

**Buy** (old: Buy)

**Price target: EUR 7.70** (old: EUR 7.70)

<b>Price:</b>	EUR 3.75	<b>Next result:</b>	Q4 01.03.16
<b>Bloomberg:</b>	MSAG GR	<b>Market cap:</b>	EUR 112.4 m
<b>Reuters:</b>	MSAG.DE	<b>Enterprise Value:</b>	EUR 179.8 m

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## Concerns unjustified – BUYING opportunity

The recent share price dip is seen to be mainly triggered by investors fear about (1) the slowdown of the US truck market and (2) by additional one-off costs that might occur in conjunction with the relocation of the production facility. **Concerns are seen to be unjustified**, in our view. Hence, **the current share price decline is seen as a BUYING opportunity**.

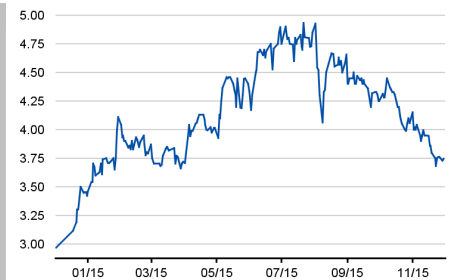
- Yesterday, MS Industrie finally announced to have concluded the refinancing of its high-yield bond (nominal value € 22.6m, maturity mid-2016, coupon 7.25% p.a.). The new long-term financing in the amount of € 20m is seen to come at attractive interest rates below 2% (eH&A) which is seen to improve the company's net financial result by € 1m to € 1.5m p.a. (fully visible in FY2017E). Moreover, **management confirmed that the re-location of the Powertrain Technology Business is going ahead according to plan and that no extra costs should be expected**. The first machines have already been relocated to the new production facility. Management reiterated that the relocation should be fully completed by the beginning of May 2016 according to schedule.
- Daimler is expected to largely compensate a US truck market slowdown by **gaining further market share** (c. 31% in the US, 23% in Europe for heavy trucks) based on its innovative edge as Daimler Weltmotor is benchmark in terms of efficiency AND by **gaining various new orders** from other engines manufacturers (e.g. MTU, Liebherr, etc). Moreover, **MS is still benefiting from a catch-up effect** following the flat development of the Weltmotor unit sales in 2013 (one of Daimlers suppliers had delivery problems causing Daimler to partly assemble third party engines). Ultimately, MS Industrie is seen to benefit from the fact that **the truck market in Europe should still be driven by the ongoing release of pent-up demand**. The market volume is still below the pre-crisis level of 2008.

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 inefficiencies 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 6.3x EV/ EBIT 2017E** (vs 9.3x EV/ EBIT 2017E adj. for PPA of our automotive coverage). Hence, **we confirm our BUY rating with a PT of € 7.70**.

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	1.2	1.1	1.1	0.8	0.7	0.6	0.5
EV/EBITDA	8.9	11.8	11.3	8.4	7.9	5.8	4.4
EV/EBIT	20.2	31.9	29.0	18.0	15.5	9.8	6.3
PER	26.6	42.3	49.7	27.2	19.4	11.2	7.0
Adjusted FCF yield	8.4 %	6.1 %	5.7 %	6.2 %	6.4 %	9.1 %	13.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 15.12.2015



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.93 / 2.97

**Price/Book Ratio:** 2.4

**Relative performance (SDAX):**

3 months -18.4 %

6 months -17.4 %

12 months -1.5 %

### 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.

## Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>154.3</b>	<b>174.8</b>	<b>179.8</b>	<b>218.5</b>	<b>251.8</b>	<b>293.1</b>	<b>322.0</b>
<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
<b>Total sales</b>	<b>155.2</b>	<b>174.3</b>	<b>182.1</b>	<b>220.2</b>	<b>251.8</b>	<b>293.1</b>	<b>322.0</b>
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
<b>EBITDA</b>	<b>20.9</b>	<b>16.3</b>	<b>17.3</b>	<b>21.2</b>	<b>22.6</b>	<b>29.5</b>	<b>36.2</b>
Depreciation	7.5	7.4	7.8	9.3	9.0	11.3	10.8
<b>EBITA</b>	<b>13.5</b>	<b>8.9</b>	<b>9.4</b>	<b>11.9</b>	<b>13.6</b>	<b>18.2</b>	<b>25.4</b>
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
<b>EBIT</b>	<b>9.2</b>	<b>6.0</b>	<b>6.7</b>	<b>9.9</b>	<b>11.6</b>	<b>17.5</b>	<b>25.2</b>
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
<b>Recurring pretax income from continuing operations</b>	<b>1.8</b>	<b>0.7</b>	<b>2.4</b>	<b>5.6</b>	<b>8.0</b>	<b>14.5</b>	<b>23.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>1.8</b>	<b>0.7</b>	<b>2.4</b>	<b>5.6</b>	<b>8.0</b>	<b>14.5</b>	<b>23.2</b>
Taxes	-0.4	-1.3	0.2	1.4	2.2	4.5	7.2
<b>Net income from continuing operations</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>4.1</b>	<b>5.8</b>	<b>10.0</b>	<b>16.0</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>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>4.1</b>	<b>5.8</b>	<b>10.0</b>	<b>16.0</b>
Minority interest	0.0	0.0	0.3	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>4.1</b>	<b>5.8</b>	<b>10.0</b>	<b>16.0</b>
Average number of shares	28.9	29.3	29.5	30.0	30.0	30.0	30.0
<b>EPS reported</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.14</b>	<b>0.19</b>	<b>0.33</b>	<b>0.53</b>

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<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	0.6 %	-0.3 %	1.3 %	0.8 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.6 %</b>	<b>99.7 %</b>	<b>101.3 %</b>	<b>100.8 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
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 %
<b>EBITDA</b>	<b>13.6 %</b>	<b>9.3 %</b>	<b>9.6 %</b>	<b>9.7 %</b>	<b>9.0 %</b>	<b>10.1 %</b>	<b>11.2 %</b>
Depreciation	4.8 %	4.3 %	4.4 %	4.3 %	3.6 %	3.9 %	3.4 %
<b>EBITA</b>	<b>8.7 %</b>	<b>5.1 %</b>	<b>5.2 %</b>	<b>5.5 %</b>	<b>5.4 %</b>	<b>6.2 %</b>	<b>7.9 %</b>
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 %
<b>EBIT</b>	<b>6.0 %</b>	<b>3.4 %</b>	<b>3.7 %</b>	<b>4.5 %</b>	<b>4.6 %</b>	<b>6.0 %</b>	<b>7.8 %</b>
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 %
<b>Recurring pretax income from continuing operations</b>	<b>1.2 %</b>	<b>0.4 %</b>	<b>1.4 %</b>	<b>2.6 %</b>	<b>3.2 %</b>	<b>4.9 %</b>	<b>7.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.2 %</b>	<b>0.4 %</b>	<b>1.4 %</b>	<b>2.6 %</b>	<b>3.2 %</b>	<b>4.9 %</b>	<b>7.2 %</b>
Tax rate	-20.4 %	-177.6 %	6.5 %	25.8 %	28.0 %	31.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.3 %</b>	<b>3.4 %</b>	<b>5.0 %</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>1.4 %</b>	<b>1.2 %</b>	<b>1.3 %</b>	<b>1.9 %</b>	<b>2.3 %</b>	<b>3.4 %</b>	<b>5.0 %</b>
Minority interest	0.0 %	0.0 %	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>1.4 %</b>	<b>1.2 %</b>	<b>1.1 %</b>	<b>1.9 %</b>	<b>2.3 %</b>	<b>3.4 %</b>	<b>5.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>9.6</b>	<b>7.7</b>	<b>6.2</b>	<b>4.6</b>	<b>2.6</b>	<b>1.9</b>	<b>1.7</b>
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
<b>FIXED ASSETS</b>	<b>73.5</b>	<b>85.1</b>	<b>91.1</b>	<b>69.1</b>	<b>73.1</b>	<b>71.1</b>	<b>70.1</b>
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
<b>CURRENT ASSETS</b>	<b>68.7</b>	<b>68.2</b>	<b>64.3</b>	<b>69.2</b>	<b>77.6</b>	<b>82.7</b>	<b>105.5</b>
<b>TOTAL ASSETS</b>	<b>142.2</b>	<b>153.3</b>	<b>155.5</b>	<b>138.3</b>	<b>150.7</b>	<b>153.8</b>	<b>175.6</b>
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
<b>Non-current liabilities</b>	<b>68.5</b>	<b>83.0</b>	<b>84.0</b>	<b>64.9</b>	<b>66.9</b>	<b>55.8</b>	<b>57.8</b>
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
<b>Current liabilities</b>	<b>38.3</b>	<b>34.6</b>	<b>34.9</b>	<b>31.5</b>	<b>36.1</b>	<b>40.3</b>	<b>44.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>142.2</b>	<b>153.3</b>	<b>155.5</b>	<b>138.3</b>	<b>150.7</b>	<b>153.8</b>	<b>175.6</b>

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>6.7 %</b>	<b>5.0 %</b>	<b>4.0 %</b>	<b>3.3 %</b>	<b>1.7 %</b>	<b>1.2 %</b>	<b>1.0 %</b>
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 %
<b>FIXED ASSETS</b>	<b>51.7 %</b>	<b>55.5 %</b>	<b>58.6 %</b>	<b>50.0 %</b>	<b>48.5 %</b>	<b>46.2 %</b>	<b>39.9 %</b>
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 %
<b>CURRENT ASSETS</b>	<b>48.3 %</b>	<b>44.5 %</b>	<b>41.4 %</b>	<b>50.0 %</b>	<b>51.5 %</b>	<b>53.8 %</b>	<b>60.1 %</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	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 %
<b>Non-current liabilities</b>	<b>48.2 %</b>	<b>54.1 %</b>	<b>54.0 %</b>	<b>47.0 %</b>	<b>44.4 %</b>	<b>36.3 %</b>	<b>32.9 %</b>
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 %
<b>Current liabilities</b>	<b>26.9 %</b>	<b>22.6 %</b>	<b>22.4 %</b>	<b>22.8 %</b>	<b>23.9 %</b>	<b>26.2 %</b>	<b>25.1 %</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)	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
<b>Cash flow from operating activities</b>	<b>-7.1</b>	<b>7.6</b>	<b>8.2</b>	<b>6.8</b>	<b>13.8</b>	<b>17.9</b>	<b>23.4</b>
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
<b>Cash flow from investing activities</b>	<b>-7.3</b>	<b>-15.9</b>	<b>-11.3</b>	<b>-0.4</b>	<b>-15.0</b>	<b>-10.0</b>	<b>-10.0</b>
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
<b>Cash flow from financing activities</b>	<b>12.5</b>	<b>14.1</b>	<b>-3.7</b>	<b>-6.6</b>	<b>2.0</b>	<b>-11.1</b>	<b>2.0</b>
Increase/decrease in liquid assets	-2.0	5.4	-6.8	-0.1	0.8	-3.2	15.4
<b>Liquid assets at end of period</b>	<b>5.1</b>	<b>10.5</b>	<b>3.6</b>	<b>3.5</b>	<b>4.4</b>	<b>1.2</b>	<b>16.6</b>

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
<b>TTL</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>	<b>0.0</b>
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
<b>P&amp;L growth analysis</b>							
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 %
<b>Efficiency</b>							
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
<b>Balance sheet analysis</b>							
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
<b>Cash flow analysis</b>							
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 %
<b>Security</b>							
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 %
<b>Asset utilisation</b>							
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
<b>Returns</b>							
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 %
<b>Other</b>							
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
<b>Valuation ratios</b>							
P/BV	3.2	3.2	3.1	2.7	2.4	1.9	1.5
EV/sales	1.2	1.1	1.1	0.8	0.7	0.6	0.5
EV/EBITDA	8.9	11.8	11.3	8.4	7.9	5.8	4.4
EV/EBITA	13.8	21.7	20.7	15.0	13.2	9.4	6.2
EV/EBIT	20.2	31.9	29.0	18.0	15.5	9.8	6.3
EV/FCF	-10.2	-19.8	280.4	151.1	-155.6	21.7	11.8
Adjusted FCF yield	8.4 %	6.1 %	5.7 %	6.2 %	6.4 %	9.1 %	13.4 %
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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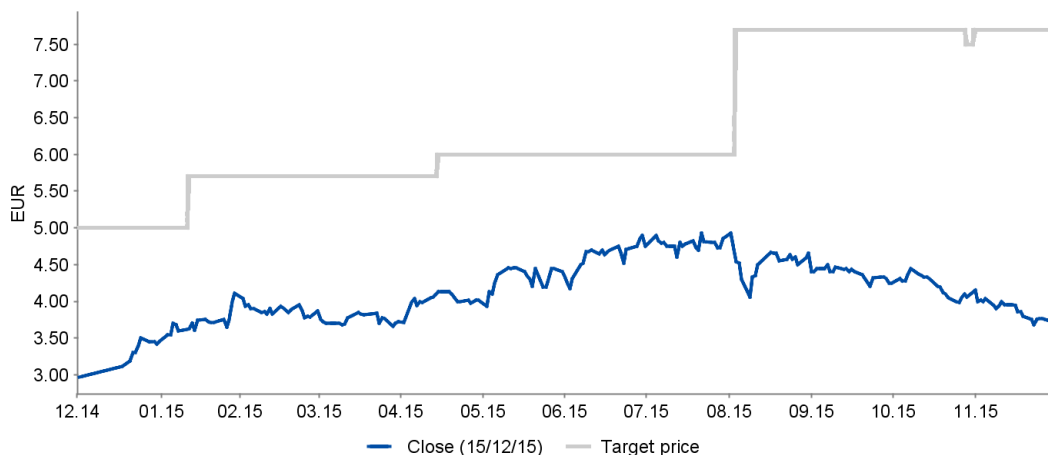
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Company	Disclosure
MS Industrie AG	5

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

**Price and Rating History**  
MS Industrie AG as of 16/12/15

**Initiation coverage**  
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