

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

01 September 2011

## Very solid 1H 2011 figures

### ... with strong earnings increase

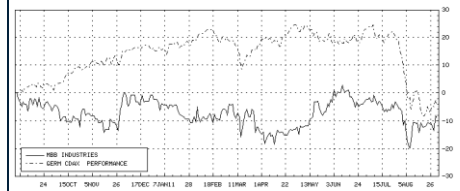
- MBB Industries AG recently reported results for the first half of 2011, in which revenues rose by 5% to EUR 51.9m (PY: EUR 49.4m). EBITDA rose by 30% from EUR 3.4m (corresponding to EBITDA margin of 6.8%) to EUR 4.4m (8.5% EBITDA margin). Consolidated earnings rose from EUR 1.1m (17 cents/share) in the first half year of 2010 to EUR 2.3m (35 cents/share) in 2011, an increase of 100%. The presentation of continuing operations take into account the sale of the investment Huchtemeier and the increase of the economic share in Hanke from 78% to 97%.
- In the second quarter of 2011, revenue rose marginally to EUR 24.25m (PY: EUR 24.12m). EBITDA came in at EUR 1.73m (PY: EUR 1.62m) but due to, amongst others, a favourable interest result in 2Q 2011, net income was approx. thrice as high at EUR 0.934 compared with EUR 0.306 a year before.
- Equity amounted to EUR 48.3m as at 30 June 2011, translating into an equity ratio of 53.8%. Liquid funds (including securities and gold stocks) amounted to EUR 31.5m and net cash (aforementioned liquid funds less liabilities to banks) amounted to EUR 14.6m. As of 30 June 2011 the parent company of the group disposes of liquid funds of EUR 23.5m, which - after deduction of the dividend paid on 8 July 2011 of 33 cent per share (EUR 2.2m in total) - are, according to MBB, intended for the acquisition of new investment companies.
- The management stated that during the business year its M&A activities will be an advantage for the development of MBB. As reported by us in a former update, MBB subsidiary DTS AG could acquire the business activities from Eld Datentechnik GmbH effective 1 October 2011.
- We believe that our estimates for the full year 2011E can easily be achieved and hence leave them unchanged. Furthermore we reiterate both our Price Target of EUR 10.00 and BUY recommendation. Valuation is highly attractive.

#### Key data

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Sales	199.3	80.6	116.0	118.0	135.0	146.5
EBIT	14.4	5.0	-6.1	5.9	8.1	9.6
Net result	8.0	3.7	-6.6	4.6	6.6	7.4
EPS	1.22	0.56	-1.00	0.69	1.00	1.13
DPS	0.25	0.50	0.33	0.34	0.50	0.56
Gross margin	43.2%	38.1%	31.3%	45.4%	45.0%	44.7%
EBIT margin	7.2%	6.2%	n.m.	5.0%	6.0%	6.6%
ROE	14.8%	6.6%	n.m.	9.5%	12.6%	13.1%
ROA	5.7%	3.6%	n.m.	4.9%	6.6%	17.6%
EV/EBITDA	1.3	3.2	n.m.	2.7	2.1	1.9
EV/EBIT	1.8	5.1	n.m.	4.3	3.1	2.6
P/E	5.0	11.0	n.m.	8.8	6.1	5.4

Source: MBB Industries AG, CBS Research AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, MBB Industries AG

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Sales	-	118.0	-	135.0	-	146.5
EBIT	-	5.9	-	8.1	-	9.6
EPS	-	0.69	-	1.00	-	1.13

Internet: mbbindustries.com Sector: 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>6.10</b>
Shares outstanding (m):	6.6
Market capitalisation (EUR m):	40.3
Enterprise value (EUR m):	25.5
Ø daily trading volume (3 m., no. of shares):	7,765

#### Performance data:

High 52 weeks (EUR):	7.15
Low 52 weeks (EUR):	4.13
Absolute performance (12 months):	-13.2%
Relative performance vs. CDAX:	
1 month	15.9%
3 months	11.2%
6 months	15.1%
12 months	-9.7%

#### Shareholders:

Management	73.5%
Free float	26.5%

#### Financial calendar:

Equity Forum Frankfurt	November 2011
3Q 2011 Report	30 November 2011

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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
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
14 July 2011	BUY	EUR 6.43	EUR 10.00
01 September 2011	BUY	EUR 6.10	EUR 10.00

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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

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