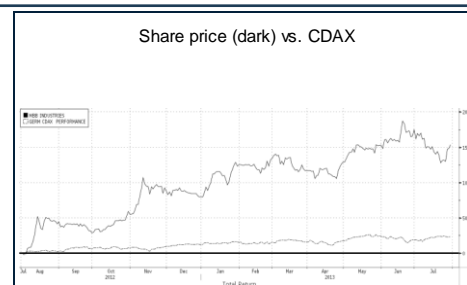


Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 27.00** (27.00)

31 July 2013

## 1H 2013: Profitability improved further, and balance sheet remains more than solid

- MBB published some key figures for 1H 2013: Sales grew by 27.3% yoy to EUR 114.3m from EUR 89.8m (1H 2012). Net profit improved by a smaller rate of 9.6% to EUR 6.3m as 1H 2012 was positively affected by a EUR 1.7m consolidation gain. MBB's 1H 2013 EPS stood at EUR 0.98 (1H 2012: EUR 0.89).
- Due to a dividend payment of EUR 3m at the end of June, higher capex and working capital, MBB's liquidity sequentially dropped from EUR 54.3m (1Q 2013) to EUR 46.2m as of 30 June 2013. However, this means still an improvement from 31 December 2012 (EUR 45.2m). Therefore its war chest allows the company to finance its capital expenditures for its existing company portfolio and to grow via acquisitions. Additionally, MBB's equity rose to EUR 59.1m from EUR 57.4m in FY 2012.
- In 2Q 2013, sales stood at EUR 58.8m (2Q 2012: EUR 58.4m) while the net profit improved from EUR 2.6m to EUR 3.0m. The positive development is driven by the entire MBB group. Currently MBB is strongly investing in further growth: Its holdings Hanke Tissue is building up a new paper machine in Poland and MBB Fertigungstechnik own production facilities in China. Hanke Tissue is MBB's most profitable holding while MBB Fertigungstechnik is the group's largest company. The production facilities in China will allow MBB Fertigungstechnik to better serve its clients from the automotive sector.
- MBB's outlook remains positive, the company assumes to increase its sales and earnings level. In our view, MBB concentrates more on profitability than sales development. We therefore reduce our estimates for sales and minimally earnings figures.
- We leave our price target unchanged. MBB's cash position allows the company to grow internally but also via acquisitions. We confirm our BUY recommendation and the EUR 27.00 price target.



Source: CBS Research AG, Bloomberg, MBB Industries AG

Change	2013E		2014E		2015E	
	new	old	new	old	new	old
Sales	230.5	240.5	238.5	244.5	247.5	251.5
EBIT	19.8	20.2	20.3	20.6	21.2	21.4
EPS	2.01	2.05	2.06	2.09	2.17	2.19

Internet: [mbbindustries.com](http://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>20.90</b>
Shares outstanding (m):	6.6
Market capitalisation (EUR m):	137.9
Enterprise value (EUR m):	121.9
Ø daily trading volume (3 m., no. of shares):	5,654

### Performance data:

High 52 weeks (EUR):	24.05
Low 52 weeks (EUR):	8.25
Absolute performance (12 months):	146.5%
Relative performance vs. CDAX:	
1 month	-11.9%
3 months	2.5%
6 months	2.0%
12 months	99.7%

### Shareholders:

Management	75.7%
Free float	24.3%

### Financial calendar:

2Q 2013 report	30 August 2013
German Equity Forum	11-13 November 2013

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### Key data

FY 12/31, EUR m	2010	2011	2012	2013E	2014E	2015E
Sales	99.9	109.6	204.9	230.5	238.5	247.5
EBIT	-7.0	5.7	19.4	19.8	20.3	21.2
Net result	-6.8	3.3	13.4	13.0	13.3	14.0
EPS	-1.04	0.51	2.08	2.01	2.06	2.17
DPS	0.33	0.44	0.50	0.50	0.50	0.55
Gross margin	34.2%	38.4%	44.0%	44.2%	44.3%	44.4%
EBITDA margin	n.m.	8.4%	11.9%	11.0%	10.9%	11.0%
EBIT margin	n.m.	5.2%	9.5%	8.6%	8.5%	8.6%
EV/EBITDA	n.m.	13.2	5.0	4.8	4.7	4.5
EV/EBIT	n.m.	21.5	6.3	6.2	6.0	5.8
P/E	n.m.	41.3	10.0	10.4	10.2	9.6

Source: MBB Industries AG, CBS Research AG

## Research



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

Date	Recommendation	Price at change date	Price Target
14 August 2012	BUY	EUR 11.65	EUR 17.20
06 November 2012	BUY	EUR 14.30	EUR 21.50
28 February 2013	BUY	EUR 19.70	EUR 27.00
25 April 2013	BUY	EUR 17.45	EUR 27.00

31 July 2013	BUY	EUR 20.90	EUR 27.00
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