

Buy (old: Buy)

Price target: EUR 7.70 (old: EUR 7.70)

Price:	EUR 4.02	Next result:	Q4 tbc
Bloomberg:	MSAG GR	Market cap:	EUR 120.6 m
Reuters:	MSAG.DE	Enterprise Value:	EUR 188.1 m

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Reassuring roadshow – Expansion of Ultrasonic business

Our recent roadshows to London and Paris strongly supported our confidence in MS Industrie's (MS) **structural growth potential** which encourages us to **reiterate our BUY rating with a PT of € 7.70** based on FCFY 2017E.

Powertrain Technology (c. 70% of total sales)

- **Ramping up the order book:** MS is seen to benefit from (1) the steady release of pent-up demand for trucks in Europe (Jan-Sep +21% yoy for heavy commercial vehicles > 16t), (2) further market share gains of Daimler's Weltmotor (c. 25% in Europe, c. 31% in the US) as well as (3) various new orders from other engines manufacturers (e.g. MTU, Liebherr, etc. c. 20% of total sales).
- **Potential orders from other OEMs:** Furthermore, MS received the first prototype order from another leading European truck manufacturer. The latter plans to start a series production of a new heavy duty diesel engine in 2020 which could lead to significant sales volume (eH&A c. 15% of FY15E volume). In parallel, other projects with different truck manufacturers are currently in quotation process.

Ultrasonic Technology (c. 20% of total sales)

- **Tailwind from structural drivers:** MS supplies the automotive industry with welding equipment / special machines for plastic components (c. 18% of total sales). The business should benefit from two structural drivers: (1) OEMs continuously need to reduce emissions output and hence weight. As a result, plastic components are seen to be increasingly processed in passenger cars. (2) Growth is driven by the car model variety (not total sales) as every car model requires individual welding equipment. We expect OEMs to increase the overall car model variety to stimulate sales (*see next page*).
- **Expansion - increasing the number of applications:** Furthermore, MS also delivers ultrasonic welding systems, components and special machines to the packing industry (c. 2% of total sales). From Q4 2016E onwards MS will offer new products which are currently in the development stage. That is seen to attract new customers but should also improve the cross selling potential for special welding applications.

-continued-

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	154.3	174.8	179.8	218.5	251.8	293.1	322.0
Sales growth	32 %	13 %	3 %	22 %	15 %	16 %	10 %
EBITDA	20.9	16.3	17.3	21.2	22.6	29.5	36.2
EBIT	9.2	6.0	6.7	9.9	11.6	17.5	25.2
Net income	2.1	2.1	2.0	4.1	5.8	10.0	16.0
Net debt	74.3	81.8	84.9	66.4	67.5	59.6	46.2
Net gearing	218.8 %	237.5 %	237.9 %	158.7 %	141.5 %	103.3 %	62.7 %
Net Debt/EBITDA	3.5	5.0	4.9	3.1	3.0	2.0	1.3
EPS pro forma	0.14	0.09	0.08	0.14	0.19	0.33	0.53
CPS	-0.47	0.03	0.04	-0.09	0.13	0.24	0.45
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 %	42.1 %	42.8 %	43.4 %
EBITDA margin	13.6 %	9.3 %	9.6 %	9.7 %	9.0 %	10.1 %	11.2 %
EBIT margin	6.0 %	3.4 %	3.7 %	4.5 %	4.6 %	6.0 %	7.8 %
ROCE	7.9 %	4.6 %	5.0 %	7.9 %	9.6 %	14.0 %	18.9 %
EV/sales	1.3	1.1	1.1	0.9	0.7	0.6	0.5
EV/EBITDA	9.3	12.3	11.8	8.8	8.3	6.1	4.6
EV/EBIT	21.1	33.3	30.2	18.9	16.2	10.3	6.6
PER	28.6	45.4	53.3	29.2	20.9	12.1	7.5
Adjusted FCF yield	8.0 %	5.8 %	5.4 %	5.9 %	6.1 %	8.7 %	12.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 18.11.2015



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	4.93 / 2.95
Price/Book Ratio:	2.5
Relative performance (SDAX):	
3 months	-11.5 %
6 months	-2.8 %
12 months	4.8 %

Changes in estimates

		Sales	EBIT	EPS
2015	old:	251.8	11.6	0.19
	Δ	-	-	-
2016	old:	293.1	17.5	0.33
	Δ	-	-	-
2017	old:	322.0	25.2	0.53
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	30.0
Authorised capital: (in € m)	9.7
Book value per share: (in €)	1.6
Ø trading volume: (12 months)	52,941

Major shareholders:

Free Float	57.0 %
MS ProActive	20.0 %
Management	10.0 %
Ruffer, LLP	5.0 %
Allianz GI	5.0 %
Dreyer Ventures & Management	3.0 %

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.

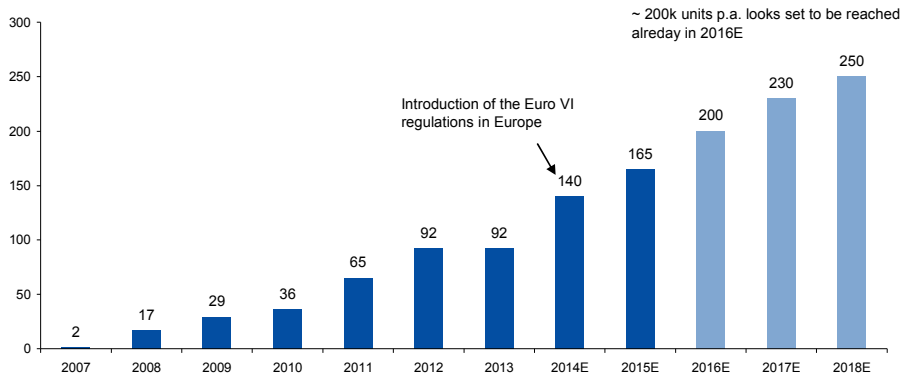
Even though our estimates conservatively do not yet reflect the launch of new Ultrasonic applications, **sales are seen to grow dynamically by 13% CAGR 2015-17E to € 322m** mainly driven by the core business. More importantly, **EBT should grow clearly disproportionately by c. 70% CAGR 2015-17E to c. € 23m** benefiting from:

- The fade out of one-off costs.** The operating performance is seen to be concealed by € 1.3m adverse FX effects as well as € 0.6m additional cost relating to the change of a supplier burdening the EBIT-margin by 0.8pp in FY15E. Furthermore, the EBIT is seen to be subdued by € 1.5m additional costs with regard to the relocation of the Powertrain Technology machines (equally split across Q4 2015 and Q1 2016).
- Reduced D&A** due to the gradual fade out of PPA amortisations which are seen to decline from € 1.8m in FY15E to € 0.5m in FY16E and completely vanish in FY17E.
- An improved net financial result** in the range of € 1.0m to € 1.5m vs currently € 3.6 in FY15E (fully visible in FY17E) after the refinancing of the high yield bond which matures mid of 2016 (interest rate of 7.25% is expected to reduce to c. 2% after the refinancing).
- A favourable product mix** based on the expansion of the Ultrasonic business (the Ultrasonic systems and components business is seen to carry higher EBITDA-margins).

Furthermore, MS should be able to realise **further efficiency improvements** after the relocation of the German production plant (should be completed for both divisions in 2017). The new production facility is seen to allow for an elimination of several insufficiencies within the old building. However, as it is hard to quantify these effects at present, we have not yet reflected any efficiency improvements in our estimates.

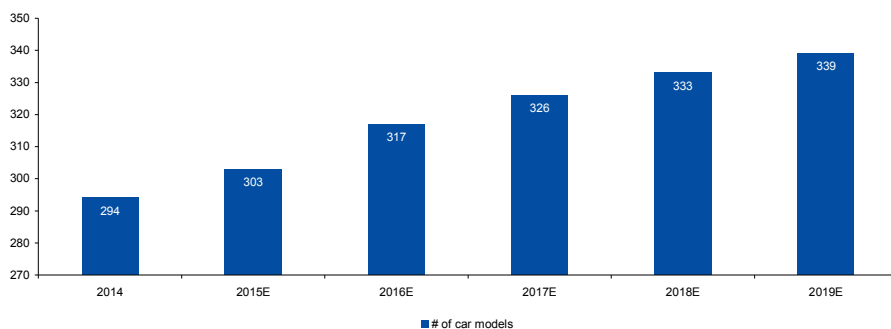
Against this backdrop, **valuation looks undemanding trading at 6.6x EV/ EBIT 2017E** (vs 9.1x EV/ EBIT 2017E adj. for PPA of our automotive coverage). Hence, **we confirm our BUY rating with a PT of € 7.70.**

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



Source: Company data; Hauck & Aufhäuser

Car model variety in seen to further increase (excl. facelifts, special editions)



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	251.8	293.1	322.0
<i>Sales growth</i>	32.2 %	13.3 %	2.8 %	21.5 %	15.3 %	16.4 %	9.9 %
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	251.8	293.1	322.0
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	145.8	167.6	182.3
Personnel expenses	33.2	38.0	42.1	47.7	54.9	62.4	66.7
Other operating expenses	22.8	25.8	28.3	28.4	32.5	37.5	40.9
Total operating expenses	134.3	158.0	164.8	199.0	229.2	263.6	285.8
EBITDA	20.9	16.3	17.3	21.2	22.6	29.5	36.2
Depreciation	7.5	7.4	7.8	9.3	9.0	11.3	10.8
EBITA	13.5	8.9	9.4	11.9	13.6	18.2	25.4
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	11.6	17.5	25.2
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	3.0	2.0
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	-3.0	-2.0
Recurring pretax income from continuing operations	1.8	0.7	2.4	5.6	8.0	14.5	23.2
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	8.0	14.5	23.2
Taxes	-0.4	-1.3	0.2	1.4	2.2	4.5	7.2
Net income from continuing operations	2.2	2.1	2.3	4.1	5.8	10.0	16.0
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	5.8	10.0	16.0
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	5.8	10.0	16.0
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	0.19	0.33	0.53

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 %	1.4 %	1.2 %
Material expenses	57.8 %	57.6 %	55.0 %	58.3 %	57.9 %	57.2 %	56.6 %
Personnel expenses	21.5 %	21.7 %	23.4 %	21.8 %	21.8 %	21.3 %	20.7 %
Other operating expenses	14.8 %	14.8 %	15.7 %	13.0 %	12.9 %	12.8 %	12.7 %
Total operating expenses	87.0 %	90.4 %	91.7 %	91.1 %	91.0 %	89.9 %	88.8 %
EBITDA	13.6 %	9.3 %	9.6 %	9.7 %	9.0 %	10.1 %	11.2 %
Depreciation	4.8 %	4.3 %	4.4 %	4.3 %	3.6 %	3.9 %	3.4 %
EBITA	8.7 %	5.1 %	5.2 %	5.5 %	5.4 %	6.2 %	7.9 %
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 %	0.2 %	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 %	4.6 %	6.0 %	7.8 %
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 %	1.4 %	1.0 %	0.6 %
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 %	-1.4 %	-1.0 %	-0.6 %
Recurring pretax income from continuing operations	1.2 %	0.4 %	1.4 %	2.6 %	3.2 %	4.9 %	7.2 %
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 %	3.2 %	4.9 %	7.2 %
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 %	2.3 %	3.4 %	5.0 %
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 %	2.3 %	3.4 %	5.0 %
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 %	2.3 %	3.4 %	5.0 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Intangible assets	9.6	7.7	6.2	4.6	2.6	1.9	1.7
Property, plant and equipment	52.9	63.1	61.8	48.4	54.4	53.1	52.3
Financial assets	11.1	14.3	23.2	16.1	16.1	16.1	16.1
FIXED ASSETS	73.5	85.1	91.1	69.1	73.1	71.1	70.1
Inventories	25.6	23.7	28.4	31.8	36.6	42.5	46.7
Accounts receivable	21.8	22.7	23.1	27.0	29.7	32.1	35.3
Other current assets	16.1	10.4	8.5	6.1	6.1	6.1	6.1
Liquid assets	5.1	10.5	3.6	3.5	4.4	1.2	16.6
Deferred taxes	0.2	1.0	0.6	0.9	0.9	0.9	0.9
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	69.2	77.6	82.7	105.5
TOTAL ASSETS	142.2	153.3	155.5	138.3	150.7	153.8	175.6
SHAREHOLDERS EQUITY	34.0	34.4	35.7	41.8	47.7	57.7	73.7
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	59.2	61.2	50.1	52.1
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	5.8	5.8	5.8	5.8
Non-current liabilities	68.5	83.0	84.0	64.9	66.9	55.8	57.8
short-term liabilities to banks	20.2	16.2	13.6	10.7	10.7	10.7	10.7
Accounts payable	11.1	10.3	14.2	11.3	15.9	20.1	23.8
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	8.2	8.2	8.2	8.2
Deferred taxes	3.3	1.6	1.1	1.3	1.3	1.3	1.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	38.3	34.6	34.9	31.5	36.1	40.3	44.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	142.2	153.3	155.5	138.3	150.7	153.8	175.6

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
Intangible assets	6.7 %	5.0 %	4.0 %	3.3 %	1.7 %	1.2 %	1.0 %
Property, plant and equipment	37.2 %	41.2 %	39.7 %	35.0 %	36.1 %	34.5 %	29.8 %
Financial assets	7.8 %	9.3 %	14.9 %	11.6 %	10.7 %	10.5 %	9.2 %
FIXED ASSETS	51.7 %	55.5 %	58.6 %	50.0 %	48.5 %	46.2 %	39.9 %
Inventories	18.0 %	15.5 %	18.3 %	23.0 %	24.3 %	27.6 %	26.6 %
Accounts receivable	15.3 %	14.8 %	14.9 %	19.5 %	19.7 %	20.9 %	20.1 %
Other current assets	11.3 %	6.8 %	5.5 %	4.4 %	4.0 %	4.0 %	3.5 %
Liquid assets	3.6 %	6.8 %	2.3 %	2.5 %	2.9 %	0.8 %	9.4 %
Deferred taxes	0.2 %	0.6 %	0.4 %	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 %
CURRENT ASSETS	48.3 %	44.5 %	41.4 %	50.0 %	51.5 %	53.8 %	60.1 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	23.9 %	22.5 %	23.0 %	30.3 %	31.6 %	37.5 %	42.0 %
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 %	42.8 %	40.6 %	32.6 %	29.7 %
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 %	4.2 %	3.8 %	3.7 %	3.3 %
Non-current liabilities	48.2 %	54.1 %	54.0 %	47.0 %	44.4 %	36.3 %	32.9 %
short-term liabilities to banks	14.2 %	10.6 %	8.8 %	7.7 %	7.1 %	6.9 %	6.1 %
Accounts payable	7.8 %	6.7 %	9.1 %	8.2 %	10.5 %	13.0 %	13.6 %
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)	2.6 %	4.3 %	3.8 %	5.9 %	5.4 %	5.3 %	4.7 %
Deferred taxes	2.3 %	1.0 %	0.7 %	1.0 %	0.9 %	0.9 %	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 %	22.8 %	23.9 %	26.2 %	25.1 %
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	5.8	10.0	16.0
Depreciation of fixed assets (incl. leases)	7.5	7.4	7.8	9.3	9.0	11.3	10.8
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	-1.7	0.0	0.0	0.0
Cash flow from operations before changes in w/c	10.9	10.8	12.9	13.7	16.8	22.0	27.0
Increase/decrease in inventory	-11.4	-0.7	-2.9	-3.4	-4.9	-5.8	-4.2
Increase/decrease in accounts receivable	0.0	0.0	0.0	-3.9	-2.7	-2.5	-3.2
Increase/decrease in accounts payable	-6.7	-2.5	-1.8	0.4	4.6	4.2	3.7
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	-6.9	-2.9	-4.1	-3.6
Cash flow from operating activities	-7.1	7.6	8.2	6.8	13.8	17.9	23.4
CAPEX	11.0	17.2	7.5	5.6	15.0	10.0	10.0
Payments for acquisitions	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Financial investments	0.0	0.0	4.3	0.1	0.0	0.0	0.0
Income from asset disposals	3.7	1.4	0.5	5.2	0.0	0.0	0.0
Cash flow from investing activities	-7.3	-15.9	-11.3	-0.4	-15.0	-10.0	-10.0
Cash flow before financing	-14.5	-8.4	-3.0	6.4	-1.2	7.9	13.4
Increase/decrease in debt position	13.7	14.2	-3.7	-6.6	2.0	-11.1	2.0
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	0.1	0.0	0.0	0.0
Cash flow from financing activities	12.5	14.1	-3.7	-6.6	2.0	-11.1	2.0
Increase/decrease in liquid assets	-2.0	5.4	-6.8	-0.1	0.8	-3.2	15.4
Liquid assets at end of period	5.1	10.5	3.6	3.5	4.4	1.2	16.6

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 %	15.3 %	16.4 %	9.9 %
EBITDA growth	31.6 %	-22.2 %	6.1 %	22.7 %	6.8 %	30.3 %	22.7 %
EBIT growth	63.4 %	-34.4 %	11.8 %	47.3 %	17.4 %	50.4 %	44.0 %
EPS growth	138.2 %	-1.8 %	-2.1 %	96.6 %	40.1 %	72.9 %	60.0 %
Efficiency							
Total operating costs / sales	87.0 %	90.4 %	91.7 %	91.1 %	91.0 %	89.9 %	88.8 %
Sales per employee	208.2	177.5	173.9	203.8	225.3	256.2	281.5
EBITDA per employee	28.3	16.5	16.7	19.8	20.3	25.8	31.6
Balance sheet analysis							
Avg. working capital / sales	20.8 %	20.7 %	20.4 %	19.4 %	19.4 %	17.9 %	17.5 %
Inventory turnover (sales/inventory)	6.0	7.4	6.3	6.9	6.9	6.9	6.9
Trade debtors in days of sales	51.6	47.4	46.9	45.1	43.0	40.0	40.0
A/P turnover [(A/P*365)/sales]	26.3	21.5	28.8	18.9	23.0	25.0	27.0
Cash conversion cycle (days)	110.8	96.1	99.4	103.8	95.0	88.8	85.8
Cash flow analysis							
Free cash flow	-18.2	-9.7	0.7	1.2	-1.2	7.9	13.4
Free cash flow/sales	-11.8 %	-5.5 %	0.4 %	0.5 %	-0.5 %	2.7 %	4.2 %
FCF / net profit	-862.2 %	-463.6 %	35.3 %	28.7 %	-20.0 %	79.1 %	83.7 %
Capex / depre	113.1 %	176.9 %	114.6 %	50.7 %	136.4 %	83.3 %	90.9 %
Capex / maintenance capex	170.5 %	272.7 %	113.0 %	58.8 %	151.5 %	92.6 %	101.0 %
Capex / sales	7.2 %	9.9 %	6.6 %	2.6 %	6.0 %	3.4 %	3.1 %
Security							
Net debt	74.3	81.8	84.9	66.4	67.5	59.6	46.2
Net Debt/EBITDA	3.5	5.0	4.9	3.1	3.0	2.0	1.3
Net debt / equity	2.2	2.4	2.4	1.6	1.4	1.0	0.6
Interest cover	1.2	0.9	1.5	2.2	3.2	5.8	12.6
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	2.0	2.4	2.3
Operating assets turnover	1.7	1.8	1.8	2.3	2.4	2.7	2.9
Plant turnover	2.9	2.8	2.9	4.5	4.6	5.5	6.2
Inventory turnover (sales/inventory)	6.0	7.4	6.3	6.9	6.9	6.9	6.9
Returns							
ROCE	7.9 %	4.6 %	5.0 %	7.9 %	9.6 %	14.0 %	18.9 %
ROE	6.2 %	6.1 %	5.5 %	9.9 %	12.1 %	17.3 %	21.7 %
Other							
Interest paid / avg. debt	11.1 %	7.8 %	5.1 %	5.8 %	5.1 %	4.5 %	3.2 %
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	0.19	0.33	0.53
Valuation ratios							
P/BV	3.4	3.4	3.3	2.9	2.5	2.1	1.6
EV/sales	1.3	1.1	1.1	0.9	0.7	0.6	0.5
EV/EBITDA	9.3	12.3	11.8	8.8	8.3	6.1	4.6
EV/EBITA	14.4	22.6	21.6	15.7	13.8	9.9	6.6
EV/EBIT	21.1	33.3	30.2	18.9	16.2	10.3	6.6
EV/FCF	-10.7	-20.7	292.0	158.1	-162.7	22.8	12.5
Adjusted FCF yield	8.0 %	5.8 %	5.4 %	5.9 %	6.1 %	8.7 %	12.7 %
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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Historical target price and rating changes for MS Industrie AG in the last 12 months

Price and Rating History
MS Industrie AG as of 19/11/15

Initiation coverage
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