

Masterflex (MZX GY) | Industrial Technology

October 06, 2021

Heading for expansion

Most recent industry data suggest the group is able to maintain dynamic sales- and earnings growth trends from Q2 through Q3. EU production- and sentiment data out of the capital goods sector that accounts for over 50% of group business, fit well to management's statements regarding business development through July and August. Orders from aerospace customers are the only business behind expectations. All in all we would expect management to specify its full year guidance with the Q3 release on 10th of November. H1 earnings already surpassed previous' years levels, which is the current target for the full-year EBIT. With restructuring measures being implemented, including a workforce reduction and two site closures, Masterflex may now focus on the groups expansion until the end of the decade. Masterflex' mid-term guidance contains EUR200m group sales by 2030. The greater part of that expansion is supposed to come from non-organic growth. Given the atomized competitive landscape, we would expect the group to soon identify attractive targets and to execute within the coming 24months, simply to avoid a back-end loaded expansion towards the end of the planning period.

Valuation: Assuming Masterflex achieves its earnings targets for the coming 24months, MZX shares develop a substantial 30% discount vs the sector peers by FY23e on P/E and Ev/EBITDA. We consider such a discount as unjustified and stick to our EUR8,50 target price.

Fundamentals (in EUR m)	2018	2019	2020	2021e	2022e	2023e
Sales	77	80	72	76	83	91
EBITDA	9	9	7	10	13	14
EBIT	6	5	2	5	9	10
EPS adj. (EUR)	0.36	0.26	0.08	0.29	0.57	0.89
EBIT (adj)	6.3	5.1	3.2	5.1	8.9	9.9
DPS (EUR)	0.00	0.00	0.08	0.10	0.15	0.20
BVPS (EUR)	4.23	4.43	4.26	4.66	5.22	6.32
Net Debt incl. Provisions	21	23	17	18	16	12
Ratios	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	9.5	7.2	9.8	8.6	6.4	5.5
EV/EBIT	14.6	14.6	30.8	16.5	9.4	8.0
P/E adj.	19.8	17.0	67.8	23.8	12.3	7.9
Dividend yield (%)	0.0	0.0	1.4	1.4	2.1	2.9
EBITDA margin (%)	12.2	11.4	10.2	13.1	15.7	15.8
EBIT margin (%)	7.9	5.7	3.2	6.8	10.7	10.8
Net debt/EBITDA	2.3	2.5	2.4	1.8	1.2	0.8
ROE (%)	8.7	6.1	1.9	6.6	11.5	15.4
PBV	1.7	1.0	1.3	1.5	1.3	1.1

Sources: Refinitiv, Metzler Research

Buy
 **unchanged**
Price* **EUR 7.00**
Price target **EUR 8.50 (unchanged)**

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)	67
Enterprise Value (EUR m)	85
Free Float (%)	100.0

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	-4.1	5.1	47.7
Rel. to SDAX	1.7	5.2	16.4

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	-4.0	0.9	-0.0
EPS	-2.3	4.1	2.6

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Robust performance through Q3

Masterflex performance within the running quarter is very much characterized by the same trends like in Q2. Order activity out of cyclical industries that account for roughly two thirds of group revenues outperform new business received from other sectors. Sound business with capital goods customers should have provided Masterflex with double digit sales growth in July and August. Last years third quarter was hit by an 11% y/y sales decline, providing the group with a soft comparison base - at least on the top-line - for the running quarter. The German hose maker so far also escaped supply chain disruptions and hence delivered the vast majority of its products to customers according to plan.

Q3 about to continue positive Q2 momentum

Rising procurement prices for several components under tight supply trigger price increases Masterflex is just about to communicate to its customers. As overall Europe is currently faced with inflationary pressure for feedstock components, we would expect the group's raised product prices to stick. Hoses represent only a small part of the value of a customer's end product. Historically, Masterflex was able to pass-on procurement price inflation to customers. The majority of its contracts that contain product deliveries over a longer time-frame contain price-moving clauses anyway. On balance, currency fluctuations did not meaningfully impact third quarter figures.

Gradual product price increases to counter inflation

While the rebound of cyclical industries in Europe dominate Masterflex' sales expansion in the running year, other customer sectors perform worse, namely aerospace and med-tech. Soft demand out of the former sector is caused by the slow rebound in global air traffic and utilisation rates of civil aeroplanes that still is substantially below pre-crisis levels. Depending on when Masterflex' two dominant customers in the aerospace segment – Airbus Industries and Bombardier – will return to pre-covid order patterns, the group could be forced to reduce capacities at its Matsen&Timm division which is focused on that business. The recent closure of a small site in the Czech Republic was already triggered by the softness of demand from aerospace customers. We expect a decision on a potential further restructuring or a relocation of remaining sites to a low-cost country not before early 2022.

Cyclical sectors drive growth

The situation looks different in the med-tech sector. Still, a considerable amount of capacities in hospitals in Europe are focussed on the treatment of covid-patients while non-acute operations in other areas have not yet fully rebounded. That situation causes order volumes out of the medical space to remain below normalized levels. On average over several years, Masterflex generates about 18% of group sales in that field. As patient treatments and operation activity after the pandemic is about to normalize, there is no need to reduce production capacities on Masterflex' side. To the opposite: The group is just about to finish the construction of new clean-room facilities to expand its presence in the med-tech hose business. Quality requirements and pricing sensitivity in the sector suggest that greater capacities in that field should support margin growth on a group level once patient treatments normalize.

MZX' Q3 release may contain a detailed guidance

Assuming current dynamics persist until the end of Q3, management may precise its outlook for the running year by providing an EBIT-range that replaces the existing guidance. The current outlook only comprises an EBIT that should exceed last years EUR3.16m. That threshold has already been surpassed after six months with the EUR3.68m in H1-21. Keeping in mind inflationary impacts on group sales and

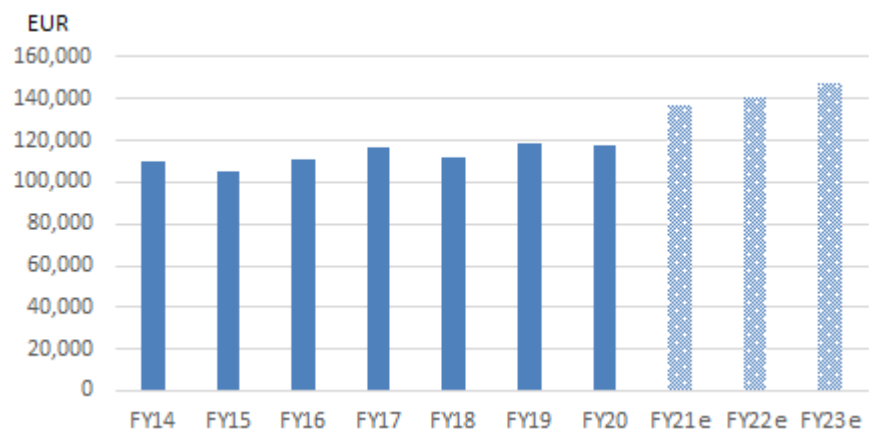
company note

the 4.0% year-to-date sales growth vs H1/20, Masterflex' sales guidance of a 2-5% y/y increase could be modified as well. We anticipate a 5.8% revenues expansion to EUR76m for FY21e after EUR71.9m a year before.

Restructuring is over

Masterflex' restructuring plan has basically been fully implemented with the targeted adjustment of its workforce. As of H1/21 the group employed 557 people or 12% less vs year-end 2020. Assuming a stable headcount at the end of the year and the achievement of around EUR76m sales, revenues per head would expand to EUR136k after EUR117k in Q4/20. That expansion is a vital component of management's efforts to return to sustainable profitability levels, including the projected double-digit EBIT margin towards the end of next year.

Step change in revenues per head as of this year



Source: Metzler Research, Masterflex

Higher sales per head drive margins

We project a group EBIT of EUR5.15m and a margin of 6.8% for the running year and EUR83m sales and EUR8.9m EBIT for FY22e. That would translate into a 10.7% margin. Only next year, Masterflex benefits through all four quarters from its workforce adjustment and – presumably – the end of the pandemic-induced negative sales impact. We project EUR140k sales per head in FY22e which exceeds previous years levels around EUR105k (FY15) to EUR118k (FY19) considerably. The increase not only reflects the lower number of employees but also the modified customer-mix of the group with a greater share of higher-priced hoses in its portfolio vs five years ago.

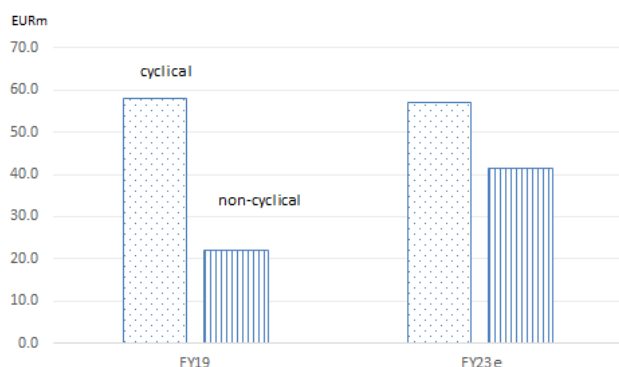
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Key figures from the p&l

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21e	FY22e	FY23e
Revenues	57.90	62.47	64.11	66.49	74.68	77.24	79.97	71.88	76.02	83.15	91.47
+/-	5.3%	7.9%	2.6%	3.7%	12.3%	3.4%	3.5%	-10.1%	5.8%	9.4%	10.0%
Cost of materials	18.10	20.37	20.83	20.80	24.31	25.24	25.97	22.57	24.17	26.44	28.81
Ratio	31.3%	32.6%	32.5%	31.3%	32.6%	32.7%	32.5%	31.4%	31.8%	31.8%	31.5%
Personel expenses	21.85	23.27	25.96	26.50	28.52	30.79	32.68	29.15	29.65	30.60	33.39
Ratio	37.7%	37.2%	40.5%	39.9%	38.2%	39.9%	40.9%	40.6%	39.0%	36.8%	36.5%
Employees		567	609	601	642	689	676	613	557	590	620
Sales per head		110,169	105,274	110,626	116,316	112,109	118,297	117,261	136,478	140,936	147,529
Profitability											
EBITDA	8.77	9.17	7.67	8.81	9.78	9.44	9.14	7.31	9.94	13.06	14.44
Margin	15.1%	14.7%	12.0%	13.3%	13.1%	12.2%	11.4%	10.2%	13.1%	15.7%	15.8%
EBIT (adj)	6.11	6.32	4.87	6.10	7.08	6.25	5.06	3.16	5.15	8.90	9.87
Margin	10.6%	10.1%	7.6%	9.2%	9.5%	8.1%	6.3%	4.4%	6.8%	10.7%	10.8%

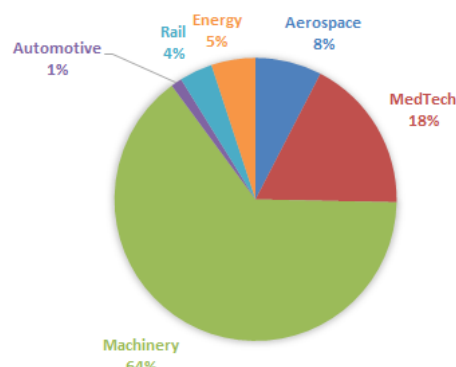
Source: Metzler Research, Masterflex

Cyclical vs non-cyclical exposure 2019 vs 2023e



Sources: Masterflex, Metzler Research

Customer industry mix



Sources: Masterflex, Metzler Research

Well on track to enter into the next stage of the group's expansion

Following capacity- and workforce adjustments of the recent 24 months, and a very decent chance to deliver the projected double-digit margin next year, management could now focus on the further expansion of the group. By 2030, Masterflex aims to achieve about EUR200m sales – vs EUR76m in FY21e. For sure, that growth is supposed to be supported by a further growth in average revenues per product but also depends on non-organic growth.

Acquisitions should become the key driver for growth

Management once mentioned a 60%/40% mix, with acquisitions contributing the greater part of the planned expansion. We would expect the group to look for non-organic growth within the coming 24months, simply because any later start of acquisitions requires a greater single (non-organic) step to arrive at the communicat-


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ed sales target towards the end of the decade.

Ample targets to grow

The atomized competitive landscape in many parts of the hose-industry should allow Masterflex to identify at least one target that could fit into the existing product- and brand portfolio. The group certainly sticks to the strategy of recent years and aims to acquire technological- and/or development expertise rather than sheer production capacity and avoid the entry into any high-volume mass-markets as any such step would cannibalize the groups margin-enhancement strategy.

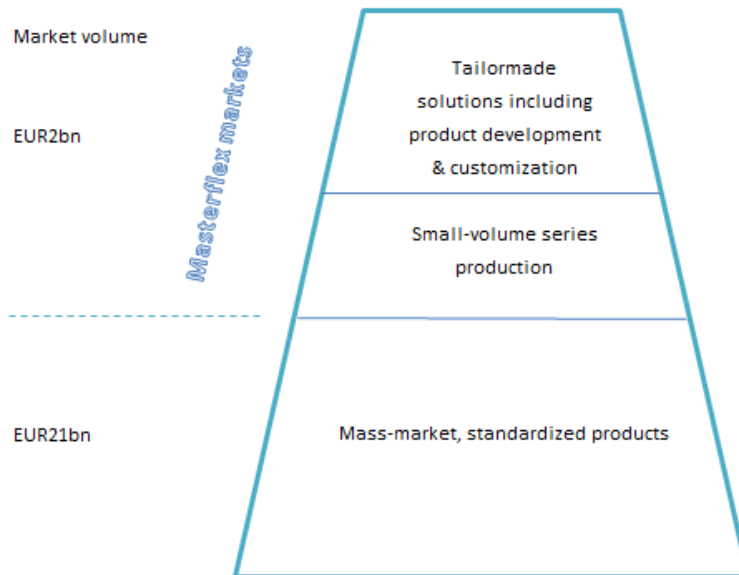
Masterflex brands & key products

Group brands →	APT	MASTERDUCT	FLEIMA - PLASTIC	NOVOPLAST	MATZEN & TIMM	MASTERFLEX
KEY PRODUCT APPLICATION						
PEERS	Optinova, Saint Gobain	Hi-tech Duravent Flexaust	Borla Promepla	Modenplast Raumedic	Hutchinson MST, Flexfab	Norres, Merlett Schauenburg

Source: Masterflex, Metzler Research

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Market segmentation for technical hoses



Sources: Masterflex, Metzler Research

Customer industries with a positive, though heterogeneous picture

Not all customer industries recover

Latest available data for Masterflex' key customer industries into July underline management's statements regarding its business development. European production volumes for medical&dental equipment rebounded sharply at the beginning of the year, however fell back somewhat through the summer. Overall business activities in the aerospace sector remains substantially below pre-crisis levels. The rebound in Q4/20 and the beginning of the running year was however not sustainable. The rail&rolling stock industry continues to enjoy very robust production levels – that sector accounts for about 4% of Masterflex' group sales. Finally, industrial production in the German food sector continued the typical seasonal pattern of recent years and suggests demand for production equipment in that business remains on healthy levels.

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German industrial production - plastics



Source: Bloomberg, Metzler Research

EU industrial production - tubes



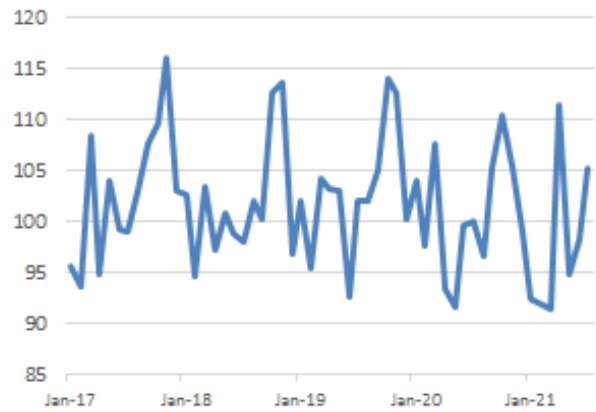
Source: Bloomberg, Metzler Research

EU industrial production - rail & rolling stock



Source: Bloomberg, Metzler Research

German industrial production - food



Source: Bloomberg, Metzler Research

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EU industrial production - medical & dental instruments



Source: Bloomberg, Metzler Research

EU industrial production - aerospace



Source: Bloomberg, Metzler Research

Business expectations within the capital goods sector that stands for over 50% of Masterflex' group sales remain on levels above the last five years average. However, business confidence is on a moderate decline from the peak in March 21 towards August of the running year. That decline most likely reflects the expectation of global supply chain issues to negatively impact production in the capital goods sector throughout the second half of the year. Although Masterflex as of now managed to avoid meaningful disruptions in its own value chain, those disruptions presumably pose the greatest risk to the groups outlook in Q4/21.

Overall robust sentiment among Masterflex' #1 customer group

Production levels in tubes and fluid handling sectors differ widely

We compose industrial production data for the European fluid handling- and tube sectors to one indicator to approximate business activity within Masterflex' specific industry. 50% of the indicator is coming from industrial production data in the German plastics business while the remaining 50% are a blend of European fluid handling and tubes production. That indicator points towards rather stable output volumes in the sectors under review between December 2020 and June 2021, following the collapse on the peak of the first wave of the pandemic in April 2020.

Heterogeneous picture for Masterflex sector

Both, manufacturer of fluid handling- and plastics equipment in general enjoy a return of production volumes considerably above long-term averages while contenders in the tube business are confronted with a business activity below levels, seen between 2000 and 2019.

A part of the explanation for that discrepancy could be relocations of tube production facilities to sites outside Europe or a substitution of rubber-components with plastic parts. Given the fact that Masterflex' dominant feedstock component are different kinds of plastics, we consider the business progression in the plastics sector as the more accurate reflection of the hose-makers competitive environment.

company note

EU industrial production - fluid handling



Source: Bloomberg, Metzler Research

Masterflex industry mix



Source: Bloomberg, Metzler Research

Valuation

MZX shares are largely valued at the peer group average (P/E, Ev/EBITDA) on our estimates for the running year. Assuming Masterflex develops towards its mid-term earnings targets and our assumptions until FY23e are accurate, the shares develop a substantial discount of 30% on the same yardsticks by FY23e. That may reflect some scepticism towards the group's ability to achieve double digit margins.

As outlined before, we see a very reasonable chance for Masterflex to raise its earnings considerably over the coming 24 months, not least as the group already achieved the targeted profitability level historically. The shares thin research coverage and market capitalisation may also suggest that the group's operational upside has yet to be fully recognized by a broader investors base.

Masterflex upside doesn't appear to be reflected in the shares valuation

Based on our scenario for FY23e and our unchanged target price of EUR8,50, MZX shares still trade below their most recent average (FY15-FY19) in terms of P/E and Ev/EBITDA. Finally, a DCF-based valuation approach underlines our fair value assessment.

company note

German valuation peer group - capital goods

P/E	avg 07-20											17.4x					
	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21e	22e	23e
Masterflex	39.2	-6.0	-18.8	2.1	11.6	9.6	20.3	19.5	24.8	15.6	17.4	22.9	21.7	63.6	23.8	12.3	7.9
Deutz	26.9	10.0	-	-	7.2	7.3	29.8	18.4	24.1	-	47.0	7.4	7.0	-	35.4	11.5	8.8
Krones	21.4	14.3	8.9	28.0	27.7	28.3	25.4	18.2	22.7	18.9	19.5	17.0	13.8	-	24.7	17.4	13.6
Jungheinrich	14.9	7.3	4.7	12.2	13.8	9.8	15.0	15.7	17.0	19.9	22.3	18.7	8.3	25.4	20.3	18.7	17.1
Ringmetall	12.0	-	-	31.0	7.4	11.8	-	17.8	18.5	12.9	14.8	14.2	17.6	20.8	13.6	14.3	13.2
AVG ex MZX	18.2	10.0	6.8	28.0	10.6	10.8	25.4	18.0	20.6	18.9	20.9	15.6	11.1	23.1	22.5	15.9	13.4
Premium/discount	116%	-160%	-375%	-92%	9%	-1%	-20%	8%	21%	-17%	-17%	47%	97%	176%	6%	-22%	-41%

Ev/Ebitda	avg 07-20											9.0x					
	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21e	22e	23e
Masterflex	16.4	9.5	10.5	3.8	6.6	6.4	8.1	8.4	9.5	8.2	9.8	10.6	8.6	9.4	8.6	6.4	5.5
Deutz	9.3	3.2	4.5	9.1	8.0	3.5	5.1	5.3	4.5	3.9	6.6	3.2	2.2	-	8.4	5.0	4.5
Krones	9.2	7.9	4.0	11.0	6.7	5.9	9.3	8.2	9.7	8.1	9.4	9.2	6.5	16.1	9.4	7.5	6.4
Jungheinrich	6.1	4.3	3.5	12.6	5.9	4.9	5.7	7.0	7.8	8.7	9.4	8.8	5.2	9.0	8.6	8.1	7.7
Ringmetall	5.5	-	-	5.9	5.1	6.7	10.2	14.0	7.0	15.6	10.0	9.8	9.8	8.0	7.5	7.5	7.2
AVG ex MZX	7.6	4.3	4.0	10.0	6.3	5.4	7.5	7.6	7.4	8.4	9.4	9.0	5.9	9.0	8.5	7.5	6.8
Premium/discount	115%	120%	164%	-62%	6%	19%	8%	12%	29%	-2%	4%	18%	46%	4%	1%	-15%	-19%

Premium/discount vs peers (P/E, Ev/Ebitda)	115.3%	-19.8%	-105.5%	-77.4%	7.6%	3.7%	-5.9%	9.9%	24.9%	-9.8%	-6.3%	32.5%	71.2%	89.8%	3.2%	-18.4%	-30.0%
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Source: Bloomberg, Metzler Research

Valuation on target price

Average FY15-19										17.4									
	15	16	17	18	19	20	21e	22e	23e		15	16	17	18	19	20	21e	22e	23e
EPS	0.26	0.40	0.46	0.36	0.26	0.08	0.29	0.57	0.89	CfPS	0.68	0.88	0.93	0.80	0.87	0.70	0.91	1.11	1.17
Implicit P/E	24.8x	15.6x	17.4x	22.9x	21.7x	63.6x	28.8x	15.0x	9.6x	Impl P/Cf	9.5x	7.1x	8.7x	10.2x	6.6x	7.6x	9.4x	7.6x	7.3x
EU peers	20.6x	18.9x	20.9x	15.6x	11.1x	23.1x	22.5x	15.3x	13.4x	EU peers	9.7x	12.7x	15.6x	9.1x	6.6x	10.6x	13.6x	9.6x	8.7x
discount	21%	-17%	-17%	47%	97%	176%	28%	-6%	-28%	discount	-2%	-44%	-44%	13%	0%	-28%	-31%	-21%	-16%

Average FY15-19										9.0									
	15	16	17	18	19	20	21e	22e	23e		15	16	17	18	19	20	21e	22e	23e
Ev	72.9	72.4	95.6	100.0	78.2	68.5	99.5	98.0	93.8	Eq/Share	2.94	3.32	4.00	4.23	4.43	4.26	4.66	5.22	6.32
Implicit Ev/Ebitda	9.5x	8.2x	9.8x	10.6x	8.6x	9.4x	10.0x	7.5x	6.5x	Impl P/Book	2.2x	1.9x	2.0x	1.9x	1.3x	1.2x	1.8x	1.6x	1.3x
EU peers	7.4x	8.4x	9.4x	9.0x	5.9x	9.0x	8.5x	7.5x	6.8x	EU peers	2.2x	2.7x	2.9x	2.6x	1.0x	1.6x	2.0x	1.9x	1.7x
discount	29%	-2%	4%	18%	46%	4%	18%	0%	-4%	discount	1%	-30%	-30%	-25%	29%	-20%	-9%	-12%	-20%

Source: Bloomberg, Metzler Research

company note

DCF model & sensitivity

	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	TVYear
Year	0	1	2	3	4	5	6	7	
Discounting period	0.01	1.01	2.01	3.01	4.01	5.01	6.01	7.01	8.01
Sales	71.9	76.0	83.2	91.5	96.0	100.8	105.9	111.2	114.0
Sales growth (%)		5.8	9.4	10.0	5.0	5.0	5.0	5.0	2.5
Operating margin (%)	3.2	6.8	10.7	10.8	9.0	9.0	9.0	9.0	4.6
EBIT	2.3	5.1	8.9	9.9	8.6	9.1	9.5	10.0	5.2
Taxes	0.6	1.2	2.3	3.2	2.6	2.7	2.9	3.0	1.6
Tax rate (%)	43.8	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Depreciation	5.0	4.8	4.2	4.6	3.4	3.5	3.7	3.9	4.0
Amortisation									
Gross cash flow	11.0	6.7	7.2	10.2	9.4	9.9	10.4	10.9	7.7
Capex	1.7	2.3	3.3	3.7	3.4	3.5	3.7	3.9	4.0
Change in working capital	4.3	-2.1	-3.5	-1.0					
Free cash flow	13.5	2.3	0.4	5.6	6.1	6.4	6.7	7.0	3.7
Discounted free cash flow	13.5	2.2	0.3	4.6	4.7	4.7	4.6	4.6	
Sum of DCF	39								
TV	60								
Net Debt	17								
Fair' Equity value	82								
Number of shares	9.6								
Fair' value per share	8.5								

Sales growth (%), years 3-7	5.0	Capex/sales (%), TV year	1.0	WACC					
Sales growth (%), TV year	2.5	Depreciation/Capex (%)	100	Cost of debt (%)	3.2				
Operating margin (%), years 3-7	9.0	Beta	1.1	Cost of equity (%)	8.4				
Operating margin (%), TV year	4.6	LT debt interest rate (%)	4.5	Equity	41.3				
Tax rate (%), years 3-7	30.0	Risk Free Rate (%)	1.0	Financial Debt	27.4				
Capex/Sales (%), years 3-7	3.5	Market Risk Premium (%)	6.5	Total capital	68.7				
				WACC (%)	6.3				

Sales CAGR09-18 7.61%

Sensitivity analysis

Sensitivity of DCF value per share to a +/- 5% change in key assumptions	DCF		Market risk		TV sales		TV Ebit	
	beta	value	premium	value	growth	value	margin	value
-5%	1.08	9.1	6.18%	9.2	2.38%	8.3	4.37%	8.2
base case	1.14	8.5	6.50%	8.5	2.50%	8.5	4.60%	8.5
+5%	1.20	8.1	6.83%	7.8	2.63%	8.8	4.83%	8.9

Source: Bloomberg, Metzler Research

company note

Key Data

Company profile

CEO: Dr. Andreas Bastin

CFO: Mark Becks

Gelsenkirchen

Major shareholders

Key figures

P&L (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	77	3.4	80	3.5	72	-10.1	76	5.8	83	9.4	91	10.0
EBITDA	9	-3.5	9	-3.2	7	-20.0	10	35.9	13	31.4	14	10.6
EBITDA margin (%)	12.2	-6.7	11.4	-6.5	10.2	-11.0	13.1	28.5	15.7	20.1	15.8	0.6
EBIT	6	-7.6	5	-25.6	2	-48.6	5	120.5	9	72.8	10	10.9
EBIT margin (%)	7.9	-10.6	5.7	-28.1	3.2	-42.8	6.8	108.5	10.7	58.0	10.8	0.8
Financial result	-1	10.3	-1	-21.9	-1	29.5	-1	-20.9	-1	0.0	1	181.8
EBT	5	-7.0	3	-35.5	1	-56.2	4	184.1	8	92.6	11	38.1
Taxes	-2	-67.6	-1	54.2	-1	23.0	-1	-94.6	-2	-92.6	-3	-38.1
Tax rate (%)	-35.1	n.a.	-24.9	n.a.	-43.8	n.a.	-30.0	n.a.	-30.0	n.a.	-30.0	n.a.
Net income	3	-25.0	2	-25.4	1	-67.2	3	253.8	5	92.6	8	38.1
Minority interests	0	n.m.	0	-42.0	0	-100.0	0	n.a.	0	n.a.	1	n.a.
Net Income after minorities	3	-21.5	3	-26.2	1	-68.4	3	253.8	5	92.6	9	56.4
Number of shares outstanding (m)	10	2.0	10	0.0	10	0.0	10	0.0	10	0.0	10	0.0
EPS adj. (EUR)	0.36	-23.0	0.26	-26.2	0.08	-68.4	0.29	253.8	0.57	92.6	0.89	56.4
DPS (EUR)	0.00	n.a.	0.00	n.a.	0.08	n.a.	0.10	25.0	0.15	50.0	0.20	33.3
Dividend yield (%)	0.0	n.a.	0.0	n.a.	1.4	n.a.	1.4	n.a.	2.1	n.a.	2.9	n.a.
Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Gross Cash Flow	8	-12.1	8	8.5	7	-19.7	9	30.5	11	22.9	11	4.6
Increase in working capital	-2	n.a.	-2	n.a.	4	n.a.	-2	n.a.	-4	n.a.	-1	n.a.
Capital expenditures	-4	9.3	-2	38.0	-2	20.8	-2	-30.5	-3	-45.8	-4	-10.0
D+A/Capex (%)	-93.8	n.a.	-208.4	n.a.	-284.8	n.a.	-210.0	n.a.	-125.0	n.a.	-125.0	n.a.
Free cash flow (Metzler definition)	2	-9.1	4	110.3	9	108.1	4	-52.7	4	-11.0	7	68.5
Free cash flow yield (%)	3.1	n.a.	10.3	n.a.	17.0	n.a.	6.5	n.a.	5.8	n.a.	9.7	n.a.
Dividend paid	0	n.a.	0	n.a.	-1	n.a.	-1	-25.0	-1	-50.0	-2	-33.3
Free cash flow (post dividend)	2	-9.1	4	110.3	10	125.4	5	-46.7	5	0.0	8	59.0
Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	75	3.0	82	8.5	76	-6.4	82	7.1	87	6.4	97	11.9
Goodwill	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0	10	10.9
Shareholders' equity	40	7.6	42	4.5	41	-1.7	44	7.2	50	12.2	61	23.2
Equity/total assets (%)	53.5	n.a.	51.5	n.a.	54.1	n.a.	54.1	n.a.	57.1	n.a.	62.8	n.a.
Net Debt incl. Provisions	21	9.5	23	8.3	17	-24.6	18	1.3	16	-8.1	12	-26.0
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	53.2	n.a.	55.2	n.a.	42.3	n.a.	40.0	n.a.	32.8	n.a.	19.7	n.a.
Net debt/EBITDA	2.3	n.a.	2.5	n.a.	2.4	n.a.	1.8	n.a.	1.2	n.a.	0.8	n.a.

Structure

Sales by region (mln) 2020



Sources: Refinitiv, Metzler Research

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Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Jungheinrich (DE0006219934)					
12.08.2021	Buy	Buy	46.02 EUR	54.00 EUR	Bauer, Stephan
28.04.2021	Buy	Buy	47.32 EUR	54.00 EUR	Bauer, Stephan
10.02.2021	Buy	Buy	38.22 EUR	44.00 EUR	Bauer, Stephan
03.11.2020	Hold	Buy	33.14 EUR	39.00 EUR	Bauer, Stephan
Issuer/Financial Instrument (ISIN): Krones (DE0006335003)					
01.09.2021	Hold	Hold	85.75 EUR	90.00 EUR	Bauer, Stephan
11.06.2021	Hold	Hold	76.10 EUR	77.00 EUR	Bauer, Stephan
08.02.2021	Hold	Hold	71.45 EUR	70.00 EUR	Bauer, Stephan
05.11.2020	Hold	Hold	52.10 EUR	52.00 EUR	Bauer, Stephan
Issuer/Financial Instrument (ISIN): Masterflex (DE0005492938)					
01.04.2021	Buy	Buy	6.40 EUR	8.50 EUR	Neuberger, Alexander
28.10.2020	n.a.	Buy	4.86 EUR	7.50 EUR	Neuberger, Alexander

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

Masterflex

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Compiled: October 06, 2021 07:57 AM CEST

Initial release: October 06, 2021 07:57 AM CEST

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