

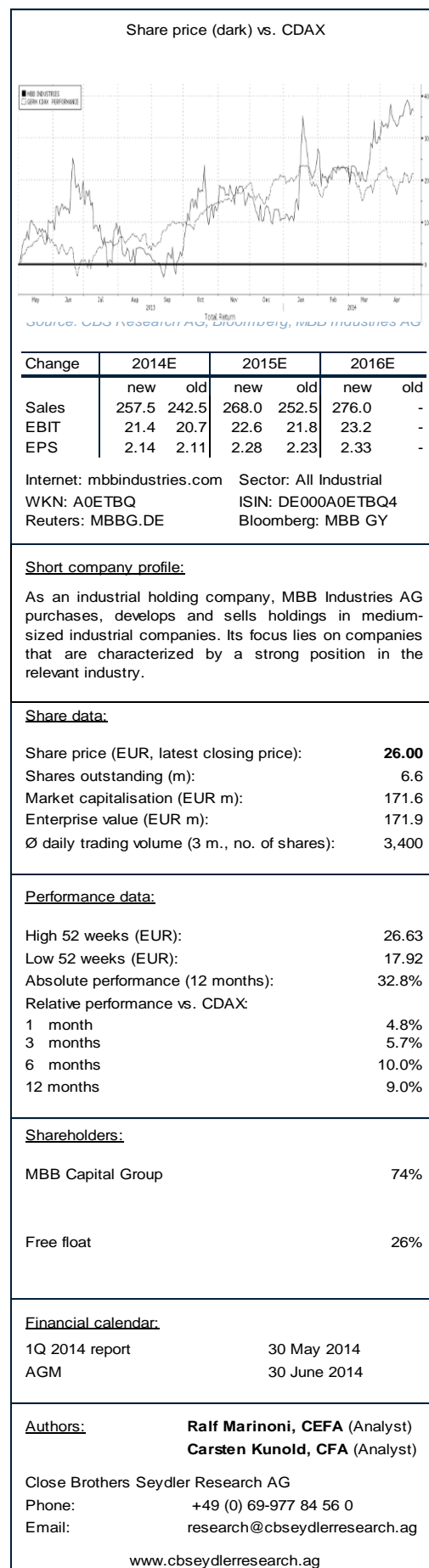
Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 30.00** (27.00)

02 May 2014

Another small acquisition ...

... to strengthen MBB's portfolio

- MBB recently announced that its holding company OBO-Werke acquired the European tooling board and tooling paste materials business from its long-term partner Huntsman Advanced Materials. In particular, OBO is acquiring production assets and licences to produce and market Huntsman Advanced Materials' products used in model construction, tool making and mould production in Europe. Additionally, OBO has been appointed as Huntsman Advanced Materials' master distributor for the distribution of its tooling liquids in almost all European markets.
- OBO-Werke is an international manufacturer of polyurethane sheets and blocks. Its applications are used in the automobile and aviation industries, mould and tool construction, foundries, and general model construction. Since FY 2009 OBO was able to double sales to EUR ~12m in FY 2013.
- According to MBB, OBO's sales will rise by more than 40% on an annualized basis which translates into more than EUR 5m in absolute figures. The acquired company is profitable and will be consolidated as of 2Q14E.
- Furthermore, by the end of April, MBB published its annual report. Altogether, figures were consistent with preliminaries released at the beginning of March.
- At 27 March 2014, MBB Industries placed its treasury shares to an institutional investor. The transaction price amounted to 24.65 and the book value was EUR 6.09. The book gain of nearly EUR 2.7m increased directly the capital reserves and does not affect the P&L.
- We slightly adjust our estimates to reflect the acquisition. We confirm our BUY recommendation and we raise our price target from EUR 27.00 to EUR 30.00 based on the weighted average of a DCF calculation and a peer group valuation.



Key data

FY 12/31, EUR m	2011	2012	2013	2014E	2015E	2016E
Sales	109.6	204.9	228.2	257.5	268.0	276.0
EBIT	5.7	19.7	17.5	21.4	22.6	23.2
Net result	3.3	13.6	13.5	14.0	15.0	15.4
EPS	0.51	2.11	2.09	2.14	2.28	2.33
DPS	0.44	0.50	0.55	0.56	0.59	0.61
Gross margin	38.4%	37.8%	38.5%	38.1%	38.0%	43.8%
EBITDA margin	8.4%	12.0%	10.0%	10.6%	10.7%	10.7%
EBIT margin	5.2%	9.6%	7.7%	8.3%	8.4%	8.4%
EV/EBITDA	18.6	7.0	7.6	6.3	6.0	5.8
EV/EBIT	30.3	8.7	9.8	8.0	7.6	7.4
P/E	51.4	12.3	12.5	12.2	11.4	11.1

Source: MBB Industries AG, CBS Research AG

Profit and loss account

	IFRS	EURm	2010	2011	2012	2013	2014E	2015E	2016E
Sales			99.9	109.6	204.9	228.2	257.5	268.0	276.0
YoY growth			23.9%	9.7%	86.9%	11.4%	12.8%	4.1%	3.0%
Income from removal			0.8	0.5	0.0	0.0	0.0	0.0	0.0
Work in process and finished goods			0.1	0.1	0.8	0.2	2.0	2.0	2.0
Other operating income			3.7	3.3	6.3	5.0	2.0	2.1	2.0
Total revenues			104.6	113.5	211.9	233.3	261.5	272.1	280.0
Cost of materials			-70.4	-71.4	-134.6	-145.4	-163.5	-170.2	-159.0
in % of sales			-70.4%	-65.1%	-65.7%	-63.7%	-63.5%	-63.5%	-57.6%
Gross income			34.2	42.1	77.4	87.9	98.0	101.9	121.0
in % of sales			34.2%	38.4%	37.8%	38.5%	38.1%	38.0%	43.8%
Personnel expenses			-20.3	-23.5	-41.2	-50.2	-54.1	-56.3	-58.0
in % sales			-20.3%	-21.5%	-20.1%	-22.0%	-21.0%	-21.0%	-21.0%
Other operating expenses			-17.1	-9.4	-11.6	-15.0	-16.6	-16.9	-33.6
EBITDA			-3.2	9.2	24.6	22.7	27.3	28.8	29.5
in % of sales			-3.2%	8.4%	12.0%	10.0%	10.6%	10.7%	10.7%
Depreciation and amortisation			-3.9	-3.6	-4.9	-5.2	-5.9	-6.2	-6.3
in % of total revenues			-3.7%	-3.1%	-2.3%	-2.2%	-2.3%	-2.3%	-2.3%
EBIT			-7.0	5.7	19.7	17.5	21.4	22.6	23.2
in % of sales			-7.0%	5.2%	9.6%	7.7%	8.3%	8.4%	8.4%
Financial result			-0.9	-1.1	-1.5	-0.4	-0.9	-0.8	-0.8
EBT			-8.0	4.6	18.1	17.2	20.5	21.8	22.4
in % of sales			-8.0%	4.2%	8.9%	7.5%	7.9%	8.1%	8.1%
Taxes			0.6	-1.1	-4.1	-3.3	-5.7	-6.1	-6.3
as % of EBT			-7.9%	-24.7%	-22.7%	-19.2%	-28.0%	-27.9%	-28.0%
Net income including minorities			-7.3	3.5	14.0	13.9	14.7	15.7	16.1
Minority interests			-0.1	-0.2	-0.4	-0.4	-0.7	-0.7	-0.7
Results from discontinued operations			0.6	0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders			-6.8	3.3	13.6	13.5	14.0	15.0	15.4
in % of sales			-6.8%	3.0%	6.6%	5.9%	5.5%	5.6%	5.6%
Shares outstanding (in millions)			6.6	6.6	6.5	6.5	6.6	6.6	6.6
Earnings per share (EUR)			-1.04	0.51	2.11	2.09	2.14	2.28	2.33

Source: CBS Research AG, MBB Industries AG

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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
5 March 2014	BUY	EUR 22.55	EUR 27.00
2 May 2014	BUY	EUR 26.00	EUR 30.00

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