

Recommendation:

**BUY** (BUY)

Risk:

**MEDIUM** (MEDIUM)

Price Target:

**EUR 8.40** (8.40)

26 November 2010

## 9M 2010 results in line with expectations

### ... and some news from the "Equity Forum"

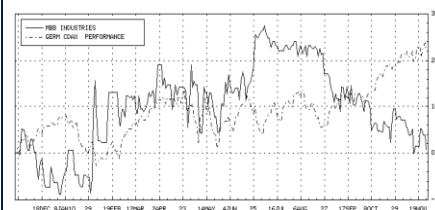
- This week MBB Industries AG reported 9M 2010 sales of EUR 86.6m and an EPS of EUR -1.27. This result incorporates an accounting loss of EUR 9.4m which represents the final contribution to the restructuring of Delignit and results from the recently reported sale of the majority of the unprofitable Romanian Delignit holdings. The consolidated result for the continued operations of the group, also including the accounting loss, is EUR -7.9m (EUR -1.20 per share) compared with plus EUR 3.2m (EUR 0.48 per share) for the first nine months of 2009.
- Excluding the accounting loss, MBB generated a net profit of EUR 1.6m, or 24 cents per share, and a cash flow from operating activities of EUR 3.9m for the first nine months of 2010. MBB's liquidity remains solid and allows for further acquisitions: Liquid funds as of 30.09.2010 including short-term securities and physical stocks of gold amounted to EUR 30.7m, with net cash amounting to EUR 10.3m.
- MBB confirmed its guidance for FY 2010: Sales at EUR 120m and a negative result due to one-off charges. Management expects a good fourth quarter with Delignit to make a positive contribution to the group's quarterly result.
- During the German Equity Forum, MBB gave an outlook on sales of its holdings for the current business year: Delignit EUR 24m, obo EUR 8m, Hanke EUR 20m, DTS EUR 22m, CT Formpolster EUR 24m, Huchtemeier EUR 16m. For FY 2011E MBB is guiding rising sales for its holdings with exception of Huchtemeier (flat) and Delignit (down) due to the sale of its Romanian subsidiary. The holdings should deliver higher earnings and Delignit should come back to profitability.
- We slightly adjusted our estimates for the current business year. For FY 2011E and FY 2012E we leave estimates unchanged. We confirm our BUY with a price target of EUR 8.40.

#### Key data

FY 12/31, EUR m	2008	2009	2010E	2011E	2012E
Sales	199.3	116.6	118.0	135.0	147.0
EBIT	14.4	5.4	-5.9	5.0	7.3
Net result	8.0	3.5	-6.1	3.8	5.9
EPS	1.22	0.54	-0.92	0.57	0.89
DPS	0.25	0.50	0.08	0.20	0.31
Gross margin	43.2%	47.0%	45.4%	45.0%	44.7%
EBIT margin	7.2%	4.6%	n.m.	3.7%	4.9%
ROE	14.8%	6.4%	n.m.	7.6%	10.9%
ROA	5.7%	3.5%	n.m.	3.9%	5.7%
EV/EBITDA	2.1	4.2	n.m.	4.7	3.7
EV/EBIT	2.9	7.7	n.m.	8.4	5.7
P/E	5.1	11.5	n.m.	10.9	6.9

Source: MBB Industries AG, CBS Research AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, MBB Industries AG

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	118.0	124.0	-	135.0	-	147.0
EBIT	-5.9	-6.0	-	5.0	-	7.3
EPS	-0.92	-0.95	-	0.57	-	0.89

Internet: mbbindustries.com    Sektor: All Industrial  
WKN: A0ETBQ    ISIN: DE000A0ETBQ4  
Reuters: MBBG.DE    Bloomberg: MBB GY

#### Short company profile:

As an industrial holding company, MBB Industries AG purchases, develops and sells holdings in medium-sized industrial companies. Its focus lies on companies that are characterized by a strong position in the relevant industry.

#### Share data:

Share price (EUR, latest closing price):	<b>6.20</b>
Shares outstanding (m):	6.6
Market capitalisation (EUR m):	40.9
Enterprise value (EUR m):	41.6
Ø daily trading volume (3 m., no. of shares):	1,870

#### Performance data:

High 52 weeks (EUR):	8.00
Low 52 weeks (EUR):	5.50
Absolute performance (12 months):	-5.7%
Relative performance vs. CDAX:	
1 month	-4.2%
3 months	-28.2%
6 months	-24.1%
12 months	-22.8%

#### Shareholders:

Management	73%
Free float	27%

#### Financial calendar:

n.a.

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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price Target
27 April 2010	BUY	EUR 7.24 (Initiating Coverage)	EUR 12.00
5 May 2010	BUY	EUR 7.35	EUR 12.00
2 June 2010	BUY	EUR 7.34	EUR 11.00
6 September 2010	BUY	EUR 6.65	EUR 9.00

4 October 2010	BUY	EUR 6.60	EUR 8.40
26 November 2010	BUY	EUR 6.20	EUR 8.40

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Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 6 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

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