

MBB SE

BUY (BUY) | Target EUR 27.00 (EUR 27.00)

Price (last closing price) : EUR 23.37 | Upside : +16%

Est. change	2015e	2016e
EPS	-	-

Sound Q1 prelims, 2015 outlook upgraded slightly

Wednesday, 13 May 2015



Sound 1Q prelims

MBB reported Q1 prelims in line with our expectations. Revenues increased 8% yoy to EUR 60m and EBITDA by 16.6% to EUR 6.4m, hence the EBITDA margin improved from 9.9% in 1Q14 to 10.6% in 1Q15. Net income was down slightly yoy to EUR 3.1m (PY EUR 3.2m) mainly on higher tax expenses, resulting in EPS of EUR 0.47 (PY EUR 0.50). In our view, the revenue and margin improvement was mainly led by Hanke. Its new paper machine, which started production in the course of last year, is meanwhile fully utilized. Delignit may also have contributed to the sales and earnings growth due to strong demand from the automotive industry. Revenues at MBB Fertigungstechnik, which were rather weak in Q4, probably more or less stabilized yoy in 1Q15, in our view.

Raised DPS and share buyback program

Net liquidity decreased from EUR 24m at YE 2014 to EUR 16m at the end of 1Q15. This was due to the purchase of previously rented buildings at DTS and delignit and a seasonal build-up of working capital. The company will also propose a DPS of EUR 0.57 at the AGM on 30 June, up from EUR 0.55 for 2013. Under the share buyback program so far (launched 18 March), MBB has acquired 13,225 shares for a total amount of EUR 0.3m. The total planned repurchase amount is EUR 3.0m, and the maximum share price of EUR 25.00 has not been reached so far; thus, we expect the share buyback program to continue in the following months. In our view, the company's net liquidity leaves further leeway for share buybacks and further acquisitions.

Confirmation/slight upgrade of FY15 outlook

The company slightly upgraded its 2015 outlook. While confirming its revenue guidance of EUR 240-250m, it now expects EPS of "at least EUR 1.75" vs. EUR 1.75 before. Our revenue estimate (EUR 250m) stands at the upper end of the revenue guidance range, and our EPS estimate (EUR 1.76) is also in line with guidance. In light of the sound 1Q results, the outlook appears rather conservative as Q4 is usually the company's strongest quarter of the year. We believe the outlook could be raised later on in the year.

BUY recommendation, PT unchanged EUR 27

Our EPS estimates remain unchanged. We reiterate our BUY recommendation with an unchanged PT of EUR 27.00. The valuation looks attractive at a P/E of 11.4x for 2016e. At our target price the shares would trade at a P/E 2016e of 13.3x. We expect a positive underlying business trend in 2015e mainly driven by organic growth at delignit and Hanke. For MBB Fertigungstechnik we expect a stabilization of demand. The share buyback program should support the share price. Additionally, mid-term acquisitions may provide further EPS growth potential as well.

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Capital

MBB GY MBBG.DE	
Market Cap (EURm)	154
Enterprise value (EURm)	161
Extrema 12 months	18.6
Free Float (%)	24.1

Performance (%)

	1m	3m	12m
Absolute	-12.1	6.3	-2.7
Perf. rel. "sector"	1.4	1.5	-21.8
Perf. rel. CDAX	4.3	1.6	-25.6

P & L

	12/15e	12/16e	12/17e
Sales (EURm)	250	266	278.6
EBITDA (EURm)	22	25	26
EBIT (EURm)	16	18	19
Attr. net profit (EURm)	12	13	14
EPS (EUR)	1.76	2.03	2.16
Dividend (EUR)	0.60	0.62	0.62
P/E (x)	13.3	11.5	10.8
P/B (x)	1.9	1.7	1.5
Dividend Yield (%)	2.6	2.7	2.7
FCF yield (%)	1.8	5.8	6.1
EV/Sales (x)	0.64	0.61	0.58
EV/EBITDA (x)	7.3	6.6	6.3
EV/EBIT (x)	10.2	9.0	8.5
Gearing (%)	0	0	0
Net Debt/EBITDA(x)	0.3	-0.1	-0.5

Next Events

Q1 Results	29 May 2015
AGM	30 June 2015

Profit and loss account

	IFRS	EURm	2011	2012	2013	2014	2015E	2016E	2017E
Revenues			109.6	204.9	228.2	236.7	250.0	266.0	278.6
YoY growth			9.7%	86.9%	11.4%	3.7%	5.6%	6.4%	4.7%
Elimination of neg. difference from capital consolidation			0.0	1.7	0.6	1.6	0.0	0.0	0.0
Other operating income			3.3	4.6	4.4	2.9	2.9	3.0	3.0
Change in finished goods and work in progress			0.1	0.8	0.2	1.6	0.2	0.2	0.2
Total revenues			113.1	211.9	233.3	242.8	253.1	269.2	281.8
Cost of materials			-71.4	-134.6	-145.4	-150.9	-160.0	-170.2	-178.3
in % of sales			-65.1%	-65.7%	-63.7%	-63.8%	-64.0%	-64.0%	-64.0%
Gross income			41.7	77.4	87.9	91.9	93.1	99.0	103.5
in % of sales			38.0%	37.8%	38.5%	38.8%	37.2%	37.2%	37.1%
Personnel expenses			-23.5	-41.2	-50.2	-53.3	-54.3	-57.7	-60.4
in % sales			-21.5%	-20.1%	-22.0%	-22.5%	-21.7%	-21.7%	-21.7%
Other operating expenses			-9.4	-11.6	-15.0	-16.5	-16.8	-16.7	-17.3
EBITDA			8.8	24.6	22.7	22.0	22.1	24.5	25.7
in % of sales			8.0%	12.0%	10.0%	9.3%	8.8%	9.2%	9.2%
Depreciation and amortisation			-3.6	-4.9	-5.2	-6.1	-6.3	-6.6	-6.8
in % of total revenues			-3.2%	-2.3%	-2.2%	-2.5%	-2.5%	-2.4%	-2.4%
EBIT			5.2	19.7	17.5	15.9	15.7	18.0	18.9
in % of sales			4.7%	9.6%	7.7%	6.7%	6.3%	6.7%	6.8%
Financial result			-1.1	-1.5	-0.4	-1.6	-0.1	0.1	0.3
EBT			4.1	18.1	17.2	14.4	15.6	18.1	19.2
in % of sales			3.8%	8.9%	7.5%	6.1%	6.3%	6.8%	6.9%
Taxes			-1.1	-4.1	-3.3	-0.6	-3.6	-4.2	-4.4
as % of EBT			-27.5%	-22.7%	-19.2%	-4.2%	-23.0%	-23.0%	-23.0%
Net income including minorities			3.0	14.0	13.9	13.8	12.0	13.9	14.8
Minority interests			-0.2	-0.4	-0.4	-0.6	-0.5	-0.5	-0.6
Net income attributable to shareholders			2.9	13.6	13.5	13.2	11.5	13.4	14.2
in % of sales			2.6%	6.6%	5.9%	5.6%	4.6%	5.0%	5.1%
Shares outstanding (in millions)			6.6	6.5	6.5	6.6	6.6	6.6	6.6
Earnings per share (EUR)			0.43	2.11	2.09	2.01	1.76	2.03	2.16

Source: Company Data, Oddo Seydler Bank AG

Balance Sheet

	IFRS	EURm	2011	2012	2013	2014	2015E	2016E	2017E
Assets									
Noncurrent assets			37.7	46.6	59.4	75.6	74.2	72.8	71.2
as % of total assets			43.7%	31.3%	33.5%	38.4%	37.3%	34.2%	31.4%
Intangible assets			4.3	4.9	6.1	7.5	7.5	7.5	7.5
Fixed assets			26.2	35.6	44.8	51.6	51.3	50.7	49.9
Other noncurrent assets			7.3	6.0	8.5	16.4	15.4	14.6	13.8
Current assets			48.6	102.1	117.9	121.1	124.7	139.9	155.3
as % of total assets			56.3%	68.7%	66.5%	61.6%	62.7%	65.8%	68.6%
Inventories			13.3	18.4	18.0	20.2	20.0	21.3	22.3
Trade receivables and other current assets			10.4	43.4	51.5	51.7	56.3	59.9	62.7
Available-for-sale financial assets			9.2	10.4	11.7	11.8	11.8	11.8	11.8
Cash and cash equivalents			15.6	29.9	36.7	37.4	36.7	47.0	58.5
Total Assets			86.3	148.7	177.2	196.7	199.0	212.6	226.5
Shareholders' equity and liabilities									
Shareholders' equity			46.2	57.5	67.8	78.6	86.3	95.8	105.9
as % of total equity and liabilities			53.5%	38.6%	38.3%	39.9%	43.4%	45.0%	46.8%
Issued capital and capital reserves			21.9	20.9	20.9	24.4	24.4	24.4	24.4
Retained earnings			22.3	34.2	44.0	50.6	58.4	67.8	78.0
Non-controlling interests			2.0	2.3	2.9	3.5	3.5	3.5	3.5
Noncurrent liabilities			22.0	37.7	48.2	53.5	54.3	55.6	57.1
as % of total equity and liabilities			25.5%	25.4%	27.2%	27.2%	27.3%	26.2%	25.2%
Liabilities to banks			13.1	11.2	24.4	24.8	24.8	24.8	24.8
Pension provisions			4.8	18.2	18.3	22.4	23.1	23.7	24.5
Other noncurrent liabilities			4.1	8.3	5.5	6.2	6.4	7.0	7.8
Current liabilities			18.1	53.5	61.3	64.7	58.3	61.3	63.5
as % of total equity and liabilities			21.0%	36.0%	34.6%	32.9%	29.3%	28.8%	28.0%
Bank liabilities			3.6	2.1	5.4	7.4	7.4	7.4	7.4
Advance payments received			0.0	12.3	2.5	2.8	3.8	4.0	4.2
Trade payables			8.0	11.0	16.8	19.6	17.5	18.6	19.5
Other current liabilities			6.5	28.1	36.5	34.8	29.6	31.2	32.4
Total equity and liabilities			86.3	148.7	177.2	196.7	199.0	212.7	226.5

Source: Company Data, Oddo Seydler Bank AG

Cash flow statement

	IFRS	EURm	2011	2012	2013	2014	2015E	2016E	2017E
EBIT			5.7	19.7	17.5	15.9	15.7	18.0	18.9
Depreciation and amortisation			3.6	4.9	5.2	6.1	6.3	6.6	6.8
Change in provisions			-0.9	3.2	2.4	1.3	-4.7	1.9	1.7
Negative difference from capital consolidation			0.0	-1.7	-0.6	-1.6	0.0	0.0	0.0
Income taxes paid			-0.9	-1.3	-1.3	-8.5	-2.2	-2.9	-3.2
Interest received			0.6	0.5	0.6	0.7	0.8	0.9	1.0
Other changes from operating activities			-0.5	-0.1	-0.5	-0.5	0.0	0.0	0.0
Change in inventories, trade receivables and other assets			-1.4	-1.9	-6.5	-3.9	-4.3	-4.9	-3.8
Change in trade payables and other liabilities			1.0	-3.4	-4.5	5.1	-1.1	1.9	1.5
Cash flow from operating activities			7.1	19.9	12.3	14.6	10.5	21.5	22.9
Additions to intangible assets and PPE			-2.4	-13.3	-12.8	-12.1	-6.0	-6.0	-6.0
Disposal/ acquisition of consolidated companies			-2.1	-13.3	0.0	-0.1	0.0	0.0	0.0
Other changes from investing activities			0.6	0.6	-3.4	-2.5	0.0	0.0	0.0
Cash flow from investing activities			-4.0	-26.0	-16.2	-14.7	-6.0	-6.0	-6.0
Dividend payment			-2.2	-2.8	-3.2	-3.7	-3.7	-3.9	-4.1
Share buy back programme			0.0	-1.0	0.0	3.5	0.0	0.0	0.0
Change in financial debt			-1.6	-3.3	14.8	2.5	-0.5	-0.5	-0.6
Interest paid			-1.3	-1.6	-0.9	-1.5	-0.9	-0.8	-0.7
Cash flow from financing activities			-5.1	-8.7	10.7	0.8	-5.1	-5.3	-5.3
Total change in cash and cash equivalents			-2.0	-14.9	6.8	0.7	-0.7	10.2	11.6
Change in the scope of consolidation			0.0	29.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the start of the period			17.6	15.6	29.9	36.7	37.4	36.7	47.0
Cash and cash equivalents at the end of the period			15.6	29.8	36.7	37.4	36.7	47.0	58.5

Source: Company Data, Oddo Seydler Bank AG

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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
13 May 2015	BUY	EUR 23.37	EUR 27.00
11 March 2015	BUY	EUR 22.15	EUR 27.00
05 December 2014	BUY	EUR 21.60	EUR 27.00
29 October 2014	BUY	EUR 22.52	EUR 27.00

01 September 2014	BUY	EUR 24.19	EUR 32.00
06 August 2014	BUY	EUR 22.24	EUR 30.00
15 May 2014	BUY	EUR 25.60	EUR 30.00

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