



**Buy** (old: Buy)

**Price target: EUR 4.20** (old: EUR 4.20)

<b>Price:</b>	EUR 3.17	<b>Next result:</b>	Q4/FY 2013 30.04.14
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 93.6 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 177.9 m

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## Positive roadshow feed-back – growth to accelerate in 2014

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

**Q4'13E:** The company seems to have experienced a very positive development in the special machinery business (ultrasonic welding machines for the passenger car industry), while demand from the truck industry was also strong. Hence, our FY'13E estimates of € 181m in sales (up 4% yoy mainly driven by the sound development in the ultrasonic technology offsetting the weakness registered in the Daimler related business in the US) and € 18.7m of EBITDA (10.3% margin) should have been reached. Positive mix effect towards the higher margin ultrasonic technology should have offset a still low capacity utilisation (60%) in the truck business after the recent ramp-up of the business.

**H1 & FY'14E:** At the same time, the order backlog looks set to have exceeded € 100m at the beginning of FY'14. As the backlog only reflects the volumes which have been ordered for the next 6 months and as Daimler has a "take or pay" agreement for the rolling next 6 months, **this bodes well for sales in H1'14E (H1'13: € 85m)**. In the special machinery business, growth is expected to slow down a bit in FY'14E after c. 20% yoy growth in FY'13E as competitors like Sonotronic become more price aggressive after they lost some ground in the past year. Here, MS Industrie prefers a price before volume approach so that the margins should remain at a high level.

**Further growth potential in the ultrasonic systems business:** In the ultrasonic systems business (for the packaging machinery industry), growth potential seems huge as (1) the market is still untapped (95% of sealing and welding processes in the packaging industry are done with hot tools) and (2) the company is running several tests with potential new clients in both Europe and the US (and in different end markets: food industry, pharma / med tech for example) which could result in significant orders, not reflected in our estimates as they are hard to forecast. After only c. € 3m of sales in FY'13E and break-even at EBITDA level, we expect sales in this segment to grow to € 5m in FY'14E. In FY'13, the company already won Hewlett Packard as a new client (packaging machines for ink cartridges for printers) and Fuso, a Japanese supplier of special machinery for the manufacturing of nylon tea bags.

- continued -

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	102.5	116.7	154.3	174.8	181.3	212.6	240.6
Sales growth	-47 %	14 %	32 %	13 %	4 %	17 %	13 %
EBITDA	6.2	15.9	20.9	16.3	18.7	22.1	27.9
EBIT	-4.0	5.6	9.2	6.0	8.5	11.7	17.6
Net income	-7.6	0.8	2.1	2.1	3.1	5.8	10.1
Net debt	45.6	49.5	74.3	81.8	84.3	66.1	55.7
Net gearing	175.9 %	156.3 %	218.8 %	237.5 %	218.1 %	165.9 %	111.0 %
Net Debt/EBITDA	7.3	3.1	3.5	5.0	4.5	3.0	2.0
EPS pro forma	-0.33	0.03	0.14	0.09	0.11	0.19	0.34
CPS	-0.03	-0.36	-0.52	-0.01	0.13	0.05	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 %	45.0 %	43.0 %	43.0 %
EBITDA margin	6.1 %	13.6 %	13.6 %	9.3 %	10.3 %	10.4 %	11.6 %
EBIT margin	-4.0 %	4.8 %	6.0 %	3.4 %	4.7 %	5.5 %	7.3 %
ROCE	-3.6 %	5.4 %	7.9 %	4.6 %	6.0 %	8.4 %	12.7 %
EV/sales	1.1	1.2	1.1	1.0	1.0	0.8	0.6
EV/EBITDA	18.8	8.6	8.1	10.8	9.5	7.3	5.4
EV/EBIT	-28.9	24.3	18.4	29.1	20.9	13.7	8.6
PER	-9.6	103.9	22.6	36.1	29.8	16.4	9.4
Adjusted FCF yield	1.6 %	6.3 %	8.5 %	6.1 %	5.8 %	7.4 %	10.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 13.02.2014



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.17 / 1.63  
**Price/Book Ratio:** 2.4  
**Relative performance (SDAX):**  
3 months 31.4 %  
6 months 50.9 %  
12 months 58.1 %

### Changes in estimates

		Sales	EBIT	EPS
2013	old:	181.3	8.5	0.11
	Δ	-	-	-
2014	old:	212.6	11.7	0.19
	Δ	-	-	-
2015	old:	240.6	17.6	0.34
	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 57.0 %  
MS ProActive 20.0 %  
Management 10.0 %  
MM Vermögensverw. / Paladin 7.0 %  
Dreyer Ventures & Management 6.0 %  
Ruffer \* 3.9 %

\* included in free float

### 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.

**Interestingly, switching to ultrasonic welding equipment allows for significant savings for end customers** in (1) energy costs (only 1 step allows the welding and the cutting of the bags which also results in higher efficiency), (2) material costs (less waste) and (3) maintenance costs as the tools clean themselves during the process as vibrations are high (c. 35 Hz). All this allows end customers to benefit from short payback periods in the tune of a few months.

**All this confirmed the very positive impression we had during our site visit last week in Spaichingen.** Trading at only 8.3x PER'15E adjusted for PPA (€ 1.8m at EBIT level), the stock is priced ex-growth despite (1) a sound visibility due to the increasing penetration of Daimler's Weltmotor, (2) sound growth prospects in the ultrasonic technology and (3) a significant reduction of net debt of c. € 18m in FY'14E following the sound operational development and the deconsolidation of Beno which we include in our FY'14E estimates. **BUY. PT € 4.20 based on half way FCFY'14-15E.**

## 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>181.3</b>	<b>212.6</b>	<b>240.6</b>
<i>Sales growth</i>	-46.8 %	13.9 %	32.2 %	13.3 %	3.7 %	17.2 %	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>181.3</b>	<b>212.6</b>	<b>240.6</b>
Other operating income	4.6	11.5	10.9	6.4	5.1	4.0	3.1
Material expenses	52.6	68.7	89.2	100.7	99.7	121.2	137.1
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	28.4	30.5
Total operating expenses	96.2	103.9	134.3	158.0	162.6	190.4	212.7
<b>EBITDA</b>	<b>6.2</b>	<b>15.9</b>	<b>20.9</b>	<b>16.3</b>	<b>18.7</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>10.5</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>8.5</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>4.4</b>	<b>8.1</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>4.4</b>	<b>8.1</b>	<b>14.1</b>
Taxes	-2.2	-0.2	-0.4	-1.3	1.2	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>3.1</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>3.1</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>3.1</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>0.11</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 %	2.8 %	1.9 %	1.3 %
Material expenses	51.3 %	58.9 %	57.8 %	57.6 %	55.0 %	57.0 %	57.0 %
Personnel expenses	27.2 %	25.2 %	21.5 %	21.7 %	23.2 %	21.1 %	20.0 %
Other operating expenses	19.9 %	14.9 %	14.8 %	14.8 %	14.3 %	13.4 %	12.7 %
Total operating expenses	93.9 %	89.0 %	87.0 %	90.4 %	89.7 %	89.6 %	88.4 %
<b>EBITDA</b>	<b>6.1 %</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>10.3 %</b>	<b>10.4 %</b>	<b>11.6 %</b>
Depreciation	7.4 %	6.6 %	4.8 %	4.3 %	4.5 %	4.0 %	3.4 %
<b>EBITA</b>	<b>-1.3 %</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.8 %</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>4.7 %</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 %	2.3 %	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 %	-2.3 %	-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>2.4 %</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>2.4 %</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>1.7 %</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>1.7 %</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>1.7 %</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	17.7	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>89.3</b>	<b>65.7</b>	<b>59.6</b>
Inventories	13.9	20.5	25.6	23.7	24.2	28.3	32.1
Accounts receivable	14.1	19.1	21.8	22.7	23.8	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	18.4	19.1	31.6
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>77.7</b>	<b>86.6</b>	<b>106.5</b>
<b>TOTAL ASSETS</b>	<b>122.2</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>167.0</b>	<b>152.4</b>	<b>166.0</b>
SHAREHOLDERS EQUITY	25.9	31.7	34.0	34.4	38.6	39.9	50.1
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	86.4	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>93.4</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	10.4	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>34.5</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>167.0</b>	<b>152.4</b>	<b>166.0</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>3.4 %</b>	<b>2.4 %</b>	<b>1.0 %</b>
Property, plant and equipment	49.9 %	40.2 %	37.2 %	41.2 %	39.5 %	38.4 %	32.7 %
Financial assets	4.3 %	9.3 %	7.8 %	9.3 %	10.6 %	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>53.5 %</b>	<b>43.1 %</b>	<b>35.9 %</b>
Inventories	11.3 %	14.5 %	18.0 %	15.5 %	14.5 %	18.6 %	19.3 %
Accounts receivable	11.6 %	13.5 %	15.3 %	14.8 %	14.3 %	18.3 %	19.1 %
Other current assets	3.4 %	8.1 %	11.3 %	6.8 %	6.2 %	6.8 %	6.2 %
Liquid assets	6.6 %	5.0 %	3.6 %	6.8 %	11.0 %	12.5 %	19.0 %
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>46.5 %</b>	<b>56.9 %</b>	<b>64.1 %</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 %	23.1 %	26.2 %	30.2 %
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 %	51.8 %	45.3 %	42.8 %
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 %	4.2 %	4.6 %	4.2 %
<b>Non-current liabilities</b>	<b>51.8 %</b>	<b>47.8 %</b>	<b>48.2 %</b>	<b>54.1 %</b>	<b>56.0 %</b>	<b>49.9 %</b>	<b>47.0 %</b>
short-term liabilities to banks	5.8 %	4.0 %	14.2 %	10.6 %	9.7 %	10.6 %	9.8 %
Accounts payable	5.8 %	8.4 %	7.8 %	6.7 %	6.2 %	8.0 %	8.3 %
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 %	3.9 %	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>20.7 %</b>	<b>23.7 %</b>	<b>22.6 %</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	3.1	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	13.3	16.2	20.4
Increase/decrease in inventory	17.2	-13.1	-11.4	-0.7	-0.5	-4.2	-3.7
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-1.1	-4.1	-3.7
Increase/decrease in accounts payable	-10.0	5.5	-6.7	-2.5	0.1	1.8	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	-1.5	-6.5	-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>11.9</b>	<b>9.7</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	3.4	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>-14.4</b>	<b>-6.0</b>	<b>-4.2</b>
Cash flow before financing	0.9	-3.2	-14.5	-8.4	-2.5	3.7	10.5
Increase/decrease in debt position	-5.4	0.5	13.7	14.2	10.4	-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>10.4</b>	<b>-3.0</b>	<b>2.0</b>
Increase/decrease in liquid assets	-8.3	-1.0	-2.0	5.4	7.9	0.7	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>18.4</b>	<b>19.1</b>	<b>31.6</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 %	3.7 %	17.2 %	13.2 %
EBITDA growth	-3.4 %	155.8 %	31.6 %	-22.2 %	14.8 %	18.4 %	25.9 %
EBIT growth	-86.0 %	-238.7 %	63.4 %	-34.4 %	41.1 %	38.2 %	49.8 %
EPS growth	-85.1 %	-108.6 %	138.2 %	-1.8 %	48.5 %	82.3 %	74.3 %
<b>Efficiency</b>							
Total operating costs / sales	93.9 %	89.0 %	87.0 %	90.4 %	89.7 %	89.6 %	88.4 %
Sales per employee	93.1	171.6	208.2	177.5	175.4	198.3	215.3
EBITDA per employee	5.7	23.4	28.3	16.5	18.1	20.7	25.0
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.7 %	20.9 %	20.8 %	20.7 %	20.3 %	19.2 %	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	98.3	96.5	96.5
<b>Cash flow analysis</b>							
Free cash flow	-1.9	-5.0	-18.2	-9.7	0.9	3.7	10.5
Free cash flow/sales	-1.8 %	-4.3 %	-11.8 %	-5.5 %	0.5 %	1.8 %	4.3 %
FCF / net profit	24.6 %	-618.6 %	-862.2 %	-463.6 %	28.4 %	64.3 %	103.4 %
FCF yield	-2.7 %	-6.0 %	-19.8 %	-10.4 %	1.0 %	3.9 %	11.0 %
Capex / depn	93.6 %	39.5 %	113.1 %	176.9 %	141.2 %	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	84.3	66.1	55.7
Net Debt/EBITDA	7.3	3.1	3.5	5.0	4.5	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	2.1	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	1.2	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 %	6.0 %	8.4 %	12.7 %
ROE	-29.1 %	2.5 %	6.2 %	6.1 %	8.1 %	14.6 %	20.2 %
<b>Other</b>							
Interest paid / avg. debt	23.5 %	8.7 %	11.1 %	7.8 %	4.2 %	3.9 %	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	0.11	0.19	0.34
<b>Valuation ratios</b>							
P/BV	2.6	2.6	2.7	2.7	2.4	2.4	1.9
EV/sales	1.1	1.2	1.1	1.0	1.0	0.8	0.6
EV/EBITDA	18.8	8.6	8.1	10.8	9.5	7.3	5.4
EV/EBITA	-85.5	16.5	12.6	19.8	16.9	11.7	7.7
EV/EBIT	-28.9	24.3	18.4	29.1	20.9	13.7	8.6
EV/FCF	-62.8	-27.3	-9.3	-18.1	198.9	43.2	14.4
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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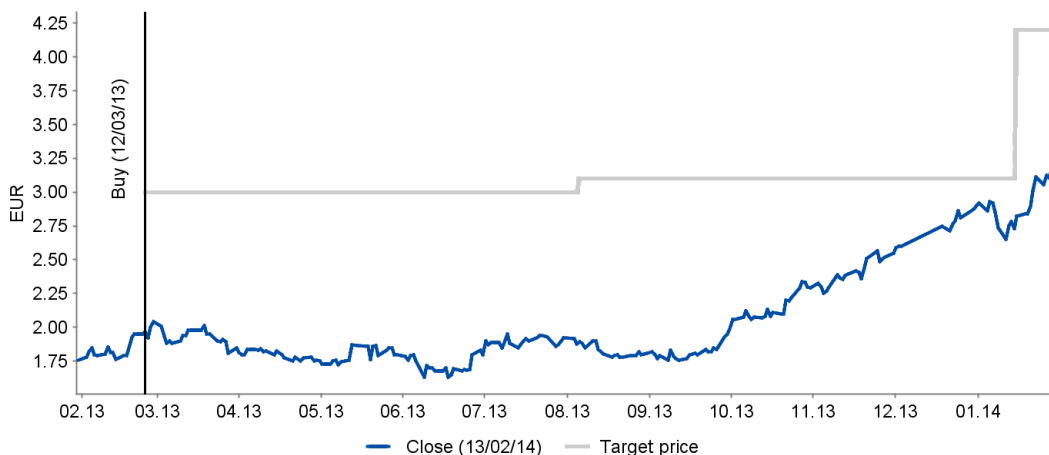
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Company	Disclosure
MS Industrie AG	5

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#### Price and Rating History MS Industrie AG as of 14/02/14

Initiation coverage  
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