

### Changes in estimates

		Sales	EBIT	EPS
2013	old:	190.3	7.7	0.09
	Δ	-2.4%	-	-
2014	old:	212.7	11.6	0.19
	Δ	-	-	-
2015	old:	240.6	17.5	0.33
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 29.6  
Authorised capital: (in € m) 9.7  
Book value per share: (in €) 1.3  
Ø trading volume: (12 months) 52,941

### Major shareholders:

Free Float 54.9 %  
MS ProActive 20.0 %  
Management 10.0 %  
Dreyer Ventures & Management 8.0 %  
MM Vermögensverw. / Paladin 7.1 %  
Ruffer \* 3.9 %  
\* included in free float

### 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.

## Financials

Profit and loss (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Net sales</b>	<b>102.5</b>	<b>116.7</b>	<b>154.3</b>	<b>174.8</b>	<b>185.8</b>	<b>212.6</b>	<b>240.6</b>
<i>Sales growth</i>	-46.8 %	13.9 %	32.2 %	13.3 %	6.3 %	14.4 %	13.2 %
Increase/decrease in finished goods and work-in-process	0.0	3.1	0.9	-0.6	0.0	0.0	0.0
<b>Total sales</b>	<b>102.5</b>	<b>119.8</b>	<b>155.2</b>	<b>174.3</b>	<b>185.8</b>	<b>212.6</b>	<b>240.6</b>
Other operating income	4.6	11.5	10.9	6.4	5.1	4.1	3.1
Material expenses	52.6	68.7	89.2	100.7	105.0	121.6	137.4
Personnel expenses	27.9	29.3	33.2	38.0	42.1	44.9	48.1
Other operating expenses	20.4	17.4	22.8	25.8	25.9	28.1	30.3
Total operating expenses	96.2	103.9	134.3	158.0	167.9	190.4	212.7
<b>EBITDA</b>	<b>6.2</b>	<b>15.9</b>	<b>20.9</b>	<b>16.3</b>	<b>17.9</b>	<b>22.1</b>	<b>27.9</b>
Depreciation	7.6	7.7	7.5	7.4	8.2	8.4	8.3
<b>EBITA</b>	<b>-1.4</b>	<b>8.2</b>	<b>13.5</b>	<b>8.9</b>	<b>9.7</b>	<b>13.7</b>	<b>19.6</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	2.3	2.0	2.0	2.0
Impairment charges	0.5	0.0	2.0	0.5	0.0	0.0	0.0
<b>EBIT</b>	<b>-4.0</b>	<b>5.6</b>	<b>9.2</b>	<b>6.0</b>	<b>7.7</b>	<b>11.7</b>	<b>17.6</b>
Interest income	6.9	0.5	0.1	1.4	0.0	0.0	0.0
Interest expenses	13.8	4.8	7.5	6.7	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	-5.3	-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>0.7</b>	<b>3.6</b>	<b>8.0</b>	<b>14.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-10.9</b>	<b>0.7</b>	<b>1.8</b>	<b>0.7</b>	<b>3.6</b>	<b>8.0</b>	<b>14.1</b>
Taxes	-2.2	-0.2	-0.4	-1.3	1.0	2.3	3.9
<b>Net income from continuing operations</b>	<b>-8.7</b>	<b>0.9</b>	<b>2.2</b>	<b>2.1</b>	<b>2.6</b>	<b>5.8</b>	<b>10.1</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>2.1</b>	<b>2.6</b>	<b>5.8</b>	<b>10.1</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>2.1</b>	<b>2.6</b>	<b>5.8</b>	<b>10.1</b>
Average number of shares	21.4	26.4	28.9	29.3	29.6	30.0	30.0
<b>EPS reported</b>	<b>-0.35</b>	<b>0.03</b>	<b>0.07</b>	<b>0.07</b>	<b>0.09</b>	<b>0.19</b>	<b>0.34</b>

Profit and loss (common size)	2009	2010	2011	2012	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 %	-0.3 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>102.7 %</b>	<b>100.6 %</b>	<b>99.7 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	4.5 %	9.9 %	7.1 %	3.7 %	2.7 %	1.9 %	1.3 %
Material expenses	51.3 %	58.9 %	57.8 %	57.6 %	56.5 %	57.2 %	57.1 %
Personnel expenses	27.2 %	25.2 %	21.5 %	21.7 %	22.7 %	21.1 %	20.0 %
Other operating expenses	19.9 %	14.9 %	14.8 %	14.8 %	13.9 %	13.2 %	12.6 %
Total operating expenses	93.9 %	89.0 %	87.0 %	90.4 %	90.3 %	89.6 %	88.4 %
<b>EBITDA</b>	<b>6.1 %</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>9.7 %</b>	<b>10.4 %</b>	<b>11.6 %</b>
Depreciation	7.4 %	6.6 %	4.8 %	4.3 %	4.4 %	4.0 %	3.4 %
<b>EBITA</b>	<b>-1.3 %</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.2 %</b>	<b>6.5 %</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 %	0.3 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>-4.0 %</b>	<b>4.8 %</b>	<b>6.0 %</b>	<b>3.4 %</b>	<b>4.2 %</b>	<b>5.5 %</b>	<b>7.3 %</b>
Interest income	6.8 %	0.4 %	0.1 %	0.8 %	0.0 %	0.0 %	0.0 %
Interest expenses	13.5 %	4.1 %	4.9 %	3.8 %	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 %	-3.0 %	-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>0.4 %</b>	<b>1.9 %</b>	<b>3.8 %</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>0.4 %</b>	<b>1.9 %</b>	<b>3.8 %</b>	<b>5.8 %</b>
Tax rate	20.0 %	-34.6 %	-20.4 %	-177.6 %	28.0 %	28.0 %	28.0 %
<b>Net income from continuing operations</b>	<b>-8.5 %</b>	<b>0.8 %</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.4 %</b>	<b>2.7 %</b>	<b>4.2 %</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>1.2 %</b>	<b>1.4 %</b>	<b>2.7 %</b>	<b>4.2 %</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>1.2 %</b>	<b>1.4 %</b>	<b>2.7 %</b>	<b>4.2 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>12.6</b>	<b>11.3</b>	<b>9.6</b>	<b>7.7</b>	<b>5.7</b>	<b>3.7</b>	<b>1.7</b>
Property, plant and equipment	61.0	56.8	52.9	63.1	65.9	58.5	54.4
Financial assets	5.3	13.1	11.1	14.3	14.3	3.5	3.5
<b>FIXED ASSETS</b>	<b>78.8</b>	<b>81.3</b>	<b>73.5</b>	<b>85.1</b>	<b>85.9</b>	<b>65.7</b>	<b>59.6</b>
Inventories	13.9	20.5	25.6	23.7	24.8	28.3	32.1
Accounts receivable	14.1	19.1	21.8	22.7	24.4	28.0	31.6
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	10.5	16.9	18.5	31.0
Deferred taxes	3.1	1.9	0.2	1.0	0.9	0.9	0.8
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>68.2</b>	<b>77.4</b>	<b>86.1</b>	<b>105.9</b>
<b>TOTAL ASSETS</b>	<b>122.2</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>163.3</b>	<b>151.8</b>	<b>165.5</b>
SHAREHOLDERS EQUITY	25.9	31.7	34.0	34.4	38.1	39.3	49.6
MINORITY INTEREST	3.3	2.1	1.5	1.3	0.3	0.3	0.3
Long-term debt	46.7	50.9	59.1	76.0	83.0	69.0	71.0
Provisions for pensions and similar obligations	3.5	3.1	3.2	0.0	0.0	0.0	0.0
Other provisions	13.1	13.6	6.2	7.0	7.0	7.0	7.0
<b>Non-current liabilities</b>	<b>63.3</b>	<b>67.6</b>	<b>68.5</b>	<b>83.0</b>	<b>90.0</b>	<b>76.0</b>	<b>78.0</b>
short-term liabilities to banks	7.0	5.7	20.2	16.2	16.2	16.2	16.2
Accounts payable	7.0	11.9	11.1	10.3	10.7	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	6.5	6.5	6.5	6.5
Deferred taxes	7.6	6.2	3.3	1.6	1.4	1.2	0.9
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>34.6</b>	<b>34.8</b>	<b>36.1</b>	<b>37.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>122.2</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>163.3</b>	<b>151.8</b>	<b>165.5</b>

Balance sheet (common size)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>10.3 %</b>	<b>8.0 %</b>	<b>6.7 %</b>	<b>5.0 %</b>	<b>3.5 %</b>	<b>2.4 %</b>	<b>1.0 %</b>
Property, plant and equipment	49.9 %	40.2 %	37.2 %	41.2 %	40.4 %	38.5 %	32.8 %
Financial assets	4.3 %	9.3 %	7.8 %	9.3 %	8.7 %	2.3 %	2.1 %
<b>FIXED ASSETS</b>	<b>64.5 %</b>	<b>57.5 %</b>	<b>51.7 %</b>	<b>55.5 %</b>	<b>52.6 %</b>	<b>43.3 %</b>	<b>36.0 %</b>
Inventories	11.3 %	14.5 %	18.0 %	15.5 %	15.2 %	18.7 %	19.4 %
Accounts receivable	11.6 %	13.5 %	15.3 %	14.8 %	15.0 %	18.4 %	19.1 %
Other current assets	3.4 %	8.1 %	11.3 %	6.8 %	6.3 %	6.8 %	6.3 %
Liquid assets	6.6 %	5.0 %	3.6 %	6.8 %	10.3 %	12.2 %	18.7 %
Deferred taxes	2.5 %	1.4 %	0.2 %	0.6 %	0.6 %	0.6 %	0.5 %
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>44.5 %</b>	<b>47.4 %</b>	<b>56.7 %</b>	<b>64.0 %</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 %	22.5 %	23.3 %	25.9 %	30.0 %
MINORITY INTEREST	2.7 %	1.5 %	1.0 %	0.8 %	0.2 %	0.2 %	0.2 %
Long-term debt	38.2 %	36.0 %	41.6 %	49.6 %	50.8 %	45.5 %	42.9 %
Provisions for pensions and similar obligations	2.8 %	2.2 %	2.3 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	10.7 %	9.6 %	4.4 %	4.6 %	4.3 %	4.6 %	4.3 %
<b>Non-current liabilities</b>	<b>51.8 %</b>	<b>47.8 %</b>	<b>48.2 %</b>	<b>54.1 %</b>	<b>55.2 %</b>	<b>50.1 %</b>	<b>47.2 %</b>
short-term liabilities to banks	5.8 %	4.0 %	14.2 %	10.6 %	9.9 %	10.7 %	9.8 %
Accounts payable	5.8 %	8.4 %	7.8 %	6.7 %	6.5 %	8.1 %	8.4 %
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 %	4.3 %	4.0 %	4.3 %	3.9 %
Deferred taxes	6.2 %	4.4 %	2.3 %	1.0 %	0.8 %	0.8 %	0.6 %
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>22.6 %</b>	<b>21.3 %</b>	<b>23.8 %</b>	<b>22.7 %</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	2012	2013E	2014E	2015E
Net profit/loss	-8.7	0.9	2.2	2.1	2.6	5.8	10.1
Depreciation of fixed assets (incl. leases)	7.6	7.7	7.5	7.4	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	2.3	2.0	2.0	2.0
Others	-1.0	-4.7	-1.0	-1.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	0.1	6.5	10.9	10.8	12.8	16.2	20.4
Increase/decrease in inventory	17.2	-13.1	-11.4	-0.7	-1.1	-3.6	-3.7
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-1.7	-3.5	-3.7
Increase/decrease in accounts payable	-10.0	5.5	-6.7	-2.5	0.4	1.5	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	-3.3	-2.4	-5.5	-5.8
<b>Cash flow from operating activities</b>	<b>7.3</b>	<b>-1.2</b>	<b>-7.1</b>	<b>7.6</b>	<b>10.4</b>	<b>10.7</b>	<b>14.6</b>
CAPEX	9.2	3.8	11.0	17.2	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	1.4	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>-15.9</b>	<b>-11.0</b>	<b>-6.0</b>	<b>-4.2</b>
Cash flow before financing	0.9	-3.2	-14.5	-8.4	-0.6	4.7	10.5
Increase/decrease in debt position	-5.4	0.5	13.7	14.2	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	-0.9	-0.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	-2.0	0.0	0.0	-0.4	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>14.1</b>	<b>7.0</b>	<b>-3.0</b>	<b>2.0</b>
Increase/decrease in liquid assets	-8.3	-1.0	-2.0	5.4	6.4	1.7	12.5
<b>Liquid assets at end of period</b>	<b>8.1</b>	<b>7.1</b>	<b>5.1</b>	<b>10.5</b>	<b>16.9</b>	<b>18.5</b>	<b>31.0</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2009	2010	2011	2012	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	2012	2013E	2014E	2015E
<b>P&amp;L growth analysis</b>							
Sales growth	-46.8 %	13.9 %	32.2 %	13.3 %	6.3 %	14.4 %	13.2 %
EBITDA growth	-3.4 %	155.8 %	31.6 %	-22.2 %	10.1 %	23.3 %	26.1 %
EBIT growth	-86.0 %	-238.7 %	63.4 %	-34.4 %	28.5 %	51.5 %	50.1 %
EPS growth	-85.1 %	-108.6 %	138.2 %	-1.8 %	22.6 %	120.3 %	74.9 %
<b>Efficiency</b>							
Total operating costs / sales	93.9 %	89.0 %	87.0 %	90.4 %	90.3 %	89.6 %	88.4 %
Sales per employee	93.1	171.6	208.2	177.5	179.7	198.3	215.3
EBITDA per employee	5.7	23.4	28.3	16.5	17.3	20.6	25.0
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.7 %	20.9 %	20.8 %	20.7 %	20.1 %	19.4 %	19.5 %
Inventory turnover (sales/inventory)	7.4	5.7	6.0	7.4	7.5	7.5	7.5
Trade debtors in days of sales	50.3	59.9	51.6	47.4	48.0	48.0	48.0
A/P turnover [(A/P*365)/sales]	25.0	37.2	26.3	21.5	21.0	21.0	21.0
Cash conversion cycle (days)	97.7	105.8	110.8	96.1	97.0	96.4	96.5
<b>Cash flow analysis</b>							
Free cash flow	-1.9	-5.0	-18.2	-9.7	-0.6	4.7	10.5
Free cash flow/sales	-1.8 %	-4.3 %	-11.8 %	-5.5 %	-0.3 %	2.2 %	4.4 %
FCF / net profit	24.6 %	-618.6 %	-862.2 %	-463.6 %	-22.6 %	80.3 %	103.4 %
FCF yield	-4.7 %	-10.2 %	-33.9 %	-17.8 %	-1.1 %	8.4 %	18.9 %
Capex / depre	93.6 %	39.5 %	113.1 %	176.9 %	107.8 %	57.7 %	40.3 %
Capex / maintenance capex	117.0 %	46.2 %	143.5 %	237.7 %	134.8 %	73.5 %	50.9 %
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	81.8	82.3	66.7	56.2
Net Debt/EBITDA	7.3	3.1	3.5	5.0	4.6	3.0	2.0
Net debt / equity	1.8	1.6	2.2	2.4	2.2	1.7	1.1
Interest cover	0.0	1.2	1.2	0.9	1.9	3.2	5.0
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	1.3	1.6	1.7
Operating assets turnover	1.3	1.4	1.7	1.8	1.8	2.1	2.3
Plant turnover	1.7	2.1	2.9	2.8	2.8	3.6	4.4
Inventory turnover (sales/inventory)	7.4	5.7	6.0	7.4	7.5	7.5	7.5
<b>Returns</b>							
ROCE	-3.6 %	5.4 %	7.9 %	4.6 %	5.5 %	8.5 %	12.7 %
ROE	-29.1 %	2.5 %	6.2 %	6.1 %	6.8 %	14.7 %	20.4 %
<b>Other</b>							
Interest paid / avg. debt	23.5 %	8.7 %	11.1 %	7.8 %	4.3 %	4.0 %	4.1 %
No. employees (average)	1100	680	741	985	1034	1072	1118
Number of shares	21.4	26.4	28.9	29.3	29.6	30.0	30.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.35	0.03	0.07	0.07	0.09	0.19	0.34
<b>Valuation ratios</b>							
P/BV	1.5	1.5	1.6	1.6	1.4	1.4	1.1
EV/sales	0.9	0.9	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	14.3	6.4	6.3	8.4	7.6	5.5	4.0
EV/EBITA	-64.8	12.3	9.7	15.4	14.1	8.9	5.7
EV/EBIT	-21.9	18.1	14.3	22.6	17.7	10.4	6.3
EV/FCF	-47.6	-20.3	-7.2	-14.1	-233.0	26.3	10.7
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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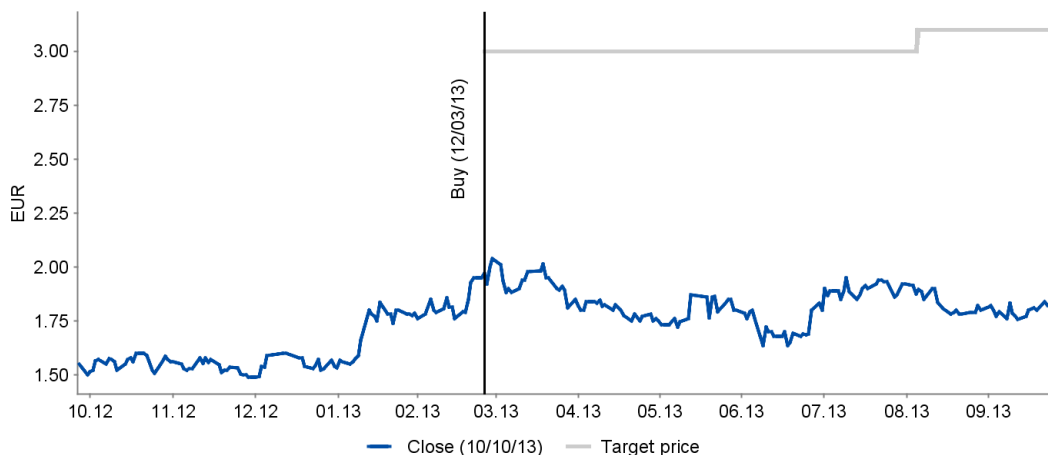
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Company	Disclosure
MS Industrie AG	5

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**Price and Rating History**  
MS Industrie AG as of 11/10/13

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