

**Buy** (old: Buy)

**Price target: EUR 5.70** (old: EUR 5.70)

<b>Price:</b>	EUR 4.04	<b>Next result:</b>	Q4/FY 2014 30.04.15
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 121.2 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 179.2 m

22-April-15

**Christian Glowa**  
Analyst

christian.glowa@ha-research.de  
Tel.: +49 40 414 3885 95

## Q4/FY14E Preview – sound outlook expected

MS Industrie will report Q4/ FY14 results 30<sup>th</sup> of April. With the final set of results we expect management to provide a rough guidance for FY15E achieving sales > € 230m (eH&A: € 235m) while all relevant profitability figures should be improved yoy.

**Q4 sales are seen to increase by c. 9.4% yoy to € 54.7m** driven by its core business (Powertrain Technology c. 70% of total sales of which some c. 40% are related to the 'Weltmotor') especially driven by high volumes in the US (c. +50% yoy to 78k units in 2014E) benefitting from a positive economic environment and subsequent increasing road freight volumes as well as the need for fleet replacement. Moreover, sales are seen to have accelerated in Europe due to the introduction of the Euro VI regulations (c. +72% yoy to 62k units in 2014E) and also considering the investment backlog (truck registration in the EU still below 2008 level – see page 2). In 2015E, we expect total volumes to grow by c. 12% yoy to c. 155k units mainly driven by the US.

**Q4 EBIT should increase disproportionately by > 300% yoy to € 2.6m** carried by higher capacity utilisation in the truck business as well as a positive product mix with solid ultrasonic technology sales (eH&A: + c. 9% to € 40m; c. 19% of total sales).

**We are confident that news flow should remain positive, given the appealing growth prospects.** Sales are seen to grow by a 13.5% CAGR '13-16E to € 263m while **EPS should grow disproportionately** by a c. 80% CAGR to € 0.40 respectively driven by economies of scale, improved efficiency/ utilisation, an improvement of the net financial result (based on ongoing deleveraging & refinancing) and the fade-out of PPA amortisations.

**Continued growth ahead: MS Industrie has two significant share price catalyst** (not reflected in our estimates): (1) additional Weltmotor sales volume (eH&A: c. 35k units) should be triggered by the gradual implementation of the Euro VI standards globally (e.g. China already introduced Euro VI standards in big cities, Brazil is yet to come) or and/or MS Industrie receives another large order from a new customer as Daimler's competitors (e.g. Volvo) begin developing comparable engines and (2) a ramp-up of the Ultrasonic business (welding for the packing machinery industry c. < 2% of total sales) when the Ultrasonic Technology gradually replaces conventional/ heating welding systems (still capturing c. 90% of total market) given major cost saving advantages (e.g. less material, time, maintenance costs).  
– continued –

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	116.7	154.3	174.8	179.8	212.8	235.5	262.6
Sales growth	14 %	32 %	13 %	3 %	18 %	11 %	12 %
EBITDA	15.9	20.9	16.3	17.3	21.5	25.5	29.9
EBIT	5.6	9.2	6.0	6.7	10.5	14.7	20.6
Net income	0.8	2.1	2.1	2.0	5.3	8.0	12.0
Net debt	49.5	74.3	81.8	84.9	58.0	48.3	36.9
Net gearing	156.3 %	218.8 %	237.5 %	237.9 %	158.2 %	108.2 %	65.1 %
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.7	1.9	1.2
EPS pro forma	0.03	0.14	0.09	0.08	0.18	0.27	0.40
CPS	-0.29	-0.47	0.03	0.04	0.19	0.22	0.26
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 %	43.7 %	43.4 %
EBITDA margin	13.6 %	13.6 %	9.3 %	9.6 %	10.1 %	10.8 %	11.4 %
EBIT margin	4.8 %	6.0 %	3.4 %	3.7 %	4.9 %	6.2 %	7.9 %
ROCE	5.4 %	7.9 %	4.6 %	5.0 %	8.3 %	12.1 %	17.1 %
EV/sales	1.4	1.3	1.1	1.1	0.8	0.7	0.6
EV/EBITDA	10.0	9.3	12.3	11.8	8.4	6.7	5.3
EV/EBIT	28.4	21.2	33.4	30.3	17.1	11.6	7.7
PER	132.2	28.7	45.6	53.6	22.8	15.2	10.1
Adjusted FCF yield	6.5 %	8.0 %	5.8 %	5.4 %	7.6 %	8.9 %	10.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.04.2015



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.20 / 2.66

**Price/Book Ratio:** 3.3

**Relative performance (SDAX):**

3 months -8.1 %

6 months -10.1 %

12 months 0.4 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	212.8	10.5	0.18
	Δ	-	-	-0.7%
2015	old:	235.5	14.7	0.27
	Δ	-	-	-
2016	old:	262.6	20.6	0.40
	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 66.6 %

MS ProActive 20.7 %

Dr. Andreas Aufschneider 6.2 %

Allianz GI \* 5.1 %

Ruffer \* 4.8 %

Christian Dreyer \* 3.3 %

### 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.

# MS Industrie AG

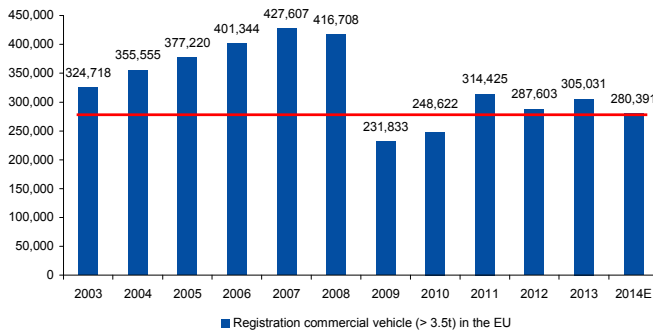
Given the high visibility of the business and the very attractive growth perspectives, valuation looks undemanding (EV/EBIT 7.5x 2016E adjusted for PPA amortisations). We confirm our **BUY** rating with a **PT of € 5.70** based on average FCFY'15/16E.

MS Industrie key figures (EUR m)	Q4 14 est.	Q4 13	yoy	Q3 14	qoq	FY 14 est.	FY 13	yoy
Sales	54.7	50.0	9.4%	53.5	2.2%	212.8	179.8	18.4%
EBITDA	5.3	3.5	51.7%	6.0	-11.9%	21.5	17.3	24.2%
margin	9.6%	6.9%	2.7 pp	11.2%	-1.5 pp	10.1%	9.6%	0.5 pp
EBIT	2.6	0.6	360.9%	3.2	-21.1%	10.5	6.7	55.4%
margin	4.7%	1.1%	3.6 pp	6.1%	-1.4 pp	4.9%	3.7%	1.2 pp
Net income	1.4	0.0	-	1.5	-4.3%	5.3	2.0	168.6%
margin	2.6%	0.0%	2.6 pp	2.7%	-0.2 pp	2.5%	1.1%	1.4 pp
EPS	0.0	0.0	-	0.1	-6.3%	0.2	0.1	152.6%

Source: Company data; Hauck & Aufhäuser

## EU investment backlog – registrations of commercial vehicle still below 2008 level

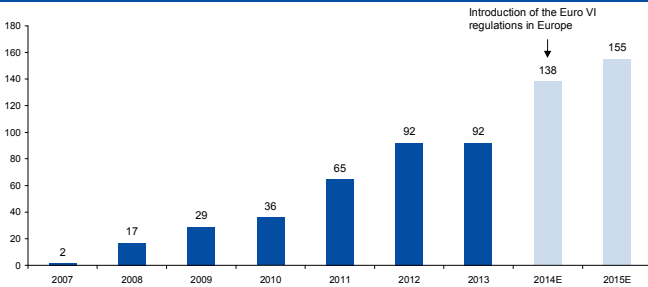
Registration of commercial vehicle (> 3.5t) in the EU



Source: ACEA; Hauck & Aufhäuser

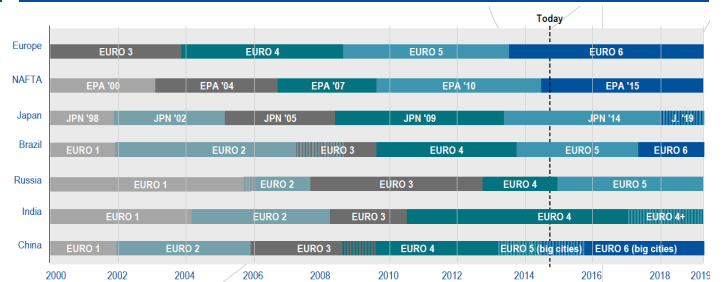
## Continued growth ahead - EU VI standards gradually introduced in big cities in China – Brazil is yet to come

Development number of units (in thousand) Daimler "Weltmotor"



Source: Company data; Hauck & Aufhäuser

Tightening emission standards for duty vehicles (buses and trucks) with the Euro VI standards



Source: Company data; Hauck & Aufhäuser

## 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>212.8</b>	<b>235.5</b>	<b>262.6</b>
<i>Sales growth</i>	13.9 %	32.2 %	13.3 %	2.8 %	18.4 %	10.7 %	11.5 %
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>212.8</b>	<b>235.5</b>	<b>262.6</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	119.8	132.6	148.7
Personnel expenses	29.3	33.2	38.0	42.1	46.9	49.5	52.9
Other operating expenses	17.4	22.8	25.8	28.3	27.9	30.4	33.2
Total operating expenses	103.9	134.3	158.0	164.8	191.3	210.0	232.7
<b>EBITDA</b>	<b>15.9</b>	<b>20.9</b>	<b>16.3</b>	<b>17.3</b>	<b>21.5</b>	<b>25.5</b>	<b>29.9</b>
Depreciation	7.7	7.5	7.4	7.8	9.0	8.8	8.6
<b>EBITA</b>	<b>8.2</b>	<b>13.5</b>	<b>8.9</b>	<b>9.4</b>	<b>12.5</b>	<b>16.7</b>	<b>21.3</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>14.7</b>	<b>20.6</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	4.5	3.6	3.2
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	-4.5	-3.6	-3.2
<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>6.0</b>	<b>11.1</b>	<b>17.4</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>6.0</b>	<b>11.1</b>	<b>17.4</b>
Taxes	-0.2	-0.4	-1.3	0.2	0.7	3.1	5.4
<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>8.0</b>	<b>12.0</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>5.3</b>	<b>8.0</b>	<b>12.0</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>5.3</b>	<b>8.0</b>	<b>12.0</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>0.27</b>	<b>0.40</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 %	0.8 %
Material expenses	58.9 %	57.8 %	57.6 %	55.0 %	56.3 %	56.3 %	56.6 %
Personnel expenses	25.2 %	21.5 %	21.7 %	23.4 %	22.1 %	21.0 %	20.1 %
Other operating expenses	14.9 %	14.8 %	14.8 %	15.7 %	13.1 %	12.9 %	12.6 %
Total operating expenses	89.0 %	87.0 %	90.4 %	91.7 %	89.9 %	89.2 %	88.6 %
<b>EBITDA</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>9.6 %</b>	<b>10.1 %</b>	<b>10.8 %</b>	<b>11.4 %</b>
Depreciation	6.6 %	4.8 %	4.3 %	4.4 %	4.2 %	3.7 %	3.3 %
<b>EBITA</b>	<b>7.1 %</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.2 %</b>	<b>5.9 %</b>	<b>7.1 %</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	2.3 %	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>6.2 %</b>	<b>7.9 %</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 %	2.1 %	1.5 %	1.2 %
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 %	-2.1 %	-1.5 %	-1.2 %
<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>2.8 %</b>	<b>4.7 %</b>	<b>6.6 %</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>2.8 %</b>	<b>4.7 %</b>	<b>6.6 %</b>
Tax rate	-34.6 %	-20.4 %	-177.6 %	6.5 %	11.7 %	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>3.4 %</b>	<b>4.6 %</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>3.4 %</b>	<b>4.6 %</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>3.4 %</b>	<b>4.6 %</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	49.8	45.4	41.1
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>57.9</b>	<b>51.5</b>	<b>46.5</b>
Inventories	20.5	25.6	23.7	28.4	30.4	33.6	37.5
Accounts receivable	19.1	21.8	22.7	23.1	26.2	29.0	32.4
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	12.8	24.5	12.2
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>78.6</b>	<b>96.3</b>	<b>91.3</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>147.8</b>	<b>137.8</b>
SHAREHOLDERS EQUITY	31.7	34.0	34.4	35.7	36.7	44.7	56.7
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	14.2	15.8
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)	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>34.9</b>	<b>38.5</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>147.8</b>	<b>137.8</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>1.5 %</b>	<b>1.1 %</b>
Property, plant and equipment	40.2 %	37.2 %	41.2 %	39.7 %	36.5 %	30.7 %	29.8 %
Financial assets	9.3 %	7.8 %	9.3 %	14.9 %	2.9 %	2.7 %	2.9 %
<b>FIXED ASSETS</b>	<b>57.5 %</b>	<b>51.7 %</b>	<b>55.5 %</b>	<b>58.6 %</b>	<b>42.4 %</b>	<b>34.9 %</b>	<b>33.8 %</b>
Inventories	14.5 %	18.0 %	15.5 %	18.3 %	22.3 %	22.8 %	27.2 %
Accounts receivable	13.5 %	15.3 %	14.8 %	14.9 %	19.2 %	19.6 %	23.5 %
Other current assets	8.1 %	11.3 %	6.8 %	5.5 %	6.3 %	5.8 %	6.2 %
Liquid assets	5.0 %	3.6 %	6.8 %	2.3 %	9.3 %	16.6 %	8.8 %
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>57.6 %</b>	<b>65.2 %</b>	<b>66.3 %</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 %	30.2 %	41.2 %
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 %	40.0 %	24.3 %
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 %	6.6 %
<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>46.2 %</b>	<b>30.9 %</b>
short-term liabilities to banks	4.0 %	14.2 %	10.6 %	8.8 %	10.0 %	9.2 %	11.3 %
Accounts payable	8.4 %	7.8 %	6.7 %	9.1 %	9.4 %	9.6 %	11.5 %
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 %	4.3 %
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>24.6 %</b>	<b>23.6 %</b>	<b>28.0 %</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	8.0	12.0
Depreciation of fixed assets (incl. leases)	7.7	7.5	7.4	7.8	9.0	8.8	8.6
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	16.3	18.8	21.3
Increase/decrease in inventory	-13.1	-11.4	-0.7	-2.9	-2.0	-3.2	-3.9
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-3.1	-2.8	-3.4
Increase/decrease in accounts payable	5.5	-6.7	-2.5	-1.8	1.9	1.4	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	-7.6	-18.0	-3.3	-4.6	-3.2	-4.7	-5.6
<b>Cash flow from operating activities</b>	<b>-1.2</b>	<b>-7.1</b>	<b>7.6</b>	<b>8.2</b>	<b>13.1</b>	<b>14.1</b>	<b>15.7</b>
CAPEX	3.8	11.0	17.2	7.5	6.0	4.4	4.3
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>-4.4</b>	<b>-4.3</b>
Cash flow before financing	-3.2	-14.5	-8.4	-3.0	7.1	9.7	11.4
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	9.1	11.7	-12.3
<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>12.7</b>	<b>24.4</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 %	18.4 %	10.7 %	11.5 %
EBITDA growth	155.8 %	31.6 %	-22.2 %	6.1 %	24.2 %	18.7 %	17.5 %
EBIT growth	-238.7 %	63.4 %	-34.4 %	11.8 %	55.4 %	40.2 %	40.7 %
EPS growth	-108.6 %	138.2 %	-1.8 %	-2.1 %	152.6 %	50.5 %	50.5 %
<b>Efficiency</b>							
Total operating costs / sales	89.0 %	87.0 %	90.4 %	91.7 %	89.9 %	89.2 %	88.6 %
Sales per employee	171.6	208.2	177.5	173.9	198.5	210.7	229.6
EBITDA per employee	23.4	28.3	16.5	16.7	20.0	22.8	26.2
<b>Balance sheet analysis</b>							
Avg. working capital / sales	20.9 %	20.8 %	20.7 %	20.4 %	19.1 %	19.6 %	19.5 %
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	45.0	45.0	45.0
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	98.5	98.5	98.3
<b>Cash flow analysis</b>							
Free cash flow	-5.0	-18.2	-9.7	0.7	7.1	9.7	11.4
Free cash flow/sales	-4.3 %	-11.8 %	-5.5 %	0.4 %	3.3 %	4.1 %	4.3 %
FCF / net profit	-618.6 %	-862.2 %	-463.6 %	35.3 %	133.6 %	121.7 %	95.0 %
Capex / depre	39.5 %	113.1 %	176.9 %	114.6 %	54.5 %	40.7 %	46.2 %
Capex / maintenance capex	58.8 %	170.5 %	272.7 %	113.0 %	81.5 %	57.5 %	54.3 %
Capex / sales	3.5 %	7.2 %	9.9 %	6.6 %	2.8 %	1.9 %	1.6 %
<b>Security</b>							
Net debt	49.5	74.3	81.8	84.9	58.0	48.3	36.9
Net Debt/EBITDA	3.1	3.5	5.0	4.9	2.7	1.9	1.2
Net debt / equity	1.6	2.2	2.4	2.4	1.6	1.1	0.7
Interest cover	1.2	1.2	0.9	1.5	2.3	4.1	6.4
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	2.3	2.5	2.8
Plant turnover	2.1	2.9	2.8	2.9	4.3	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 %	12.1 %	17.1 %
ROE	2.5 %	6.2 %	6.1 %	5.5 %	14.5 %	17.9 %	21.2 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	11.1 %	7.8 %	5.1 %	5.6 %	5.0 %	5.3 %
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	0.27	0.40
<b>Valuation ratios</b>							
P/BV	3.4	3.4	3.4	3.3	3.3	2.7	2.1
EV/sales	1.4	1.3	1.1	1.1	0.8	0.7	0.6
EV/EBITDA	10.0	9.3	12.3	11.8	8.4	6.7	5.3
EV/EBITA	19.3	14.4	22.7	21.6	14.4	10.2	7.4
EV/EBIT	28.4	21.2	33.4	30.3	17.1	11.6	7.7
EV/FCF	-31.9	-10.7	-20.7	292.9	25.3	17.4	13.8
Adjusted FCF yield	6.5 %	8.0 %	5.8 %	5.4 %	7.6 %	8.9 %	10.8 %
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

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#### Price and Rating History MS Industrie AG as of 22/04/15

Initiation coverage  
12-March-13



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## Contacts: Hauck&Aufhäuser Privatbankiers KGaA

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 70  
Fax: +49 (0) 40 414 3885 - 71  
Email: [info@ha-research.de](mailto:info@ha-research.de)  
[www.ha-research.de](http://www.ha-research.de)

**Sascha Berresch, CFA**  
Head of Research  
Tel.: +49 (0)40 414 3885 - 85  
E-Mail: [sascha.berresch@ha-research.de](mailto:sascha.berresch@ha-research.de)

**Leonhard Bayer**  
Analyst  
Tel.: +49 (0)40 414 3885 - 79  
E-Mail: [leonhard.bayer@ha-research.de](mailto:leonhard.bayer@ha-research.de)

**Henning Breiter**  
Analyst  
Tel.: +49 (0)40 414 3885 - 73  
E-Mail: [henning.breiter@ha-research.de](mailto:henning.breiter@ha-research.de)

**Lars Dannenberg**  
Analyst  
Tel.: +49 (0)40 414 3885 - 92  
E-Mail: [lars.dannenberg@ha-research.de](mailto:lars.dannenberg@ha-research.de)

**Nils-Peter Gehrmann**  
Analyst  
Tel.: +49 (0)40 414 3885 - 86  
E-Mail: [nils-peter.gehrmann@ha-research.de](mailto:nils-peter.gehrmann@ha-research.de)

**Christian Glowa**  
Analyst  
Tel.: +49 (0)40 414 3885 - 95  
E-Mail: [christian.glowa@ha-research.de](mailto:christian.glowa@ha-research.de)

**Philippe Lorrain**  
Analyst  
Tel.: +49 (0)40 414 3885 - 83  
E-Mail: [philippe.lorrain@ha-research.de](mailto:philippe.lorrain@ha-research.de)

**Christian Schwenkenbecher**  
Analyst  
Tel.: +49 (0)40 414 3885 - 76  
E-Mail: [christian.schwenkenbecher@ha-research.de](mailto:christian.schwenkenbecher@ha-research.de)

**Torben Teichler**  
Analyst  
Tel.: +49 (0)40 414 3885 - 74  
E-Mail: [torben.teichler@ha-research.de](mailto:torben.teichler@ha-research.de)

**Tim Wunderlich, CFA**  
Analyst  
Tel.: +49 (0)40 414 3885 - 81  
E-Mail: [tim.wunderlich@ha-research.de](mailto:tim.wunderlich@ha-research.de)

### Hauck & Aufhäuser Sales

**Vincent Bischoff**  
Sales  
Tel.: +49 (0)40 414 3885 - 88  
E-Mail: [vincent.bischoff@ha-research.de](mailto:vincent.bischoff@ha-research.de)

**James Bonsor, CFA**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: [james.bonsor@ha-research.de](mailto:james.bonsor@ha-research.de)

**Hamish Edsell, CFA**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: [hamish.edsell@ha-research.de](mailto:hamish.edsell@ha-research.de)

**Alexander Lachmann**  
Sales  
Tel.: +49 (0)40 414 3885 - 96  
E-Mail: [alexander.lachmann@ha-research.de](mailto:alexander.lachmann@ha-research.de)

**Hugues Madelin**  
Sales  
Tel.: +33 1 78 41 40 62  
E-Mail: [hugues.madelin@ha-research.de](mailto:hugues.madelin@ha-research.de)

**Markus Weiss**  
Sales  
Tel.: +49 (0)40 414 3885 - 89  
E-Mail: [markus.weiss@ha-research.de](mailto:markus.weiss@ha-research.de)

**Toby Woods**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: [toby.woods@ha-research.de](mailto:toby.woods@ha-research.de)

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 75  
Fax: +49 (0) 40 414 3885 - 71  
Email: [info@hauck-aufhaeuser.de](mailto:info@hauck-aufhaeuser.de)  
[www.hauck-aufhaeuser.de](http://www.hauck-aufhaeuser.de)

**Mirko Brueggemann**  
Trading  
Tel.: +49 (0)40 414 3885 75  
E-Mail: [mirko.brueggemann@hauck-aufhaeuser.de](mailto:mirko.brueggemann@hauck-aufhaeuser.de)

**Christian von Schuler**  
Trading  
Tel.: +49 (0)40 414 3885 77  
E-Mail: [christian.schuler@hauck-aufhaeuser.de](mailto:christian.schuler@hauck-aufhaeuser.de)

**Carolin Weber**  
Middle-Office  
Tel.: +49 (0)40 414 3885 87  
E-Mail: [carolin.weber@hauck-aufhaeuser.de](mailto:carolin.weber@hauck-aufhaeuser.de)

**Fin Schaffer**  
Trading  
Tel.: +49 (0)40 414 3885 98  
E-Mail: [fin.schaffer@hauck-aufhaeuser.de](mailto:fin.schaffer@hauck-aufhaeuser.de)