

**Buy** (old: Buy)

**Price target: EUR 5.10** (old: EUR 5.10)

<b>Price:</b>	EUR 3.26	<b>Next result:</b>	Q2 2014 tbc
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 97.5 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 157.1 m

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## Very strong Q1: FY outlook looks well in-reach

This morning, MS Industrie published its KPIs for Q1'14. All in all, the figures showed an extremely strong start into the year on both top- and bottom-line.

**Q1'14 sales were up 35% yoy to € 49m** (eH&A: € 48m) largely driven by the strong demand for new heavy trucks in Europe and the US in Q1'14 (+12% yoy and +15% yoy respectively). Here, a higher contribution of the Weltmotor has been observed since (1) Euro VI has been introduced on January 1 for heavy trucks and results in sales per vehicle of c. € 900 vs. € 100-150 before and (2) Q1'13 was weak in the US as Daimler's heavy truck engine production was impacted by a supply chain problem.

**Q1'14 EBITDA was up 29% yoy to € 5.4m translating into a margin of 11.0%** (Q1'13: 11.5%). Here, a weaker sales mix with a higher relative contribution from the Diesel Motor Technology which is characterised by a higher material consumption rate was not completely offset by a higher capacity utilisation in this field.

Despite higher D&A (€ 2.8m in Q1'14 vs. € 2.5m in Q1'13), **EBIT grew strongly disproportionately by 53% yoy to € 2.6m** following the strong increase in sales and the subsequent decrease in the D&A / sales ratio. This translates into a margin of 5.3% (vs. 4.7% in Q1'13).

MS Industrie key figures (EUR m)	Q1 14	Q1 14 est.	Q1 13	yoy	Q4 13	qoq
<b>Sales</b>	<b>49.3</b>	<b>48.0</b>	<b>36.4</b>	<b>35.4%</b>	<b>50.0</b>	<b>-1.4%</b>
<b>EBITDA</b>	<b>5.4</b>	<b>5.0</b>	<b>4.2</b>	<b>28.6%</b>	<b>3.5</b>	<b>55.8%</b>
margin	11.0%	10.5%	11.5%	-0.6pp	6.9%	4.0pp
<b>EBIT</b>	<b>2.6</b>	<b>2.4</b>	<b>1.7</b>	<b>52.9%</b>	<b>0.6</b>	<b>368.5%</b>
margin	5.3%	5.1%	4.7%	0.6pp	1.1%	4.2pp
<b>Net income</b>	<b>0.8</b>	<b>0.6</b>	<b>-0.1</b>	<b>n/a</b>	<b>0.0</b>	<b>n/a</b>
margin	1.6%	1.2%	-0.3%	1.9pp	0.0%	1.6pp
<b>EPS</b>	<b>0.03</b>	<b>0.02</b>	<b>0.00</b>	<b>n/a</b>	<b>0.00</b>	<b>n/a</b>

Source: Company data, Hauck & Aufhäuser

**Outlook:** The company reiterated its outlook for FY'14 expecting around € 200m of sales and a disproportionate increase in earnings. Following the blow-out start into the year, this looks well in-reach as we expect the ongoing penetration of the Weltmotor in Europe to become more visible on both sales and earnings and as we expect the demand from NAFTA to remain solid especially as the economic situation of the region looks set to remain favourable.

Trading at **9.2x PER'15E adjusted for PPA** (€ 1.8m at EBIT level), the stock is priced ex-growth. Hence, we reiterate our **BUY rating, PT of € 5.10 based on FCFY'15E**.

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	116.7	154.3	174.8	179.8	212.1	237.3	267.8
Sales growth	14 %	32 %	13 %	3 %	18 %	12 %	13 %
EBITDA	15.9	20.9	16.3	17.3	21.6	26.6	32.1
EBIT	5.6	9.2	6.0	6.7	11.2	16.3	23.2
Net income	0.8	2.1	2.1	2.0	5.4	9.2	14.0
Net debt	49.5	74.3	81.8	84.9	59.6	49.1	36.1
Net gearing	156.3 %	218.8 %	237.5 %	237.9 %	162.0 %	106.6 %	60.1 %
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.8	1.8	1.1
EPS pro forma	0.03	0.14	0.09	0.08	0.18	0.31	0.47
CPS	-0.36	-0.52	-0.01	0.00	0.14	0.21	0.29
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	42.6 %	42.5 %	42.2 %	45.7 %	43.6 %	43.6 %	43.1 %
EBITDA margin	13.6 %	13.6 %	9.3 %	9.6 %	10.2 %	11.2 %	12.0 %
EBIT margin	4.8 %	6.0 %	3.4 %	3.7 %	5.3 %	6.9 %	8.6 %
ROCE	5.4 %	7.9 %	4.6 %	5.0 %	8.9 %	13.3 %	18.9 %
EV/sales	1.2	1.1	1.0	1.0	0.7	0.6	0.5
EV/EBITDA	8.7	8.2	10.9	10.5	7.3	5.5	4.2
EV/EBIT	24.6	18.7	29.5	26.9	14.0	9.0	5.8
PER	106.3	23.1	36.7	43.1	18.0	10.6	6.9
Adjusted FCF yield	6.2 %	8.4 %	6.0 %	5.4 %	7.3 %	10.4 %	13.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 15.05.2014



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	3.43 / 1.63
<b>Price/Book Ratio:</b>	2.7
<b>Relative performance (SDAX):</b>	
3 months	-1.4 %
6 months	35.1 %
12 months	65.4 %

## Changes in estimates

		Sales	EBIT	EPS
<b>2014</b>	<b>old:</b>	212.1	11.2	0.18
	<b>Δ</b>	-	-	-
<b>2015</b>	<b>old:</b>	237.2	16.4	0.31
	<b>Δ</b>	-	-	-
<b>2016</b>	<b>old:</b>	267.7	23.8	0.48
	<b>Δ</b>	-	-	-

## Key share data:

Number of shares: (in m pcs)	30.0
Authorised capital: (in € m)	9.7
Book value per share: (in €)	1.2
Ø trading volume: (12 months)	52,941

## Major shareholders:

Free Float	64.0 %
MS ProActive Management	20.0 %
Dreyer Ventures & Management	10.0 %
Ruffer *	5.4 %
Allianz GI *	4.2 %

\* 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.

## Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>116.7</b>	<b>154.3</b>	<b>174.8</b>	<b>179.8</b>	<b>212.1</b>	<b>237.3</b>	<b>267.8</b>
<i>Sales growth</i>	13.9 %	32.2 %	13.3 %	2.8 %	18.0 %	11.9 %	12.9 %
Increase/decrease in finished goods and work-in-process	3.1	0.9	-0.6	2.3	0.0	0.0	0.0
<b>Total sales</b>	<b>119.8</b>	<b>155.2</b>	<b>174.3</b>	<b>182.1</b>	<b>212.1</b>	<b>237.3</b>	<b>267.8</b>
Other operating income	11.5	10.9	6.4	4.5	3.3	2.5	1.8
Material expenses	68.7	89.2	100.7	98.9	119.6	133.8	152.4
Personnel expenses	29.3	33.2	38.0	42.1	44.9	48.1	51.7
Other operating expenses	17.4	22.8	25.8	28.3	29.3	31.2	33.4
Total operating expenses	103.9	134.3	158.0	164.8	190.5	210.7	235.8
<b>EBITDA</b>	<b>15.9</b>	<b>20.9</b>	<b>16.3</b>	<b>17.3</b>	<b>21.6</b>	<b>26.6</b>	<b>32.1</b>
Depreciation	7.7	7.5	7.4	7.8	8.4	8.3	8.2
<b>EBITA</b>	<b>8.2</b>	<b>13.5</b>	<b>8.9</b>	<b>9.4</b>	<b>13.2</b>	<b>18.3</b>	<b>23.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.6	2.3	2.3	2.5	2.0	2.0	0.7
Impairment charges	0.0	2.0	0.5	0.3	0.0	0.0	0.0
<b>EBIT</b>	<b>5.6</b>	<b>9.2</b>	<b>6.0</b>	<b>6.7</b>	<b>11.2</b>	<b>16.3</b>	<b>23.2</b>
Interest income	0.5	0.1	1.4	0.3	0.0	0.0	0.0
Interest expenses	4.8	7.5	6.7	4.6	3.7	3.5	2.8
Other financial result	-0.6	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-4.9	-7.4	-5.3	-4.3	-3.7	-3.5	-2.8
<b>Recurring pretax income from continuing operations</b>	<b>0.7</b>	<b>1.8</b>	<b>0.7</b>	<b>2.4</b>	<b>7.5</b>	<b>12.8</b>	<b>20.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>0.7</b>	<b>1.8</b>	<b>0.7</b>	<b>2.4</b>	<b>7.5</b>	<b>12.8</b>	<b>20.4</b>
Taxes	-0.2	-0.4	-1.3	0.2	2.1	3.6	6.3
<b>Net income from continuing operations</b>	<b>0.9</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>5.4</b>	<b>9.2</b>	<b>14.0</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>0.9</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>5.4</b>	<b>9.2</b>	<b>14.0</b>
Minority interest	0.1	0.0	0.0	0.3	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>0.8</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>5.4</b>	<b>9.2</b>	<b>14.0</b>
Average number of shares	26.4	28.9	29.3	29.5	30.0	30.0	30.0
<b>EPS reported</b>	<b>0.03</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.18</b>	<b>0.31</b>	<b>0.47</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<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	2.7 %	0.6 %	-0.3 %	1.3 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>102.7 %</b>	<b>100.6 %</b>	<b>99.7 %</b>	<b>101.3 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	9.9 %	7.1 %	3.7 %	2.5 %	1.6 %	1.1 %	0.7 %
Material expenses	58.9 %	57.8 %	57.6 %	55.0 %	56.4 %	56.4 %	56.9 %
Personnel expenses	25.2 %	21.5 %	21.7 %	23.4 %	21.2 %	20.3 %	19.3 %
Other operating expenses	14.9 %	14.8 %	14.8 %	15.7 %	13.8 %	13.2 %	12.5 %
Total operating expenses	89.0 %	87.0 %	90.4 %	91.7 %	89.8 %	88.8 %	88.0 %
<b>EBITDA</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>9.6 %</b>	<b>10.2 %</b>	<b>11.2 %</b>	<b>12.0 %</b>
Depreciation	6.6 %	4.8 %	4.3 %	4.4 %	4.0 %	3.5 %	3.1 %
<b>EBITA</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.2 %</b>	<b>6.2 %</b>	<b>7.7 %</b>	<b>8.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.3 %	1.5 %	1.3 %	1.4 %	0.9 %	0.8 %	0.3 %
Impairment charges	0.0 %	1.3 %	0.3 %	0.1 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>4.8 %</b>	<b>6.0 %</b>	<b>3.4 %</b>	<b>3.7 %</b>	<b>5.3 %</b>	<b>6.9 %</b>	<b>8.6 %</b>
Interest income	0.4 %	0.1 %	0.8 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest expenses	4.1 %	4.9 %	3.8 %	2.5 %	1.7 %	1.5 %	1.0 %
Other financial result	-0.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-4.2 %	-4.8 %	-3.0 %	-2.4 %	-1.7 %	-1.5 %	-1.0 %
<b>Recurring pretax income from continuing operations</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>0.4 %</b>	<b>1.4 %</b>	<b>3.5 %</b>	<b>5.4 %</b>	<b>7.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>0.6 %</b>	<b>1.2 %</b>	<b>0.4 %</b>	<b>1.4 %</b>	<b>3.5 %</b>	<b>5.4 %</b>	<b>7.6 %</b>
Tax rate	-34.6 %	-20.4 %	-177.6 %	6.5 %	28.0 %	28.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>0.8 %</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.3 %</b>	<b>2.5 %</b>	<b>3.9 %</b>	<b>5.2 %</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>0.8 %</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.3 %</b>	<b>2.5 %</b>	<b>3.9 %</b>	<b>5.2 %</b>
Minority interest	0.1 %	0.0 %	0.0 %	0.2 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>0.7 %</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.1 %</b>	<b>2.5 %</b>	<b>3.9 %</b>	<b>5.2 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>11.3</b>	<b>9.6</b>	<b>7.7</b>	<b>6.2</b>	<b>4.2</b>	<b>2.2</b>	<b>1.5</b>
Property, plant and equipment	56.8	52.9	63.1	61.8	54.4	50.2	46.1
Financial assets	13.1	11.1	14.3	23.2	4.0	4.0	4.0
<b>FIXED ASSETS</b>	<b>81.3</b>	<b>73.5</b>	<b>85.1</b>	<b>91.1</b>	<b>62.5</b>	<b>56.4</b>	<b>51.6</b>
Inventories	20.5	25.6	23.7	28.4	30.3	33.9	38.3
Accounts receivable	19.1	21.8	22.7	23.1	27.3	30.5	34.4
Other current assets	11.4	16.1	10.4	8.5	8.5	8.5	8.5
Liquid assets	7.1	5.1	10.5	3.6	11.9	24.5	11.7
Deferred taxes	1.9	0.2	1.0	0.6	0.6	0.6	0.6
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>60.1</b>	<b>68.7</b>	<b>68.2</b>	<b>64.3</b>	<b>78.7</b>	<b>98.1</b>	<b>93.6</b>
<b>TOTAL ASSETS</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>155.5</b>	<b>141.2</b>	<b>154.4</b>	<b>145.2</b>
SHAREHOLDERS EQUITY	31.7	34.0	34.4	35.7	36.8	46.0	60.1
MINORITY INTEREST	2.1	1.5	1.3	0.9	0.0	0.0	0.0
Long-term debt	50.9	59.1	76.0	74.9	57.9	59.9	34.2
Provisions for pensions and similar obligations	3.1	3.2	0.0	0.0	0.0	0.0	0.0
Other provisions	13.6	6.2	7.0	9.1	9.1	9.1	9.1
<b>Non-current liabilities</b>	<b>67.6</b>	<b>68.5</b>	<b>83.0</b>	<b>84.0</b>	<b>67.0</b>	<b>69.0</b>	<b>43.3</b>
short-term liabilities to banks	5.7	20.2	16.2	13.6	13.6	13.6	13.6
Accounts payable	11.9	11.1	10.3	14.2	16.7	18.7	21.1
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)	16.3	3.7	6.5	5.9	5.9	5.9	5.9
Deferred taxes	6.2	3.3	1.6	1.1	1.1	1.1	1.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>40.0</b>	<b>38.3</b>	<b>34.6</b>	<b>34.9</b>	<b>37.4</b>	<b>39.4</b>	<b>41.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>155.5</b>	<b>141.2</b>	<b>154.4</b>	<b>145.2</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>8.0 %</b>	<b>6.7 %</b>	<b>5.0 %</b>	<b>4.0 %</b>	<b>2.9 %</b>	<b>1.4 %</b>	<b>1.0 %</b>
Property, plant and equipment	40.2 %	37.2 %	41.2 %	39.7 %	38.5 %	32.5 %	31.8 %
Financial assets	9.3 %	7.8 %	9.3 %	14.9 %	2.8 %	2.6 %	2.8 %
<b>FIXED ASSETS</b>	<b>57.5 %</b>	<b>51.7 %</b>	<b>55.5 %</b>	<b>58.6 %</b>	<b>44.3 %</b>	<b>36.5 %</b>	<b>35.5 %</b>
Inventories	14.5 %	18.0 %	15.5 %	18.3 %	21.5 %	21.9 %	26.3 %
Accounts receivable	13.5 %	15.3 %	14.8 %	14.9 %	19.3 %	19.8 %	23.7 %
Other current assets	8.1 %	11.3 %	6.8 %	5.5 %	6.0 %	5.5 %	5.9 %
Liquid assets	5.0 %	3.6 %	6.8 %	2.3 %	8.5 %	15.8 %	8.1 %
Deferred taxes	1.4 %	0.2 %	0.6 %	0.4 %	0.5 %	0.4 %	0.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>42.5 %</b>	<b>48.3 %</b>	<b>44.5 %</b>	<b>41.4 %</b>	<b>55.7 %</b>	<b>63.5 %</b>	<b>64.5 %</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	22.4 %	23.9 %	22.5 %	23.0 %	26.1 %	29.8 %	41.4 %
MINORITY INTEREST	1.5 %	1.0 %	0.8 %	0.6 %	0.0 %	0.0 %	0.0 %
Long-term debt	36.0 %	41.6 %	49.6 %	48.2 %	41.0 %	38.8 %	23.6 %
Provisions for pensions and similar obligations	2.2 %	2.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	9.6 %	4.4 %	4.6 %	5.8 %	6.4 %	5.9 %	6.2 %
<b>Non-current liabilities</b>	<b>47.8 %</b>	<b>48.2 %</b>	<b>54.1 %</b>	<b>54.0 %</b>	<b>47.4 %</b>	<b>44.7 %</b>	<b>29.8 %</b>
short-term liabilities to banks	4.0 %	14.2 %	10.6 %	8.8 %	9.6 %	8.8 %	9.4 %
Accounts payable	8.4 %	7.8 %	6.7 %	9.1 %	11.9 %	12.1 %	14.6 %
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)	11.5 %	2.6 %	4.3 %	3.8 %	4.2 %	3.9 %	4.1 %
Deferred taxes	4.4 %	2.3 %	1.0 %	0.7 %	0.8 %	0.7 %	0.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>28.3 %</b>	<b>26.9 %</b>	<b>22.6 %</b>	<b>22.4 %</b>	<b>26.5 %</b>	<b>25.5 %</b>	<b>28.8 %</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)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	0.9	2.2	2.1	2.3	5.4	9.2	14.0
Depreciation of fixed assets (incl. leases)	7.7	7.5	7.4	7.8	8.4	8.3	8.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.6	2.3	2.3	2.5	2.0	2.0	0.7
Others	-4.7	-1.0	-1.0	0.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	6.5	10.9	10.8	12.9	15.8	19.5	22.9
Increase/decrease in inventory	-13.1	-11.4	-0.7	-2.9	-1.9	-3.6	-4.4
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-4.2	-3.2	-3.9
Increase/decrease in accounts payable	5.5	-6.7	-2.5	-1.8	2.6	2.0	2.4
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	-7.6	-18.0	-3.3	-4.6	-3.5	-4.8	-5.9
<b>Cash flow from operating activities</b>	<b>-1.2</b>	<b>-7.1</b>	<b>7.6</b>	<b>8.2</b>	<b>12.3</b>	<b>14.7</b>	<b>17.1</b>
CAPEX	3.8	11.0	17.2	7.5	6.0	4.2	4.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.3	0.0	0.0	4.3	0.0	0.0	0.0
Income from asset disposals	2.0	3.7	1.4	0.5	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.0</b>	<b>-7.3</b>	<b>-15.9</b>	<b>-11.3</b>	<b>-6.0</b>	<b>-4.2</b>	<b>-4.1</b>
Cash flow before financing	-3.2	-14.5	-8.4	-3.0	6.3	10.5	13.0
Increase/decrease in debt position	0.5	13.7	14.2	-3.7	2.0	2.0	-25.7
Purchase of own shares	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Capital measures	2.6	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	-1.0	-0.9	-0.1	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	-0.4	-0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>2.2</b>	<b>12.5</b>	<b>14.1</b>	<b>-3.7</b>	<b>2.0</b>	<b>2.0</b>	<b>-25.7</b>
Increase/decrease in liquid assets	-1.0	-2.0	5.4	-6.8	8.3	12.5	-12.7
<b>Liquid assets at end of period</b>	<b>7.1</b>	<b>5.1</b>	<b>10.5</b>	<b>3.6</b>	<b>11.9</b>	<b>24.5</b>	<b>11.7</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	72.9	78.3	88.0	96.2	0.0	0.0	0.0
yoy change	14.4 %	7.4 %	12.3 %	9.3 %	n/a	n/a	n/a
Rest of Europe	5.4	15.5	9.4	11.4	0.0	0.0	0.0
yoy change	-7.6 %	185.6 %	-39.4 %	20.6 %	n/a	n/a	n/a
NAFTA	35.2	55.7	74.1	66.1	0.0	0.0	0.0
yoy change	13.4 %	58.1 %	33.1 %	-10.8 %	n/a	n/a	n/a
Asia Pacific	0.2	0.1	0.9	0.2	0.0	0.0	0.0
yoy change	-69.0 %	-45.8 %	796.2 %	-76.0 %	n/a	n/a	n/a
Rest of world	2.9	4.6	2.4	5.9	0.0	0.0	0.0
yoy change	156.7 %	61.4 %	-48.0 %	143.2 %	n/a	n/a	n/a
<b>TTL</b>	<b>116.7</b>	<b>154.3</b>	<b>174.8</b>	<b>179.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
yoy change	13.9 %	32.2 %	13.3 %	2.8 %	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	13.9 %	32.2 %	13.3 %	2.8 %	18.0 %	11.9 %	12.9 %
EBITDA growth	155.8 %	31.6 %	-22.2 %	6.1 %	25.0 %	23.4 %	20.3 %
EBIT growth	-238.7 %	63.4 %	-34.4 %	11.8 %	66.3 %	46.1 %	41.7 %
EPS growth	-108.6 %	138.2 %	-1.8 %	-2.1 %	157.5 %	70.7 %	52.2 %
<b>Efficiency</b>							
Total operating costs / sales	89.0 %	87.0 %	90.4 %	91.7 %	89.8 %	88.8 %	88.0 %
Sales per employee	171.6	208.2	177.5	173.9	197.9	212.4	234.1
EBITDA per employee	23.4	28.3	16.5	16.7	20.1	23.8	28.0
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.9 %	20.8 %	20.7 %	20.4 %	18.4 %	18.2 %	18.2 %
Inventory turnover (sales/inventory)	5.7	6.0	7.4	6.3	7.0	7.0	7.0
Trade debtors in days of sales	59.9	51.6	47.4	46.9	46.9	46.9	46.9
A/P turnover [(A/P*365)/sales]	37.2	26.3	21.5	28.8	28.8	28.8	28.8
Cash conversion cycle (days)	105.8	110.8	96.1	99.4	88.3	88.3	87.9
<b>Cash flow analysis</b>							
Free cash flow	-5.0	-18.2	-9.7	0.7	6.3	10.5	13.0
Free cash flow/sales	-4.3 %	-11.8 %	-5.5 %	0.4 %	3.0 %	4.4 %	4.8 %
FCF / net profit	-618.6 %	-862.2 %	-463.6 %	35.3 %	116.8 %	114.1 %	92.4 %
Capex / depre	39.5 %	113.1 %	176.9 %	114.6 %	57.7 %	40.3 %	46.1 %
Capex / maintenance capex	46.2 %	143.5 %	237.7 %	96.1 %	72.8 %	50.4 %	49.8 %
Capex / sales	3.5 %	7.2 %	9.9 %	6.6 %	2.8 %	1.7 %	1.5 %
<b>Security</b>							
Net debt	49.5	74.3	81.8	84.9	59.6	49.1	36.1
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.8	1.8	1.1
Net debt / equity	1.6	2.2	2.4	2.4	1.6	1.1	0.6
Interest cover	1.2	1.2	0.9	1.5	3.0	4.6	8.3
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.1	1.2	1.3	1.3	1.8	1.8	2.3
Operating assets turnover	1.4	1.7	1.8	1.8	2.2	2.5	2.7
Plant turnover	2.1	2.9	2.8	2.9	3.9	4.7	5.8
Inventory turnover (sales/inventory)	5.7	6.0	7.4	6.3	7.0	7.0	7.0
<b>Returns</b>							
ROCE	5.4 %	7.9 %	4.6 %	5.0 %	8.9 %	13.3 %	18.9 %
ROE	2.5 %	6.2 %	6.1 %	5.5 %	14.7 %	20.1 %	23.4 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	11.1 %	7.8 %	5.1 %	4.6 %	4.9 %	4.6 %
No. employees (average)	680	741	985	1034	1072	1118	1144
Number of shares	26.4	28.9	29.3	29.5	30.0	30.0	30.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	0.03	0.07	0.07	0.07	0.18	0.31	0.47
<b>Valuation ratios</b>							
P/BV	2.7	2.8	2.8	2.7	2.6	2.1	1.6
EV/sales	1.2	1.1	1.0	1.0	0.7	0.6	0.5
EV/EBITDA	8.7	8.2	10.9	10.5	7.3	5.5	4.2
EV/EBITA	16.8	12.7	20.1	19.2	11.9	8.0	5.6
EV/EBIT	24.6	18.7	29.5	26.9	14.0	9.0	5.8
EV/FCF	-27.7	-9.4	-18.3	259.4	24.9	13.9	10.3
Adjusted FCF yield	6.2 %	8.4 %	6.0 %	5.4 %	7.3 %	10.4 %	13.5 %
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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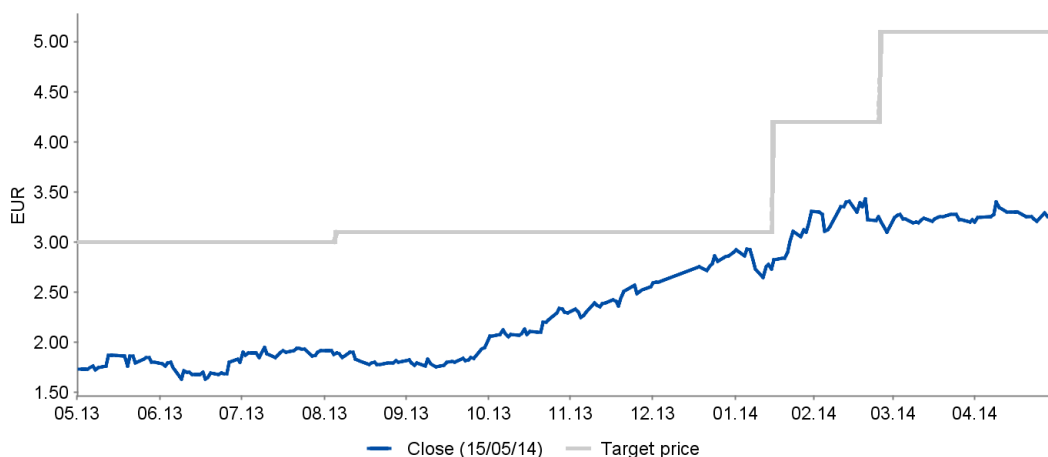
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Company	Disclosure
MS Industrie AG	5

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