

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 10.00** (10.00)

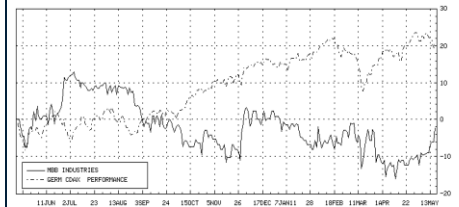
18 May 2011

Good start into 2011

1Q 2011 key figures released

- MBB today presented figures for 1Q 2011 in which revenues rose 9% from EUR 25.3m to EUR 27.7m compared with 1Q 2010. EBITDA increased by a whole 51 % from EUR 1.8m to EUR 2.7m (EBITDA margin rose from 7% to 10 %). Consolidated earnings were up by 61%, from EUR 0.8m in 1Q 2010 to EUR 1.4m. This corresponds to EPS of 21 cents. The presentation of continuing operations take into account the sale of its investment Huchtemeier (in April) and the increase of the economic interest in Hanke to 97%. All five investment companies contributed positive to the 1Q 2011 result.
- Equity amounted to EUR 47.3m as at 31 March 2011 which implies an equity ratio of 52% whilst liquid funds (including securities and gold) amounted to EUR 32.9m. Net cash stands at an all-time high with EUR 15.6m. As of March 31, 2011 the parent company of the group disposes of liquid funds of EUR 27.8m, can serve - after deduction of the proposed dividend at the annual meeting on July 7, 2011 of 33 cent per share (EUR 2.2m) - for the acquisition of new investment companies. The high liquidity should warrant a higher share price and thus we believe the share is currently undervalued by the market (potential upside: +57.7%).
- According to the management board the positive earnings and liquidity performance of MBB in 1Q 2011 will continue in the second quarter. We believe that MBB can easily achieve our full year guidance of Sales EUR 110.3m, EBITDA of EUR 9.1m and net income of EUR 4.6m.
- Recent newsflow: On 16 May Hanke Tissue Sp z o.o. has been honoured in the Polish Forbes magazine's competition "Diamenty" with the first prize as the Polish company with the fastest increase in company value in its revenue class and has therefore received a "diamond". Furthermore Hanke received the prize "e-Diamenty" for its website. This bears testimony to the fact that Hanke is on the right track and is excellently positioned in the market.
- As we maintain all our previous estimates we reiterate our EUR 10.00 Price Target and again recommend to BUY the share.

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, MBB Industries AG

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Sales	-	110.3	-	115.0	-	125.5
EBIT	-	5.9	-	7.7	-	9.1
EPS	-	0.70	-	0.94	-	1.05

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):	6.34
Shares outstanding (m):	6.6
Market capitalisation (EUR m):	41.8
Enterprise value (EUR m):	27.0
Ø daily trading volume (3 m., no. of shares):	4,094

Performance data:

High 52 weeks (EUR):	8.00
Low 52 weeks (EUR):	5.50
Absolute performance (12 months):	-6.7%
Relative performance vs. CDAX:	
1 month	8.3%
3 months	9.7%
6 months	2.8%
12 months	-22.4%

Shareholders:

Management	73.5%
Free float	26.5%

Financial calendar:

1Q 2011 Report	31 May 2011
AGM	7 July 2011

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Key data

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Sales	199.3	80.6	116.0	110.3	115.0	125.5
EBIT	14.4	5.0	-6.1	5.9	7.7	9.1
Net result	8.0	3.7	-6.6	4.6	6.2	7.0
EPS	1.22	0.56	-1.00	0.70	0.94	1.05
DPS	0.25	0.50	0.33	0.35	0.47	0.53
Gross margin	43.2%	38.1%	31.3%	45.6%	45.5%	45.2%
EBIT margin	7.2%	6.2%	n.m.	5.4%	6.7%	7.2%
ROE	14.8%	6.6%	n.m.	9.6%	11.8%	12.4%
ROA	5.7%	3.6%	n.m.	5.0%	6.4%	15.9%
EV/EBITDA	1.4	3.4	n.m.	3.0	2.5	2.2
EV/EBIT	1.9	5.4	n.m.	4.6	3.5	3.0
P/E	5.2	11.4	n.m.	9.1	6.8	6.0

Source: MBB Industries AG, CBS Research AG

Research



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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
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

15 February 2011	BUY	EUR 6.30	EUR 10.00
27 April 2011	BUY	EUR 5.99	EUR 10.00
18 May 2011	BUY	EUR 6.34	EUR 10.00

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

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