

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

06 March 2014

Prel. FY 2013 results and promising ...

... FY 2014 outlook

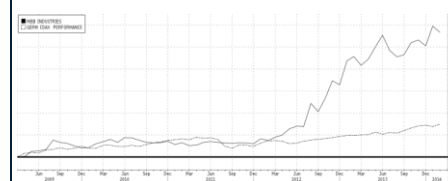
- According to preliminary figures, MBB Industries realized sales of EUR 228.2m (FY 2012: EUR 204.9m) in the past business year which means a plus of 11.4%. The EBITDA stood at EUR 22.7m compared to EUR 24.3m in FY 2012. The net profit (EUR 13.5m) was slightly ahead of last year's figure (EUR 13.4m). The FY 2013 figure includes a positive one-off effect from the consolidation of DHK automotive GmbH und HTZ Holzstockung GmbH totaling EUR 0.6m, while in FY 2012 a EUR 1.7m one-off was booked. The EPS stood at EUR 2.09 (previous year: EUR 2.08) and exceeded our expectation (EUR 2.01).
- Despite dividend payments of EUR >3m and capital expenditures on record level, equity and liquidity further improved in FY 2013: The equity grew from EUR 57.4m to EUR 67.8m at the end of FY 2013, translating into an equity ratio of 38.2% and remained on FY 2012 level (38.6%).
- The liquidity for the group climbed from EUR 45.2m (FY 2012) to EUR 54.9m. In contrast, net liquidity fell from EUR 31.5m to EUR 23.8m in the past business year as a result of higher capex (EUR ~15m). The funds were mainly invested in a new paper machine at Hanke Tissue, the formation of MBB Technologies (China) Ltd., land and buildings, and the acquisition of the companies DHK automotive and HTZ Holzstockung.
- Outlook: For the current business year MBB assumes sales to exceed the EUR 250m border. Based on its satisfying liquidity position, the company will grow organically, and in addition via acquisitions and stands for a continuous dividend policy.
- Additionally, its listed holding Delignit (76.1%) was able to substantially improve its net profit by 39% to EUR 1.7m according to prel. figures. The EPS improved from EUR 0.15 (FY 2012) to EUR 0.21 in the past business year. For FY 2014E Delignit assumes sales of EUR >40m compared to EUR 35.3m in FY 2013.
- We marginally adjust our estimates. We confirm our BUY recommendation and the EUR 27.00 PT and clarify that valuation remains attractive.

Key data

FY 12/31, EUR m	2010	2011	2012	2013E	2014E	2015E
Sales	99.9	109.6	204.9	228.2	252.5	260.0
EBIT	-7.0	5.7	19.4	17.4	21.1	22.1
Net result	-6.8	3.3	13.4	13.5	13.8	14.7
EPS	-1.04	0.51	2.08	2.09	2.14	2.27
DPS	0.33	0.44	0.50	0.50	0.53	0.56
Gross margin	34.2%	38.4%	44.0%	44.3%	44.2%	44.3%
EBITDA margin	n.m.	8.4%	11.9%	10.0%	10.6%	10.8%
EBIT margin	n.m.	5.2%	9.5%	7.6%	8.3%	8.5%
EV/EBITDA	n.m.	15.1	5.7	6.1	5.2	5.0
EV/EBIT	n.m.	24.5	7.2	8.0	6.6	6.3
P/E	n.m.	46.5	11.3	11.2	11.0	10.4

Source: MBB Industries AG, CBS Research AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, MBB Industries AG

Change	2013E		2014E		2015E	
	new	old	new	old	new	old
Sales	228.2	230.5	252.5	242.5	260.0	252.5
EBIT	17.4	19.8	21.1	20.7	22.1	21.8
EPS	2.09	2.01	2.14	2.11	2.27	2.23

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):	23.50
Shares outstanding (m):	6.6
Market capitalisation (EUR m):	155.1
Enterprise value (EUR m):	139.1
Ø daily trading volume (3 m., no. of shares):	4,232

Performance data:

High 52 weeks (EUR):	26.00
Low 52 weeks (EUR):	16.81
Absolute performance (12 months):	16.0%
Relative performance vs. CDAX:	
1 month	-0.7%
3 months	5.6%
6 months	6.6%
12 months	-4.5%

Shareholders:

Management	71%
Own shares	2%
Free float	26%

Financial calendar:

FY 2013 report	30 April 2014
1Q 2014 report	30 May 2014

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MBB Industries AG

Profit and loss account

	IFRS	EURm	2010	2011	2012	2013E	2014E	2015E
Sales			99.9	109.6	204.9	228.2	252.5	260.0
YoY growth			23.9%	9.7%	86.9%	11.4%	10.6%	3.0%
Income from removal			0.8	0.5	0.0	0.0	0.0	0.0
Work in process and finished goods			0.1	0.1	2.0	2.0	2.0	2.0
Other operating income			3.7	3.3	2.0	2.0	2.0	2.1
Total revenues			104.6	113.5	208.9	232.2	256.5	264.1
Cost of materials			-70.4	-71.4	-118.8	-132.4	-145.9	-149.8
in % of sales			-70.4%	-65.1%	-58.0%	-58.0%	-57.8%	-57.6%
Gross income			34.2	42.1	90.0	99.8	110.6	114.3
in % of sales			34.2%	38.4%	44.0%	43.8%	43.8%	44.0%
Personnel expenses			-20.3	-23.5	-41.0	-50.2	-53.0	-54.6
in % sales			-20.3%	-21.5%	-20.0%	-22.0%	-21.0%	-21.0%
Other operating expenses			-17.1	-9.4	-24.8	-26.9	-30.7	-31.7
EBITDA			-3.2	9.2	24.3	22.7	26.9	28.1
in % of sales			-3.2%	8.4%	11.9%	10.0%	10.6%	10.8%
Depreciation and amortisation			-3.9	-3.6	-4.9	-5.3	-5.8	-6.0
in % of total revenues			-3.7%	-3.1%	-2.3%	-2.3%	-2.3%	-2.3%
EBIT			-7.0	5.7	19.4	17.4	21.1	22.1
in % of sales			-7.0%	5.2%	9.5%	7.6%	8.3%	8.5%
Financial result			-0.9	-1.1	-1.5	-0.7	-0.9	-0.8
EBT			-8.0	4.6	17.9	16.7	20.2	21.3
in % of sales			-8.0%	4.2%	8.7%	7.3%	8.0%	8.2%
Taxes			0.6	-1.1	-4.0	-2.8	-5.6	-5.9
as % of EBT			-7.9%	-24.7%	-22.6%	-16.7%	-28.0%	-27.9%
Net income including minorities			-7.3	3.5	13.8	13.9	14.5	15.4
Minority interests			-0.1	-0.2	-0.4	-0.4	-0.7	-0.7
Results from discontinued operations			0.6	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders *			-6.8	3.3	13.4	13.5	13.8	14.7
in % of sales			-6.8%	3.0%	6.6%	5.9%	5.5%	5.6%
Shares outstanding (in millions)			6.6	6.6	6.5	6.5	6.5	6.5
Earnings per share (EUR)			-1.04	0.51	2.08	2.09	2.14	2.27

Source: CBS Research AG, MBB Industries AG

* continued operations

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

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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
25 April 2013	BUY	EUR 17.45	EUR 27.00
31 July 2013	BUY	EUR 20.90	EUR 27.00
31 October 2013	BUY	EUR 21.45	EUR 27.00

22 November 2013	BUY	EUR 22.55	EUR 27.00
6 March 2014	BUY	EUR 23.50	EUR 27.00

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