

Buy (old: Buy)

Price target: EUR 6.00 (old: EUR 6.00)

| | | | |
|-------------------|----------|--------------------------|-------------|
| Price: | EUR 3.97 | Next result: | Q1 01.05.15 |
| Bloomberg: | MSAG GR | Market cap: | EUR 123.0 m |
| Reuters: | MSAG.DE | Enterprise Value: | EUR 173.9 m |

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Very strong Q1: FY15 outlook well in-reach

This morning, MS Industrie published its KPIs for Q1'15. All in all, the figures showed an extremely strong start into the year on both top- and bottom-line.

Q1 sales were up c. 30% yoy to € 64.2m (eH&A € 63m) largely carried by the company's core business (Powertrain Technology c. 73% of total sales) benefiting from the positive market sentiment in both the US (NAFTA heavy duty truck market +8% yoy) and Europe (medium- & heavy commercial vehicles > 3.5t +21% yoy).

Q1 EBIT increased less proportionate by c. 15% yoy to € 3.0m (eH&A € 3.1m) translating into a sound EBIT-margin of 4.7% (5.3% in Q1'14). A weaker sales mix with 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.

Outlook: Management reiterated its FY15 guidance targeting sales of about € 250m (eH&A € 244) while all relevant profitability figures should improve yoy. Newsflow should remain positive given the high visibility of the business and the very attractive growth perspectives.

Valuation of 8.0x EV/EBIT 2016E adjusted for PPA amortisations looks undemanding compared to 10.4x EV/EBIT 2016E of our automotive coverage. Furthermore, investors still get a free option (not reflected in our and market estimates) for (1) the breakthrough of the high margin (eH&A EBITDA-margin of c. 20%) ultrasonic welding business in the food and beverage industry and (2) the likelihood that Daimler rolls out its Weltmotor to other regions worldwide (3) other premium truck OEMs start producing similar engines like the Weltmotor. This alone would provide plenty of growth (eH&A additional c. € 15m sales potential for the initiation of c. 20k unit sales in China) for MS Industrie's Powertrain Technology business for the next 5 years. **We confirm our BUY rating with a PT of € 6.00 based on FCFY'16E.**

-continued-

| Y/E 31.12 (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---------------------|---------|---------|---------|---------|---------|--------|--------|
| Sales | 154.3 | 174.8 | 179.8 | 218.5 | 244.4 | 270.0 | 295.1 |
| Sales growth | 32 % | 13 % | 3 % | 22 % | 12 % | 10 % | 9 % |
| EBITDA | 20.9 | 16.3 | 17.3 | 21.2 | 25.3 | 30.2 | 34.4 |
| EBIT | 9.2 | 6.0 | 6.7 | 9.9 | 16.3 | 20.2 | 25.4 |
| Net income | 2.1 | 2.1 | 2.0 | 4.1 | 9.1 | 11.7 | 15.7 |
| Net debt | 74.3 | 81.8 | 84.9 | 60.1 | 50.9 | 39.1 | 23.9 |
| Net gearing | 218.8 % | 237.5 % | 237.9 % | 169.3 % | 113.9 % | 69.3 % | 33.1 % |
| Net Debt/EBITDA | 3.5 | 5.0 | 4.9 | 2.8 | 2.0 | 1.3 | 0.7 |
| EPS pro forma | 0.14 | 0.09 | 0.08 | 0.14 | 0.30 | 0.39 | 0.52 |
| CPS | -0.47 | 0.03 | 0.04 | 0.05 | 0.16 | 0.25 | 0.38 |
| 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 | 42.5 % | 42.2 % | 45.7 % | 42.1 % | 43.0 % | 43.5 % | 43.5 % |
| EBITDA margin | 13.6 % | 9.3 % | 9.6 % | 9.7 % | 10.3 % | 11.2 % | 11.7 % |
| EBIT margin | 6.0 % | 3.4 % | 3.7 % | 4.5 % | 6.7 % | 7.5 % | 8.6 % |
| ROCE | 7.9 % | 4.6 % | 5.0 % | 7.9 % | 13.4 % | 16.8 % | 21.6 % |
| EV/sales | 1.3 | 1.2 | 1.1 | 0.8 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA | 9.4 | 12.4 | 11.9 | 8.6 | 6.9 | 5.4 | 4.3 |
| EV/EBIT | 21.4 | 33.7 | 30.6 | 18.5 | 10.7 | 8.0 | 5.8 |
| PER | 29.1 | 46.3 | 54.4 | 29.8 | 13.5 | 10.5 | 7.8 |
| Adjusted FCF yield | 7.9 % | 5.7 % | 5.4 % | 5.7 % | 8.0 % | 10.1 % | 13.5 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 12.05.2015



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 4.20 / 2.66

Price/Book Ratio: 2.7

Relative performance (SDAX):

3 months -11.0 %

6 months 4.9 %

12 months 4.8 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2015 | old: | 244.4 | 16.3 | 0.30 |
| | Δ | - | - | - |
| 2016 | old: | 270.0 | 20.2 | 0.39 |
| | Δ | - | - | - |
| 2017 | old: | 295.1 | 25.4 | 0.52 |
| | Δ | - | - | - |

Key share data:

Number of shares: (in m pcs) 30.0

Authorised capital: (in € m) 9.7

Book value per share: (in €) 1.5

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

| MS Industrie key figures (EUR m) | Q1 15 | Q1 15 est. | Q1 14 | yoy | Q4 14 | qoq | FY 15 est. | FY 14 | yoy |
|-------------------------------------|-------------|---------------|-------------|---------|-------------|----------|---------------|--------------|--------|
| Sales | 64.2 | 63.0 | 49.3 | 30.2% | 60.4 | 6.4% | 244.3 | 218.5 | 11.8% |
| EBITDA | 5.8 | 6.1 | 5.4 | 7.4% | 16.2 | -64.2% | 25.3 | 21.2 | 19.2% |
| <i>margin</i> | 9.0% | 9.7% | 11.0% | -1.9 pp | 26.8% | -17.8 pp | 10.3% | 9.7% | 0.6 pp |
| EBIT | 3.0 | 3.1 | 2.6 | 15.4% | 2.0 | 49.2% | 16.3 | 9.9 | 64.0% |
| <i>margin</i> | 4.7% | 4.9% | 5.3% | -0.6 pp | 3.3% | 1.3 pp | 6.7% | 4.5% | 2.1 pp |
| Net income | 1.1 | 1.2 | 0.8 | 37.5% | 0.2 | 382.5% | 9.1 | 4.1 | 120.8% |
| <i>margin</i> | 1.7% | 1.9% | 1.6% | 0.1 pp | 0.4% | 1.3 pp | 3.7% | 1.9% | 1.8 pp |
| EPS | 0.04 | 0.04 | 0.03 | 33.3% | 0.01 | 384.6% | 0.30 | 0.14 | 119.7% |

Source: Company data; Hauck & Aufhäuser

Financials

| Profit and loss (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 154.3 | 174.8 | 179.8 | 218.5 | 244.4 | 270.0 | 295.1 |
| <i>Sales growth</i> | 32.2 % | 13.3 % | 2.8 % | 21.5 % | 11.9 % | 10.5 % | 9.3 % |
| Increase/decrease in finished goods and work-in-process | 0.9 | -0.6 | 2.3 | 1.8 | 0.0 | 0.0 | 0.0 |
| Total sales | 155.2 | 174.3 | 182.1 | 220.2 | 244.4 | 270.0 | 295.1 |
| Other operating income | 10.9 | 6.4 | 4.5 | 4.5 | 4.0 | 4.0 | 4.0 |
| Material expenses | 89.2 | 100.7 | 98.9 | 127.4 | 139.3 | 152.6 | 166.7 |
| Personnel expenses | 33.2 | 38.0 | 42.1 | 47.7 | 52.6 | 57.5 | 62.6 |
| Other operating expenses | 22.8 | 25.8 | 28.3 | 28.4 | 31.3 | 33.8 | 35.4 |
| Total operating expenses | 134.3 | 158.0 | 164.8 | 199.0 | 219.2 | 239.8 | 260.7 |
| EBITDA | 20.9 | 16.3 | 17.3 | 21.2 | 25.3 | 30.2 | 34.4 |
| Depreciation | 7.5 | 7.4 | 7.8 | 9.3 | 7.0 | 9.3 | 8.8 |
| EBITA | 13.5 | 8.9 | 9.4 | 11.9 | 18.3 | 20.9 | 25.6 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 2.3 | 2.3 | 2.5 | 2.0 | 2.0 | 0.7 | 0.2 |
| Impairment charges | 2.0 | 0.5 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 9.2 | 6.0 | 6.7 | 9.9 | 16.3 | 20.2 | 25.4 |
| Interest income | 0.1 | 1.4 | 0.3 | 0.3 | 0.0 | 0.0 | 0.0 |
| Interest expenses | 7.5 | 6.7 | 4.6 | 4.6 | 3.6 | 3.2 | 2.6 |
| Other financial result | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial result | -7.4 | -5.3 | -4.3 | -4.3 | -3.6 | -3.2 | -2.6 |
| Recurring pretax income from continuing operations | 1.8 | 0.7 | 2.4 | 5.6 | 12.7 | 17.0 | 22.8 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 1.8 | 0.7 | 2.4 | 5.6 | 12.7 | 17.0 | 22.8 |
| Taxes | -0.4 | -1.3 | 0.2 | 1.4 | 3.5 | 5.3 | 7.1 |
| Net income from continuing operations | 2.2 | 2.1 | 2.3 | 4.1 | 9.1 | 11.7 | 15.7 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 2.2 | 2.1 | 2.3 | 4.1 | 9.1 | 11.7 | 15.7 |
| Minority interest | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (net of minority interest) | 2.1 | 2.1 | 2.0 | 4.1 | 9.1 | 11.7 | 15.7 |
| Average number of shares | 28.9 | 29.3 | 29.5 | 30.0 | 30.0 | 30.0 | 30.0 |
| EPS reported | 0.07 | 0.07 | 0.07 | 0.14 | 0.30 | 0.39 | 0.52 |

| Profit and loss (common size) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Increase/decrease in finished goods and work-in-process | 0.6 % | -0.3 % | 1.3 % | 0.8 % | 0.0 % | 0.0 % | 0.0 % |
| Total sales | 100.6 % | 99.7 % | 101.3 % | 100.8 % | 100.0 % | 100.0 % | 100.0 % |
| Other operating income | 7.1 % | 3.7 % | 2.5 % | 2.1 % | 1.6 % | 1.5 % | 1.4 % |
| Material expenses | 57.8 % | 57.6 % | 55.0 % | 58.3 % | 57.0 % | 56.5 % | 56.5 % |
| Personnel expenses | 21.5 % | 21.7 % | 23.4 % | 21.8 % | 21.5 % | 21.3 % | 21.2 % |
| Other operating expenses | 14.8 % | 14.8 % | 15.7 % | 13.0 % | 12.8 % | 12.5 % | 12.0 % |
| Total operating expenses | 87.0 % | 90.4 % | 91.7 % | 91.1 % | 89.7 % | 88.8 % | 88.3 % |
| EBITDA | 13.6 % | 9.3 % | 9.6 % | 9.7 % | 10.3 % | 11.2 % | 11.7 % |
| Depreciation | 4.8 % | 4.3 % | 4.4 % | 4.3 % | 2.9 % | 3.4 % | 3.0 % |
| EBITA | 8.7 % | 5.1 % | 5.2 % | 5.5 % | 7.5 % | 7.7 % | 8.7 % |
| Amortisation of goodwill | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Amortisation of intangible assets | 1.5 % | 1.3 % | 1.4 % | 0.9 % | 0.8 % | 0.3 % | 0.1 % |
| Impairment charges | 1.3 % | 0.3 % | 0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBIT | 6.0 % | 3.4 % | 3.7 % | 4.5 % | 6.7 % | 7.5 % | 8.6 % |
| Interest income | 0.1 % | 0.8 % | 0.2 % | 0.1 % | 0.0 % | 0.0 % | 0.0 % |
| Interest expenses | 4.9 % | 3.8 % | 2.5 % | 2.1 % | 1.5 % | 1.2 % | 0.9 % |
| Other financial result | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | -4.8 % | -3.0 % | -2.4 % | -2.0 % | -1.5 % | -1.2 % | -0.9 % |
| Recurring pretax income from continuing operations | 1.2 % | 0.4 % | 1.4 % | 2.6 % | 5.2 % | 6.3 % | 7.7 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 1.2 % | 0.4 % | 1.4 % | 2.6 % | 5.2 % | 6.3 % | 7.7 % |
| Tax rate | -20.4 % | -177.6 % | 6.5 % | 25.8 % | 28.0 % | 31.0 % | 31.0 % |
| Net income from continuing operations | 1.4 % | 1.2 % | 1.3 % | 1.9 % | 3.7 % | 4.3 % | 5.3 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 1.4 % | 1.2 % | 1.3 % | 1.9 % | 3.7 % | 4.3 % | 5.3 % |
| Minority interest | 0.0 % | 0.0 % | 0.2 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income (net of minority interest) | 1.4 % | 1.2 % | 1.1 % | 1.9 % | 3.7 % | 4.3 % | 5.3 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets | 9.6 | 7.7 | 6.2 | 4.2 | 2.2 | 1.5 | 1.3 |
| Property, plant and equipment | 52.9 | 63.1 | 61.8 | 49.5 | 46.0 | 41.3 | 36.9 |
| Financial assets | 11.1 | 14.3 | 23.2 | 4.0 | 4.0 | 4.0 | 4.0 |
| FIXED ASSETS | 73.5 | 85.1 | 91.1 | 57.6 | 52.1 | 46.8 | 42.2 |
| Inventories | 25.6 | 23.7 | 28.4 | 31.2 | 34.9 | 38.6 | 42.2 |
| Accounts receivable | 21.8 | 22.7 | 23.1 | 26.9 | 30.1 | 33.3 | 36.4 |
| Other current assets | 16.1 | 10.4 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| Liquid assets | 5.1 | 10.5 | 3.6 | 10.7 | 21.9 | 10.0 | 15.2 |
| Deferred taxes | 0.2 | 1.0 | 0.6 | 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 |
| CURRENT ASSETS | 68.7 | 68.2 | 64.3 | 78.0 | 96.2 | 91.1 | 102.9 |
| TOTAL ASSETS | 142.2 | 153.3 | 155.5 | 135.6 | 148.3 | 137.9 | 145.1 |
| SHAREHOLDERS EQUITY | 34.0 | 34.4 | 35.7 | 35.5 | 44.6 | 56.4 | 72.1 |
| MINORITY INTEREST | 1.5 | 1.3 | 0.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term debt | 59.1 | 76.0 | 74.9 | 57.2 | 59.2 | 33.5 | 35.5 |
| Provisions for pensions and similar obligations | 3.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 6.2 | 7.0 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| Non-current liabilities | 68.5 | 83.0 | 84.0 | 66.3 | 68.3 | 42.6 | 44.6 |
| short-term liabilities to banks | 20.2 | 16.2 | 13.6 | 13.6 | 13.6 | 15.6 | 3.6 |
| Accounts payable | 11.1 | 10.3 | 14.2 | 13.2 | 14.7 | 16.3 | 17.8 |
| 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) | 3.7 | 6.5 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| Deferred taxes | 3.3 | 1.6 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Deferred income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 38.3 | 34.6 | 34.9 | 33.8 | 35.4 | 39.0 | 28.5 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 142.2 | 153.3 | 155.5 | 135.6 | 148.3 | 137.9 | 145.1 |

| Balance sheet (common size) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 6.7 % | 5.0 % | 4.0 % | 3.1 % | 1.5 % | 1.1 % | 0.9 % |
| Property, plant and equipment | 37.2 % | 41.2 % | 39.7 % | 36.5 % | 31.0 % | 30.0 % | 25.4 % |
| Financial assets | 7.8 % | 9.3 % | 14.9 % | 3.0 % | 2.7 % | 2.9 % | 2.8 % |
| FIXED ASSETS | 51.7 % | 55.5 % | 58.6 % | 42.5 % | 35.2 % | 33.9 % | 29.1 % |
| Inventories | 18.0 % | 15.5 % | 18.3 % | 23.0 % | 23.5 % | 28.0 % | 29.1 % |
| Accounts receivable | 15.3 % | 14.8 % | 14.9 % | 19.9 % | 20.3 % | 24.1 % | 25.1 % |
| Other current assets | 11.3 % | 6.8 % | 5.5 % | 6.3 % | 5.8 % | 6.2 % | 5.9 % |
| Liquid assets | 3.6 % | 6.8 % | 2.3 % | 7.9 % | 14.8 % | 7.3 % | 10.5 % |
| Deferred taxes | 0.2 % | 0.6 % | 0.4 % | 0.5 % | 0.4 % | 0.5 % | 0.4 % |
| Deferred charges and prepaid expenses | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 48.3 % | 44.5 % | 41.4 % | 57.5 % | 64.8 % | 66.1 % | 70.9 % |
| TOTAL ASSETS | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 23.9 % | 22.5 % | 23.0 % | 26.2 % | 30.1 % | 40.9 % | 49.7 % |
| MINORITY INTEREST | 1.0 % | 0.8 % | 0.6 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Long-term debt | 41.6 % | 49.6 % | 48.2 % | 42.2 % | 39.9 % | 24.3 % | 24.4 % |
| Provisions for pensions and similar obligations | 2.3 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other provisions | 4.4 % | 4.6 % | 5.8 % | 6.7 % | 6.1 % | 6.6 % | 6.3 % |
| Non-current liabilities | 48.2 % | 54.1 % | 54.0 % | 48.9 % | 46.0 % | 30.9 % | 30.7 % |
| short-term liabilities to banks | 14.2 % | 10.6 % | 8.8 % | 10.0 % | 9.2 % | 11.3 % | 2.5 % |
| Accounts payable | 7.8 % | 6.7 % | 9.1 % | 9.7 % | 9.9 % | 11.8 % | 12.3 % |
| 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) | 2.6 % | 4.3 % | 3.8 % | 4.4 % | 4.0 % | 4.3 % | 4.1 % |
| Deferred taxes | 2.3 % | 1.0 % | 0.7 % | 0.8 % | 0.8 % | 0.8 % | 0.8 % |
| Deferred income | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Current liabilities | 26.9 % | 22.6 % | 22.4 % | 25.0 % | 23.9 % | 28.3 % | 19.6 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Source: Company data, Hauck & Aufhäuser

| Cash flow statement (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--|-------------|--------------|--------------|-------------|-------------|--------------|--------------|
| Net profit/loss | 2.2 | 2.1 | 2.3 | 4.1 | 9.1 | 11.7 | 15.7 |
| Depreciation of fixed assets (incl. leases) | 7.5 | 7.4 | 7.8 | 9.3 | 7.0 | 9.3 | 8.8 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 2.3 | 2.3 | 2.5 | 2.0 | 2.0 | 0.7 | 0.2 |
| Others | -1.0 | -1.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from operations before changes in w/c | 10.9 | 10.8 | 12.9 | 15.4 | 18.1 | 21.7 | 24.7 |
| Increase/decrease in inventory | -11.4 | -0.7 | -2.9 | -2.8 | -3.7 | -3.7 | -3.6 |
| Increase/decrease in accounts receivable | 0.0 | 0.0 | 0.0 | -3.8 | -3.2 | -3.2 | -3.1 |
| Increase/decrease in accounts payable | -6.7 | -2.5 | -1.8 | 2.2 | 1.6 | 1.5 | 1.5 |
| 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 | -18.0 | -3.3 | -4.6 | -4.4 | -5.3 | -5.3 | -5.2 |
| Cash flow from operating activities | -7.1 | 7.6 | 8.2 | 11.0 | 12.8 | 16.5 | 19.6 |
| CAPEX | 11.0 | 17.2 | 7.5 | 6.0 | 3.5 | 4.7 | 4.4 |
| Payments for acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 4.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 3.7 | 1.4 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -7.3 | -15.9 | -11.3 | -6.0 | -3.5 | -4.7 | -4.4 |
| Cash flow before financing | -14.5 | -8.4 | -3.0 | 5.0 | 9.3 | 11.8 | 15.2 |
| Increase/decrease in debt position | 13.7 | 14.2 | -3.7 | 2.0 | 2.0 | -23.7 | -10.0 |
| Purchase of own shares | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 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 | -0.9 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.0 | -0.4 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 12.5 | 14.1 | -3.7 | 2.0 | 2.0 | -23.7 | -10.0 |
| Increase/decrease in liquid assets | -2.0 | 5.4 | -6.8 | 7.0 | 11.3 | -11.9 | 5.2 |
| Liquid assets at end of period | 5.1 | 10.5 | 3.6 | 10.7 | 21.9 | 10.0 | 15.2 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|------------------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Domestic | 78.3 | 88.0 | 96.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | 7.4 % | 12.3 % | 9.3 % | n/a | n/a | n/a | n/a |
| Rest of Europe | 15.5 | 9.4 | 11.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | 185.6 % | -39.4 % | 20.6 % | n/a | n/a | n/a | n/a |
| NAFTA | 55.7 | 74.1 | 66.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | 58.1 % | 33.1 % | -10.8 % | n/a | n/a | n/a | n/a |
| Asia Pacific | 0.1 | 0.9 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | -45.8 % | 796.2 % | -76.0 % | n/a | n/a | n/a | n/a |
| Rest of world | 4.6 | 2.4 | 5.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | 61.4 % | -48.0 % | 143.2 % | n/a | n/a | n/a | n/a |
| TTL | 154.3 | 174.8 | 179.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | 32.2 % | 13.3 % | 2.8 % | n/a | n/a | n/a | n/a |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--------------------------------------|----------|----------|---------|---------|---------|---------|--------|
| P&L growth analysis | | | | | | | |
| Sales growth | 32.2 % | 13.3 % | 2.8 % | 21.5 % | 11.9 % | 10.5 % | 9.3 % |
| EBITDA growth | 31.6 % | -22.2 % | 6.1 % | 22.7 % | 19.2 % | 19.5 % | 13.9 % |
| EBIT growth | 63.4 % | -34.4 % | 11.8 % | 47.3 % | 64.1 % | 24.1 % | 25.8 % |
| EPS growth | 138.2 % | -1.8 % | -2.1 % | 96.6 % | 120.9 % | 28.6 % | 34.2 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 87.0 % | 90.4 % | 91.7 % | 91.1 % | 89.7 % | 88.8 % | 88.3 % |
| Sales per employee | 208.2 | 177.5 | 173.9 | 203.8 | 218.7 | 236.0 | 257.9 |
| EBITDA per employee | 28.3 | 16.5 | 16.7 | 19.8 | 22.6 | 26.4 | 30.1 |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 20.8 % | 20.7 % | 20.4 % | 18.8 % | 19.5 % | 19.6 % | 19.7 % |
| Inventory turnover (sales/inventory) | 6.0 | 7.4 | 6.3 | 7.0 | 7.0 | 7.0 | 7.0 |
| Trade debtors in days of sales | 51.6 | 47.4 | 46.9 | 45.0 | 45.0 | 45.0 | 45.0 |
| A/P turnover [(A/P*365)/sales] | 26.3 | 21.5 | 28.8 | 22.0 | 22.0 | 22.0 | 22.0 |
| Cash conversion cycle (days) | 110.8 | 96.1 | 99.4 | 96.7 | 97.9 | 98.4 | 98.4 |
| Cash flow analysis | | | | | | | |
| Free cash flow | -18.2 | -9.7 | 0.7 | 5.0 | 9.3 | 11.8 | 15.2 |
| Free cash flow/sales | -11.8 % | -5.5 % | 0.4 % | 2.3 % | 3.8 % | 4.4 % | 5.1 % |
| FCF / net profit | -862.2 % | -463.6 % | 35.3 % | 122.1 % | 101.7 % | 100.7 % | 96.4 % |
| Capex / depre | 113.1 % | 176.9 % | 114.6 % | 53.2 % | 38.9 % | 46.5 % | 48.9 % |
| Capex / maintenance capex | 170.5 % | 272.7 % | 113.0 % | 62.5 % | 43.2 % | 51.7 % | 54.3 % |
| Capex / sales | 7.2 % | 9.9 % | 6.6 % | 2.7 % | 1.4 % | 1.7 % | 1.5 % |
| Security | | | | | | | |
| Net debt | 74.3 | 81.8 | 84.9 | 60.1 | 50.9 | 39.1 | 23.9 |
| Net Debt/EBITDA | 3.5 | 5.0 | 4.9 | 2.8 | 2.0 | 1.3 | 0.7 |
| Net debt / equity | 2.2 | 2.4 | 2.4 | 1.7 | 1.1 | 0.7 | 0.3 |
| Interest cover | 1.2 | 0.9 | 1.5 | 2.2 | 4.5 | 6.3 | 9.8 |
| Dividend payout ratio | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 1.2 | 1.3 | 1.3 | 1.9 | 1.9 | 2.4 | 2.5 |
| Operating assets turnover | 1.7 | 1.8 | 1.8 | 2.3 | 2.5 | 2.8 | 3.0 |
| Plant turnover | 2.9 | 2.8 | 2.9 | 4.4 | 5.3 | 6.5 | 8.0 |
| Inventory turnover (sales/inventory) | 6.0 | 7.4 | 6.3 | 7.0 | 7.0 | 7.0 | 7.0 |
| Returns | | | | | | | |
| ROCE | 7.9 % | 4.6 % | 5.0 % | 7.9 % | 13.4 % | 16.8 % | 21.6 % |
| ROE | 6.2 % | 6.1 % | 5.5 % | 11.6 % | 20.4 % | 20.8 % | 21.8 % |
| Other | | | | | | | |
| Interest paid / avg. debt | 11.1 % | 7.8 % | 5.1 % | 5.8 % | 5.0 % | 5.3 % | 5.9 % |
| No. employees (average) | 741 | 985 | 1034 | 1072 | 1118 | 1144 | 1144 |
| Number of shares | 28.9 | 29.3 | 29.5 | 30.0 | 30.0 | 30.0 | 30.0 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS reported | 0.07 | 0.07 | 0.07 | 0.14 | 0.30 | 0.39 | 0.52 |
| Valuation ratios | | | | | | | |
| P/BV | 3.5 | 3.5 | 3.4 | 3.5 | 2.8 | 2.2 | 1.7 |
| EV/sales | 1.3 | 1.2 | 1.1 | 0.8 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA | 9.4 | 12.4 | 11.9 | 8.6 | 6.9 | 5.4 | 4.3 |
| EV/EBITA | 14.6 | 22.9 | 21.8 | 15.4 | 9.5 | 7.8 | 5.7 |
| EV/EBIT | 21.4 | 33.7 | 30.6 | 18.5 | 10.7 | 8.0 | 5.8 |
| EV/FCF | -10.8 | -20.9 | 295.4 | 36.3 | 18.8 | 13.7 | 9.7 |
| Adjusted FCF yield | 7.9 % | 5.7 % | 5.4 % | 5.7 % | 8.0 % | 10.1 % | 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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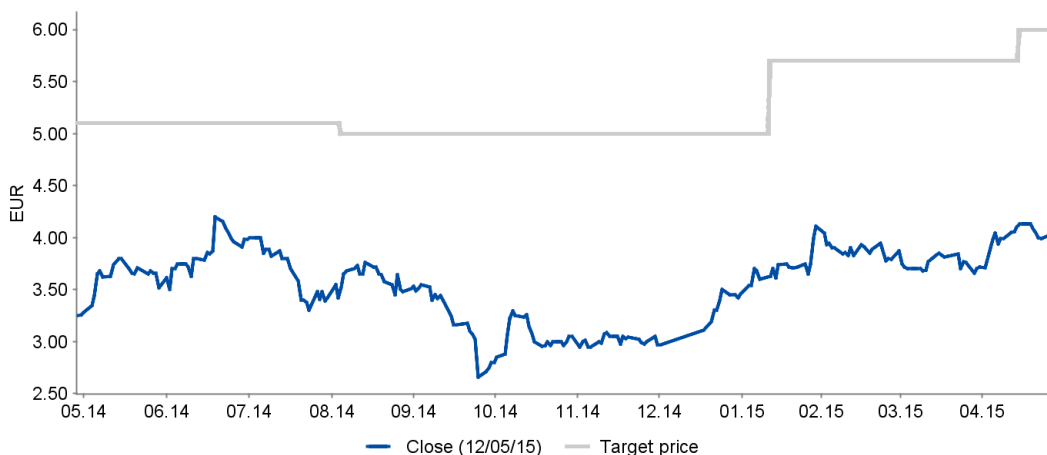
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| Company | Disclosure |
|-----------------|------------|
| MS Industrie AG | 5 |

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

Price and Rating History
MS Industrie AG as of 13/05/15

Initiation coverage
12-March-13



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| | | |
|-------------|---------|----------|
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