

**Buy** (old: Buy)

**Price target: EUR 5.00** (old: EUR 5.00)

<b>Price:</b>	EUR 3.16	<b>Next result:</b>	Q3 2014 15.11.14
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 94.8 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 154.1 m

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## Recent weakness is an attractive buying opportunity

Following the recent sector newsflow pointing to a weakening of the European truck market (Daimler expecting the European truck market to be down at least 5% yoy in 2014, MAN profit-warning), MS Industrie's stock has suffered in recent weeks in the absence of any specific company newsflow. As confirmed in our meeting with management, MS looks still well on-track to achieve strong sales and earnings growth this year on the back of the increasing penetration of Daimler's Weltmotor. **Hence, we see current share price levels as an attractive buying opportunity.**

**Daimler (c. 50% of group sales):** In the US, demand is very strong and MS Industrie operates at high levels of capacity utilisation while the switch to the Weltmotor compensates for lower volumes in Europe (sales per vehicle c. € 900 vs. c. € 100-150 previously). As a result, even if Daimler announced recently that it would produce fewer trucks in EU than anticipated at beginning of the year, there is no reason to worry. Moreover, MS Industrie systematically calculates with a discount (eH&A: c. 10%) to the production figures indicated by Daimler in order to avoid disappointment and too much unused capacity.

**MAN (c. 6% of group sales):** Management stated that business with MAN has been weak since the beginning of the year (mainly due to Brazil) without having a significant impact on MS Industrie's operations. Hence, the latest newsflow was no surprise.

**Welding Technology (c. 20% of group sales):** In the Welding business, operations are going well with a significant sales increase of more than 10% yoy targeted for FY'14E. During our last roadshow in London, management even stated that the order backlog reaches well into FY'15E which has to be seen positively as this business bears higher margins (in excess of 10% EBITDA) than the truck business.

**Current trading:** Regarding Q3, management's statements were in particular upbeat regarding the development of Welding sales while overall weaker truck market figures do not cause concerns. Due to a strong Welding business, the mix should be more positive than in Q2 (more high-margin Welding) while the absence of significant one-offs bodes additionally well for a strong bottom-line performance.

We see the current weakness as a very attractive buying opportunity as MS Industrie should continue its growth path despite somewhat weaker truck markets thanks to the gradually increasing penetration of the Weltmotor. **BUY. PT of € 5.00 is based on FCFY'15E.**



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	4.20 / 1.80
<b>Price/Book Ratio:</b>	2.6
<b>Relative performance (SDAX):</b>	
3 months	-8.4 %
6 months	3.7 %
12 months	69.9 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	212.1	10.5	0.18
	Δ	-	-	-
2015	old:	237.3	16.1	0.30
	Δ	-	-	-
2016	old:	267.8	23.0	0.46
	Δ	-	-	-

### 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	20.0 %
Management	10.0 %
Dreyer Ventures & Management	6.0 %
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.

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	21.2	26.6	32.1
EBIT	5.6	9.2	6.0	6.7	10.5	16.1	23.0
Net income	0.8	2.1	2.1	2.0	5.3	9.0	13.9
Net debt	49.5	74.3	81.8	84.9	59.3	49.4	37.0
Net gearing	156.3 %	218.8 %	237.5 %	237.9 %	161.6 %	107.9 %	61.9 %
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.8	1.9	1.2
EPS pro forma	0.03	0.14	0.09	0.08	0.18	0.30	0.46
CPS	-0.36	-0.52	-0.01	0.00	0.12	0.19	0.27
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 %	43.7 %	43.6 %	43.1 %
EBITDA margin	13.6 %	13.6 %	9.3 %	9.6 %	10.0 %	11.2 %	12.0 %
EBIT margin	4.8 %	6.0 %	3.4 %	3.7 %	4.9 %	6.8 %	8.6 %
ROCE	5.4 %	7.9 %	4.6 %	5.0 %	8.3 %	13.2 %	18.7 %
EV/sales	1.2	1.1	1.0	1.0	0.7	0.6	0.5
EV/EBITDA	8.6	8.1	10.7	10.3	7.3	5.4	4.1
EV/EBIT	24.2	18.4	29.1	26.5	14.7	9.0	5.7
PER	103.4	22.5	35.7	41.9	17.8	10.5	6.8
Adjusted FCF yield	6.3 %	8.5 %	6.1 %	5.5 %	7.8 %	10.5 %	13.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 01.10.2014

## 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	2.0
Material expenses	68.7	89.2	100.7	98.9	119.4	133.8	152.4
Personnel expenses	29.3	33.2	38.0	42.1	46.8	49.6	53.6
Other operating expenses	17.4	22.8	25.8	28.3	28.1	29.8	31.7
Total operating expenses	103.9	134.3	158.0	164.8	191.0	210.7	235.7
<b>EBITDA</b>	<b>15.9</b>	<b>20.9</b>	<b>16.3</b>	<b>17.3</b>	<b>21.2</b>	<b>26.6</b>	<b>32.1</b>
Depreciation	7.7	7.5	7.4	7.8	8.7	8.5	8.4
<b>EBITA</b>	<b>8.2</b>	<b>13.5</b>	<b>8.9</b>	<b>9.4</b>	<b>12.5</b>	<b>18.1</b>	<b>23.7</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>10.5</b>	<b>16.1</b>	<b>23.0</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	4.0	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	-4.0	-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>6.5</b>	<b>12.5</b>	<b>20.2</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>6.5</b>	<b>12.5</b>	<b>20.2</b>
Taxes	-0.2	-0.4	-1.3	0.2	1.2	3.5	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>5.3</b>	<b>9.0</b>	<b>13.9</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>5.3</b>	<b>9.0</b>	<b>13.9</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>5.3</b>	<b>9.0</b>	<b>13.9</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>0.30</b>	<b>0.46</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 %	56.3 %	56.4 %	56.9 %
Personnel expenses	25.2 %	21.5 %	21.7 %	23.4 %	22.1 %	20.9 %	20.0 %
Other operating expenses	14.9 %	14.8 %	14.8 %	15.7 %	13.2 %	12.5 %	11.8 %
Total operating expenses	89.0 %	87.0 %	90.4 %	91.7 %	90.0 %	88.8 %	88.0 %
<b>EBITDA</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>9.6 %</b>	<b>10.0 %</b>	<b>11.2 %</b>	<b>12.0 %</b>
Depreciation	6.6 %	4.8 %	4.3 %	4.4 %	4.1 %	3.6 %	3.1 %
<b>EBITA</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.2 %</b>	<b>5.9 %</b>	<b>7.6 %</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>4.9 %</b>	<b>6.8 %</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 %	1.9 %	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 %	-1.9 %	-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>3.1 %</b>	<b>5.3 %</b>	<b>7.5 %</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>3.1 %</b>	<b>5.3 %</b>	<b>7.5 %</b>
Tax rate	-34.6 %	-20.4 %	-177.6 %	6.5 %	18.0 %	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>3.8 %</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>3.8 %</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>3.8 %</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	50.1	45.8	41.6
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>58.2</b>	<b>52.0</b>	<b>47.1</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	11.5	23.4	12.1
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>78.2</b>	<b>97.0</b>	<b>94.0</b>
<b>TOTAL ASSETS</b>	<b>141.4</b>	<b>142.2</b>	<b>153.3</b>	<b>155.5</b>	<b>136.5</b>	<b>149.0</b>	<b>141.1</b>
SHAREHOLDERS EQUITY	31.7	34.0	34.4	35.7	36.7	45.8	59.7
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	57.2	59.2	33.5
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>66.3</b>	<b>68.3</b>	<b>42.6</b>
short-term liabilities to banks	5.7	20.2	16.2	13.6	13.6	13.6	15.6
Accounts payable	11.9	11.1	10.3	14.2	12.8	14.3	16.1
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>33.5</b>	<b>35.0</b>	<b>38.8</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>136.5</b>	<b>149.0</b>	<b>141.1</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>3.0 %</b>	<b>1.4 %</b>	<b>1.0 %</b>
Property, plant and equipment	40.2 %	37.2 %	41.2 %	39.7 %	36.7 %	30.7 %	29.5 %
Financial assets	9.3 %	7.8 %	9.3 %	14.9 %	2.9 %	2.7 %	2.8 %
<b>FIXED ASSETS</b>	<b>57.5 %</b>	<b>51.7 %</b>	<b>55.5 %</b>	<b>58.6 %</b>	<b>42.7 %</b>	<b>34.9 %</b>	<b>33.4 %</b>
Inventories	14.5 %	18.0 %	15.5 %	18.3 %	22.2 %	22.8 %	27.1 %
Accounts receivable	13.5 %	15.3 %	14.8 %	14.9 %	20.0 %	20.5 %	24.4 %
Other current assets	8.1 %	11.3 %	6.8 %	5.5 %	6.3 %	5.7 %	6.1 %
Liquid assets	5.0 %	3.6 %	6.8 %	2.3 %	8.4 %	15.7 %	8.6 %
Deferred taxes	1.4 %	0.2 %	0.6 %	0.4 %	0.5 %	0.4 %	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>42.5 %</b>	<b>48.3 %</b>	<b>44.5 %</b>	<b>41.4 %</b>	<b>57.3 %</b>	<b>65.1 %</b>	<b>66.6 %</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	22.4 %	23.9 %	22.5 %	23.0 %	26.9 %	30.7 %	42.3 %
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 %	41.9 %	39.7 %	23.7 %
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 %	6.6 %	6.1 %	6.4 %
<b>Non-current liabilities</b>	<b>47.8 %</b>	<b>48.2 %</b>	<b>54.1 %</b>	<b>54.0 %</b>	<b>48.6 %</b>	<b>45.8 %</b>	<b>30.2 %</b>
short-term liabilities to banks	4.0 %	14.2 %	10.6 %	8.8 %	10.0 %	9.1 %	11.1 %
Accounts payable	8.4 %	7.8 %	6.7 %	9.1 %	9.4 %	9.6 %	11.4 %
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)	11.5 %	2.6 %	4.3 %	3.8 %	4.4 %	4.0 %	4.2 %
Deferred taxes	4.4 %	2.3 %	1.0 %	0.7 %	0.8 %	0.8 %	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>24.5 %</b>	<b>23.5 %</b>	<b>27.5 %</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)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	0.9	2.2	2.1	2.3	5.3	9.0	13.9
Depreciation of fixed assets (incl. leases)	7.7	7.5	7.4	7.8	8.7	8.5	8.4
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	16.0	19.5	23.0
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	1.8	1.5	1.8
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	-7.6	-18.0	-3.3	-4.6	-4.2	-5.3	-6.4
<b>Cash flow from operating activities</b>	<b>-1.2</b>	<b>-7.1</b>	<b>7.6</b>	<b>8.2</b>	<b>11.8</b>	<b>14.2</b>	<b>16.6</b>
CAPEX	3.8	11.0	17.2	7.5	6.0	4.3	4.2
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>-4.3</b>	<b>-4.2</b>
Cash flow before financing	-3.2	-14.5	-8.4	-3.0	5.8	10.0	12.4
Increase/decrease in debt position	0.5	13.7	14.2	-3.7	2.0	2.0	-23.7
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>-23.7</b>
Increase/decrease in liquid assets	-1.0	-2.0	5.4	-6.8	7.8	12.0	-11.3
<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>11.5</b>	<b>23.4</b>	<b>12.1</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 %	22.5 %	25.5 %	20.9 %
EBIT growth	-238.7 %	63.4 %	-34.4 %	11.8 %	55.5 %	53.5 %	43.2 %
EPS growth	-108.6 %	138.2 %	-1.8 %	-2.1 %	154.2 %	69.1 %	54.5 %
<b>Efficiency</b>							
Total operating costs / sales	89.0 %	87.0 %	90.4 %	91.7 %	90.0 %	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	19.7	23.8	28.1
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.9 %	20.8 %	20.7 %	20.4 %	19.4 %	20.0 %	19.9 %
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	22.0	22.0	22.0
Cash conversion cycle (days)	105.8	110.8	96.1	99.4	100.5	100.4	99.9
<b>Cash flow analysis</b>							
Free cash flow	-5.0	-18.2	-9.7	0.7	5.8	10.0	12.4
Free cash flow/sales	-4.3 %	-11.8 %	-5.5 %	0.4 %	2.8 %	4.2 %	4.6 %
FCF / net profit	-618.6 %	-862.2 %	-463.6 %	35.3 %	109.3 %	110.3 %	88.9 %
Capex / depre	39.5 %	113.1 %	176.9 %	114.6 %	56.1 %	40.5 %	46.2 %
Capex / maintenance capex	46.2 %	143.5 %	237.7 %	96.1 %	72.8 %	50.6 %	48.8 %
Capex / sales	3.5 %	7.2 %	9.9 %	6.6 %	2.8 %	1.8 %	1.6 %
<b>Security</b>							
Net debt	49.5	74.3	81.8	84.9	59.3	49.4	37.0
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.8	1.9	1.2
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	2.6	4.6	8.2
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	1.9	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	4.2	5.2	6.4
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 %	8.3 %	13.2 %	18.7 %
ROE	2.5 %	6.2 %	6.1 %	5.5 %	14.5 %	19.7 %	23.4 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	11.1 %	7.8 %	5.1 %	5.0 %	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	0.30	0.46
<b>Valuation ratios</b>							
P/BV	2.6	2.7	2.7	2.6	2.6	2.1	1.6
EV/sales	1.2	1.1	1.0	1.0	0.7	0.6	0.5
EV/EBITDA	8.6	8.1	10.7	10.3	7.3	5.4	4.1
EV/EBITA	16.5	12.5	19.8	18.9	12.4	8.0	5.6
EV/EBIT	24.2	18.4	29.1	26.5	14.7	9.0	5.7
EV/FCF	-27.3	-9.3	-18.0	255.6	26.4	14.5	10.6
Adjusted FCF yield	6.3 %	8.5 %	6.1 %	5.5 %	7.8 %	10.5 %	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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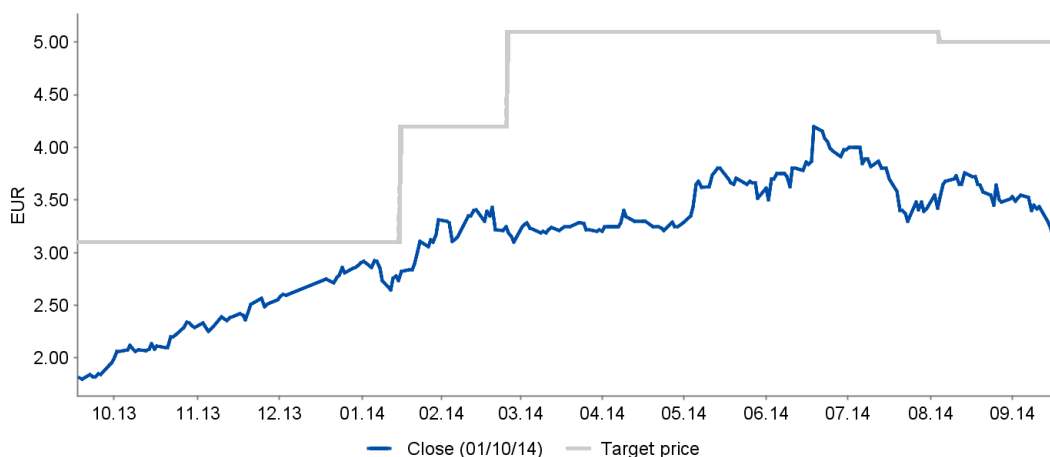
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Company	Disclosure
MS Industrie AG	5

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

**Price and Rating History**  
MS Industrie AG as of 02/10/14

**Initiation coverage**  
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