INDUS Holding

(SDAX, Industrial Goods & Services)

WARBURG RESEARCH

Hold

EUR 37.00

Price	EUR 30.60
Upside	20.9 %

Value Indicators:	EUR
DCF:	36.46
FCF-Value Potential 20e:	38.24

Share data:	
Bloomberg:	INH GR
Reuters:	INHG.DE
ISIN:	DE0006200108

Description:

Holding

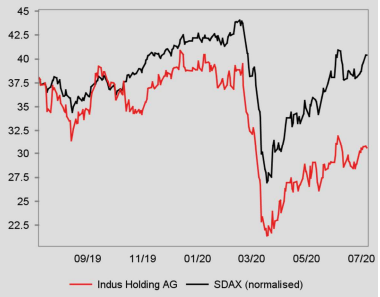
Market Snapshot:	EUR m
Market cap:	748
No. of shares (m):	24
EV:	1,439
Freefloat MC:	537
Ø Trad. Vol. (30d):	604.38 th

Shareholders:	
Freefloat	71.8 %
Versicherungskammer Bayern	19.4 %
H.J.Selzer et al.	5.8 %
Epina GmbH & Co. KG	3.0 %

Risk Profile (WRe):	2020e
Beta:	1.2
Price / Book:	1.0 x
Equity Ratio:	41 %
Net Fin. Debt / EBITDA:	3.0 x
Net Debt / EBITDA:	3.2 x

First Glance: Heavy impairments triggered by weak demand during corona crisis

- Indus Holding stated in an ad-hoc release that H1 2020 results will be burdened by impairments on goodwill and write-downs on fixed assets and tax assets in the Automotive and Metals Technology segments. This development seems to be largely driven by the economic crisis in connection with the corona pandemic.
- Overall, the company mentioned that write-downs and impairments will amount to ca. EUR 42.8m. Additionally, cash charges of EUR 1.3m will be made. Out of that, impairments on goodwill will arrive at EUR 31.6m (EUR 29.2m related to Automotive and EUR 2.4m to Metal Technology). Furthermore, measures related to loss-making operations will lead to write-downs on property, plant and equipment and deferred tax assets as well as booking of provisions are expected to burden results in the amount of EUR 12.5m (EUR 7.9m related to Automotive, EUR 4.6m to the Metal Technology segment).
- Operationally, we had so far expected a yoy decline on the EBIT line of 36% to EUR 75m this year, triggered by the economic crisis in connection with the coronvirus. Additional burden from write-downs, provisions and others will mathematically lead to EBIT of EUR 30.9m in 2020, given all other assumptions remain unchanged.
- In Q1, Indus Holding got off to a mixed start with an 8% sales increase in Construction/Infrastructure but a 22.9% decline in Engineering. Automotive (-15%), Medical & Health (-5.4%) and Metal Technology (-2.0%) also decreased leading to an 8.3% decline on group level. Group EBIT halved, even with improved results in the Construction/Infrastructure and Metal Technology divisions, as Medical & Health and Engineering generated lower profits while Automotive recorded a substantial loss of EUR 12m. With rising uncertainty in connection with the corona pandemic, Indus Holding also withdrew its initial guidance (sales: EUR 1.5 - 1.65bn, EBIT: EUR 85 - 95m).
- Conclusion: Our scenario from mid-May includes the expectation that, for the remainder of the year, the quarterly top line will be ca. 7.5% lower than in Q1, our EBIT expectation, adjusted for one-off items mentioned above, is higher (expected margin 5.3% following 4.0% in Q1) mainly because we do not believe that the loss in Automotive will quadruple compared to Q1. Indus Holding has implemented short-time work, which reduces personnel costs and, according to our information, about a quarter of the group's workforce is on short-time work. However, impairment is probably indicating that the situation has even worsened over the last 2 months. Hence, it looks probable that also estimates related to the operational business will have to be reduced again. We will adjust our estimates following the release of the HY figures.
- Indus Holding will report H1 2020 figures on August 6.



Rel. Performance vs SDAX:

1 month:	-1.0 %
6 months:	-20.1 %
Year to date:	-17.0 %
Trailing 12 months:	-25.7 %

Company events:

06.08.20	Q2
31.08.20	AGM
12.11.20	Q3

FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	-0.7 %	1,444	1,641	1,711	1,743	1,514	1,615	1,705
Change Sales yoy		4.0 %	13.6 %	4.3 %	1.9 %	-13.1 %	6.6 %	5.6 %
Gross profit margin		*56.3 %*	*55.2 %*	*55.1 %*	*54.2 %*	*57.2 %*	*56.1 %*	*56.0 %*
EBITDA	3.5 %	201	215	218	226	184	218	250
Margin		*13.9 %*	*13.1 %*	*12.8 %*	*13.0 %*	*12.1 %*	*13.5 %*	*14.7 %*
EBIT	5.6 %	145	153	135	118	75	108	139
Margin		*10.0 %*	*9.3 %*	*7.9 %*	*6.8 %*	*5.0 %*	*6.7 %*	*8.2 %*
Net income	8.7 %	80	82	71	59	34	56	76
EPS	8.8 %	3.27	3.37	2.90	2.43	1.39	2.28	3.13
EPS adj.	11.5 %	3.27	3.37	3.55	2.26	1.39	2.28	3.13
DPS	23.3 %	1.35	1.50	1.50	0.80	0.80	1.10	1.50
Dividend Yield		2.9 %	2.5 %	2.8 %	2.0 %	2.6 %	3.6 %	4.9 %
FCFPS		1.82	1.84	-0.66	2.82	1.39	5.04	3.16
FCF / Market cap		4.0 %	3.0 %	-1.2 %	7.1 %	4.5 %	16.5 %	10.3 %
EV / Sales		1.1 x	1.2 x	1.1 x	0.9 x	1.0 x	0.8 x	0.8 x
EV / EBITDA		7.7 x	9.0 x	8.5 x	7.0 x	7.8 x	6.3 x	5.5 x
EV / EBIT		10.6 x	12.7 x	13.7 x	13.4 x	19.2 x	12.7 x	9.8 x
P / E		14.1 x	18.0 x	18.6 x	16.3 x	22.0 x	13.4 x	9.8 x
P / E adj.		14.1 x	18.0 x	15.2 x	17.6 x	22.0 x	13.4 x	9.8 x
FCF Potential Yield		7.9 %	6.6 %	6.3 %	9.1 %	8.2 %	10.1 %	11.5 %
Net Debt		406	443	526	599	597	525	522
ROCE (NOPAT)		9.3 %	9.1 %	7.1 %	5.6 %	3.5 %	5.2 %	6.8 %
Guidance:	Guidance withdrawn							

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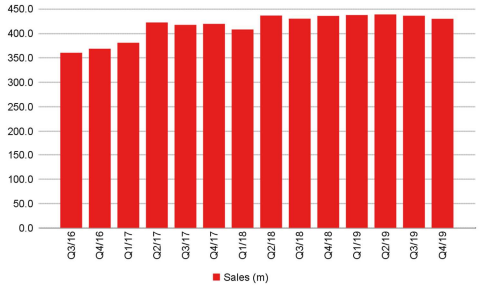
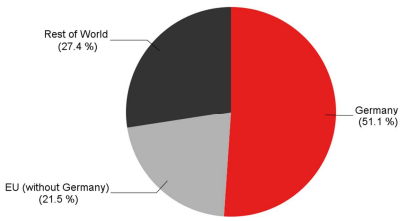
Sales development
in EUR m



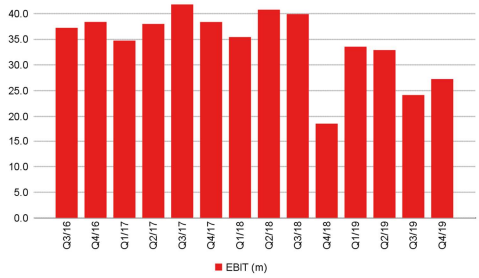
Source: Warburg Research

Sales by regions
20192019; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

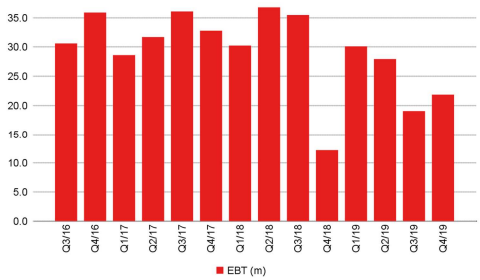
Company Background

- Indus Holding is a holding company which has been building a portfolio since 1986. Today, the holding comprises 47 companies, mainly to 100% and without exit intentions.
- Acquisition candidates have to fulfill a special requirement profile: profitable medium-sized companies with revenues of EUR 20-100m, which operate industrially and generate cash are targeted.
- Targets should belong to the sectors construction/infrastructure, automotive engineering, machinery and plant engineering, metal technology or medical and health technologies.
- Acquisitions are mostly solutions to succession problems. Indus Holding provides support with financing and administration and also at strategic level. However the holdings still operate independently.
- Indus Holding finances itself by means of distributions and holdings fees. Value growth of the portfolio is not realised via exits but is reflected in the operating result.

Competitive Quality

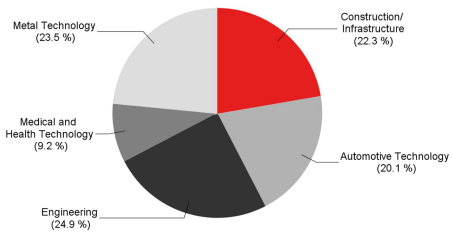
- Indus Holding boasts 30 years of experience in acquiring and controlling medium-sized companies with focus on few, defined industries and good track records.
- For many managing partners, operating independence and long-term commitment are more attractive than the temporary investment of a private equity funds or an industrial partner.
- Small medium-sized companies often need strategic and financial support with the internationalisation of the business or acquisitions. Indus Holding is more capable of providing this than pure financial investors.
- The executive board is not influenced by shareholders in terms of content and is thus more independent than investors belonging to banks, bank authorities or investors in funds.
- Indus Holding is not dependent on successful exits as successful companies remain in the portfolio.

EBT development
in EUR m



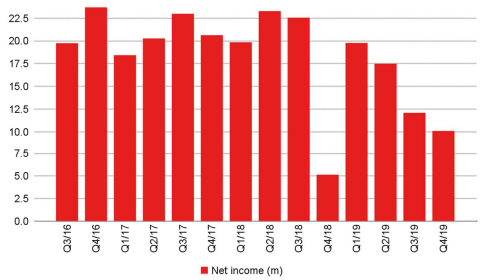
Source: Warburg Research

Sales by segments
2019; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	1,514	1,615	1,705	1,739	1,774	1,809	1,845	1,882	1,920	1,958	1,997	2,037	2,068	
Sales change	*-13.1 %*	*6.6 %*	*5.6 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*1.5 %*	*1.5 %*
EBIT	75	108	139	148	151	154	157	160	163	166	170	173	155	
EBIT-margin	*5.0 %*	*6.7 %*	*8.2 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*8.5 %*	*7.5 %*	
Tax rate (EBT)	*38.0 %*	*36.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	
NOPAT	47	69	90	96	98	100	102	104	106	108	110	113	101	
Depreciation	109	110	111	87	89	90	92	94	96	98	100	102	83	
in % of Sales	*7.2 %*	*6.8 %*	*6.5 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*4.0 %*	
Changes in provisions	-3	2	2	2	1	1	1	1	1	1	1	1	-3	
Change in Liquidity from														
- Working Capital	15	-43	21	15	15	10	10	11	11	11	11	12	9	
- Capex	75	78	87	87	89	90	92	94	96	98	100	102	83	
Capex in % of Sales	*4.9 %*	*4.8 %*	*5.1 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*4.0 %*	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	63	147	95	83	84	91	93	94	96	98	100	102	89	94
PV of FCF	61	132	80	64	61	62	59	56	53	50	48	46	37	686
share of PVs	**18.22 %**			**35.83 %**										**45.95 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	20.00 %	Financial Strength	1.10
Cost of debt (after tax)	3.3 %	Liquidity (share)	1.10
Market return	7.00 %	Cyclicality	1.40
Risk free rate	1.50 %	Transparency	1.20
		Others	1.30
WACC	**7.22 %**	**Beta**	**1.22**

Valuation (m)

Present values 2032e	807		
Terminal Value	686		
Financial liabilities	681		
Pension liabilities	53		
Hybrid capital	0		
Minority interest	2		
Market val. of investments	0		
Liquidity	135	No. of shares (m)	24.5
Equity Value	**892**	**Value per share (EUR)**	**36.46**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.45	8.2 %	25.86	26.52	27.23	27.99	28.81	29.70	30.66
1.33	7.7 %	29.27	30.08	30.95	31.89	32.91	34.02	35.23
1.28	7.5 %	31.17	32.07	33.03	34.08	35.22	36.47	37.83
1.22	7.2 %	33.21	34.21	35.29	**36.46**	37.75	39.15	40.70
1.16	7.0 %	35.41	36.53	37.74	39.06	40.51	42.10	43.86
1.11	6.7 %	37.80	39.05	40.41	41.90	43.54	45.35	47.37
0.99	6.2 %	43.23	44.81	46.55	48.47	50.61	53.01	55.70

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.45	8.2 %	17.66	21.10	24.55	27.99	31.44	34.88	38.33
1.33	7.7 %	20.73	24.45	28.17	31.89	35.61	39.33	43.05
1.28	7.5 %	22.45	26.33	30.21	34.08	37.96	41.84	45.71
1.22	7.2 %	24.33	28.37	32.42	**36.46**	40.51	44.55	48.60
1.16	7.0 %	26.37	30.60	34.83	39.06	43.29	47.52	51.75
1.11	6.7 %	28.60	33.03	37.47	41.90	46.33	50.76	55.19
0.99	6.2 %	33.77	38.67	43.57	48.47	53.37	58.27	63.17

- The period 2020 - 2022 includes effects from acquisitions.
- From 2023 on, only organic growth is considered.
- EBIT margin reaches 9% as of 2023 on the basis of higher-margin acquisitions and restructurings.
- WACC stands at 7.13% (beta of 1.20 at an expected market yield of 7% and debt costs of 5%).

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net Income before minorities	80	83	71	60	34	56	77
+ Depreciation + Amortisation	56	62	68	108	109	110	111
- Net Interest Income	-22	-24	-20	-19	-20	-20	-21
- Maintenance Capex	36	41	43	44	45	48	51
+ Other	0	0	0	0	0	0	0
= Free Cash Flow Potential	**122**	**128**	**116**	**143**	**117**	**138**	**158**
FCF Potential Yield (on market EV)	7.9 %	6.6 %	6.3 %	9.1 %	8.2 %	10.1 %	11.5 %
WACC	7.22 %	7.22 %	7.22 %	7.22 %	7.22 %	7.22 %	7.22 %
= Enterprise Value (EV)	**1,537**	**1,935**	**1,851**	**1,576**	**1,439**	**1,369**	**1,368**
= Fair Enterprise Value	**1,688**	**1,776**	**1,609**	**1,984**	**1,626**	**1,915**	**2,184**
- Net Debt (Cash)	546	546	546	546	547	473	468
- Pension Liabilities	53	53	53	53	50	52	54
- Other	0	0	0	0	88	90	92
- Market value of minorities	6	6	6	6	6	6	6
+ Market value of investments	0	0	0	0	0	0	0
= Fair Market Capitalisation	**1,083**	**1,171**	**1,004**	**1,379**	**935**	**1,294**	**1,564**
Number of shares, average	24	24	24	24	24	24	24
= Fair value per share (EUR)	**44.30**	**47.88**	**41.07**	**56.42**	**38.24**	**52.94**	**63.98**
premium (-) / discount (+) in %					25.0 %	73.0 %	109.1 %

Sensitivity Fair value per Share (EUR)

	10.22 %	24.03	26.56	21.75	32.59	18.72	29.94	37.75
	9.22 %	29.32	32.12	26.79	38.81	23.81	35.94	44.60
	8.22 %	35.89	39.04	33.06	46.54	30.15	43.40	53.11
WACC	**7.22 %**	**44.30**	**47.88**	**41.07**	**56.42**	**38.24**	**52.94**	**63.98**
	6.22 %	55.40	59.56	51.65	69.47	48.93	65.53	78.35
	5.22 %	70.76	75.72	66.29	87.52	63.72	82.96	98.22
	4.22 %	93.40	99.53	87.88	114.14	85.52	108.65	127.51

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Peer Group

Company Prices in local currency	Price	EV / Sales 20e	EV / EBITDA 20e	EV / EBITDA 21e	EV / EBIT 20e	EV / EBIT 21e	P / E 20e	P / E 21e	EPS CAGR (19-22e)
Aurelius	14.10	0.4	10.9	5.8	-	52.9	-	-	-
Deutsche Beteiligungs AG	30.20	-	-	11.4	-	10.6	-	11.0	1.5 %
GBK Beteiligungen	5.55	-	-	-	-	-	-	-	75.4 %
GESCO	17.45	0.5	6.6	5.0	17.4	9.9	23.6	12.8	19.7 %
Average		0.5	8.8	7.4	17.4	24.5	23.6	11.9	32.2 %
Median		0.5	8.8	5.8	17.4	10.6	23.6	11.9	75.4 %
INDUS Holding	**30.60**	**1.0**	**7.8**	**6.3**	**19.2**	**12.7**	**22.0**	**13.4**	**8.8 %**
Delta to median		108.9 %	-10.5 %	8.0 %	10.0 %	19.9 %	-6.8 %	12.7 %	-88.3 %

- The discount in EV/sales is due to the fact that DBAG and GBK hold minority interests.

Valuation

	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	1.8 x	2.2 x	1.9 x	1.3 x	1.0 x	1.0 x	0.9 x
Book value per share ex intangibles	6.50	6.37	8.09	5.46	6.25	7.49	9.07
EV / Sales	1.1 x	1.2 x	1.1 x	0.9 x	1.0 x	0.8 x	0.8 x
EV / EBITDA	7.7 x	9.0 x	8.5 x	7.0 x	7.8 x	6.3 x	5.5 x
EV / EBIT	10.6 x	12.7 x	13.7 x	13.4 x	19.2 x	12.7 x	9.8 x
EV / EBIT adj.*	10.6 x	12.7 x	12.3 x	13.9 x	19.2 x	12.7 x	9.8 x
P / FCF	25.2 x	33.1 x	n.a.	14.1 x	22.0 x	6.1 x	9.7 x
P / E	14.1 x	18.0 x	18.6 x	16.3 x	22.0 x	13.4 x	9.8 x
P / E adj.*	14.1 x	18.0 x	15.2 x	17.6 x	22.0 x	13.4 x	9.8 x
Dividend Yield	2.9 %	2.5 %	2.8 %	2.0 %	2.6 %	3.6 %	4.9 %
FCF Potential Yield (on market EV)	7.9 %	6.6 %	6.3 %	9.1 %	8.2 %	10.1 %	11.5 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	**1,444**	**1,641**	**1,711**	**1,743**	**1,514**	**1,615**	**1,705**
Change Sales yoy	4.0 %	13.6 %	4.3 %	1.9 %	-13.1 %	6.6 %	5.6 %
Increase / decrease in inventory	11	5	35	-23	0	3	3
Own work capitalised	6	5	8	8	7	8	10
Total Sales	**1,462**	**1,651**	**1,754**	**1,727**	**1,521**	**1,626**	**1,718**
Material expenses	649	746	812	782	655	720	764
Gross profit	**813**	**905**	**942**	**945**	**866**	**905**	**954**
Gross profit margin	*56.3 %*	*55.2 %*	*55.1 %*	*54.2 %*	*57.2 %*	*56.1 %*	*56.0 %*
Personnel expenses	430	480	507	527	500	500	512
Other operating income	22	18	21	34	22	23	23
Other operating expenses	204	228	238	226	204	210	215
Unfrequent items	0	0	0	0	0	0	0
EBITDA	**201**	**215**	**218**	**226**	**184**	**218**	**250**
Margin	*13.9 %*	*13.1 %*	*12.8 %*	*13.0 %*	*12.1 %*	*13.5 %*	*14.7 %*
Depreciation of fixed assets	45	49	53	92	92	94	94
EBITA	**156**	**167**	**165**	**134**	**91**	**125**	**156**
Amortisation of intangible assets	11	14	15	16	16	17	17
Goodwill amortisation	0	0	16	0	0	0	0
EBIT	**145**	**153**	**135**	**118**	**75**	**108**	**139**
Margin	*10.0 %*	*9.3 %*	*7.9 %*	*6.8 %*	*5.0 %*	*6.7 %*	*8.2 %*
EBIT adj.	**145**	**153**	**151**	**114**	**75**	**108**	**139**
Interest income	1	0	0	0	0	0	0
Interest expenses	22	24	20	20	21	21	22
Other financial income (loss)	0	0	0	1	1	1	1
EBT	**123**	**129**	**115**	**99**	**55**	**88**	**118**
Margin	*8.5 %*	*7.9 %*	*6.7 %*	*5.7 %*	*3.7 %*	*5.4 %*	*7.0 %*
Total taxes	43	46	44	39	21	32	41
Net income from continuing operations	**80**	**83**	**71**	**60**	**34**	**56**	**77**
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	**80**	**83**	**71**	**60**	**34**	**56**	**77**
Minority interest	0	1	0	1	0	1	1
Net income	**80**	**82**	**71**	**59**	**34**	**56**	**76**
Margin	*5.5 %*	*5.0 %*	*4.1 %*	*3.4 %*	*2.2 %*	*3.5 %*	*4.5 %*
Number of shares, average	24	24	24	24	24	24	24
EPS	**3.27**	**3.37**	**2.90**	**2.43**	**1.39**	**2.28**	**3.13**
EPS adj.	3.27	3.37	3.55	2.26	1.39	2.28	3.13

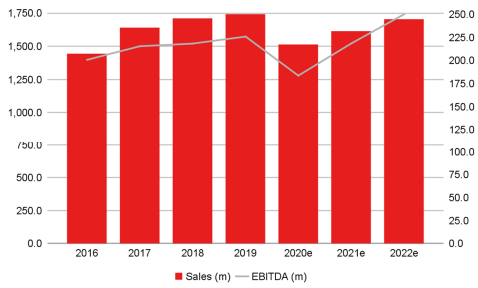
*Adjustments made for:

Guidance: Guidance withdrawn

Financial Ratios

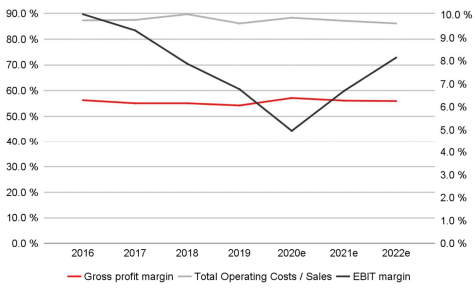
	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	87.3 %	87.5 %	89.7 %	86.2 %	88.3 %	87.2 %	86.1 %
Operating Leverage	1.6 x	0.4 x	-2.8 x	-6.7 x	2.8 x	6.6 x	5.1 x
EBITDA / Interest expenses	9.1 x	9.0 x	10.8 x	11.3 x	9.0 x	10.4 x	11.6 x
Tax rate (EBT)	34.8 %	35.7 %	37.9 %	39.3 %	38.0 %	36.0 %	35.0 %
Dividend Payout Ratio	41.0 %	44.1 %	51.5 %	32.6 %	57.0 %	47.8 %	47.6 %
Sales per Employee	152,817	160,690	162,932	159,890	133,982	142,880	150,855

Sales, EBITDA
in EUR m



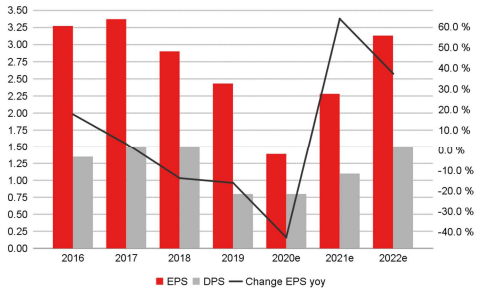
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

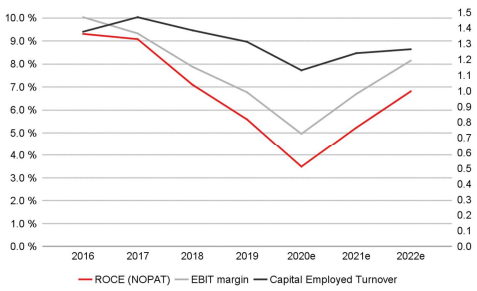
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	483	515	509	592	587	593	603
thereof other intangible assets	74	86	91	177	172	167	162
thereof Goodwill	409	429	419	415	415	426	441
Property, plant and equipment	369	397	418	431	418	421	443
Financial assets	28	30	28	16	16	16	16
Other long-term assets	5	11	13	19	18	20	22
Fixed assets	**886**	**954**	**969**	**1,058**	**1,039**	**1,050**	**1,084**
Inventories	309	339	409	381	404	376	387
Accounts receivable	176	198	203	203	212	199	210
Liquid assets	127	136	110	135	135	208	214
Other short-term assets	24	27	31	31	32	33	35
Current assets	**636**	**700**	**752**	**750**	**782**	**816**	**846**
Total Assets	**1,522**	**1,653**	**1,720**	**1,808**	**1,821**	**1,866**	**1,930**
Liabilities and shareholders' equity							
Subscribed capital	64	64	64	64	64	64	64
Capital reserve	240	240	240	240	240	240	240
Retained earnings	339	368	404	423	436	473	521
Other equity components	0	0	0	0	0	0	0
Shareholders' equity	642	671	707	726	740	776	825
Minority interest	3	3	3	2	2	2	2
Total equity	**645**	**674**	**710**	**728**	**742**	**778**	**827**
Provisions	97	119	119	129	130	129	134
thereof provisions for pensions and similar obligations	29	44	44	53	50	52	54
Financial liabilities (total)	504	535	592	681	681	681	681
thereof short-term financial liabilities	114	95	127	135	135	135	135
Accounts payable	55	66	66	56	75	75	75
Other liabilities	221	260	233	214	193	202	213
Liabilities	**877**	**979**	**1,010**	**1,080**	**1,079**	**1,088**	**1,103**
Total liabilities and shareholders' equity	**1,522**	**1,653**	**1,720**	**1,808**	**1,821**	**1,866**	**1,930**

Financial Ratios

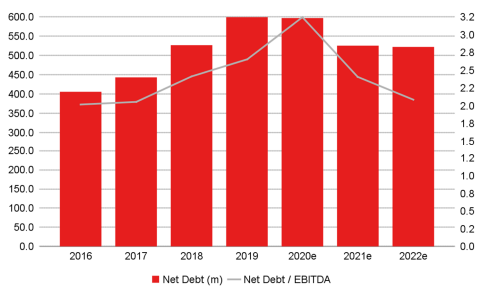
	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	1.9 x	1.9 x	1.8 x	1.9 x	1.6 x	1.8 x	1.8 x
Capital Employed Turnover	1.4 x	1.5 x	1.4 x	1.3 x	1.1 x	1.2 x	1.3 x
ROA	9.0 %	8.6 %	7.3 %	5.6 %	3.3 %	5.3 %	7.0 %
Return on Capital							
ROCE (NOPAT)	9.3 %	9.1 %	7.1 %	5.6 %	3.5 %	5.2 %	6.8 %
ROE	13.0 %	12.5 %	10.3 %	8.3 %	4.6 %	7.4 %	9.5 %
Adj. ROE	13.0 %	12.5 %	12.6 %	7.7 %	4.6 %	7.4 %	9.5 %
Balance sheet quality							
Net Debt	406	443	526	599	597	525	522
Net Financial Debt	377	399	483	546	547	473	468
Net Gearing	62.9 %	65.7 %	74.2 %	82.3 %	80.5 %	67.5 %	63.1 %
Net Fin. Debt / EBITDA	187.4 %	185.3 %	221.1 %	242.0 %	297.6 %	216.8 %	187.0 %
Book Value / Share	26.3	27.4	28.9	29.7	30.3	31.7	33.7
Book value per share ex intangibles	6.5	6.4	8.1	5.5	6.2	7.5	9.1

ROCE Development



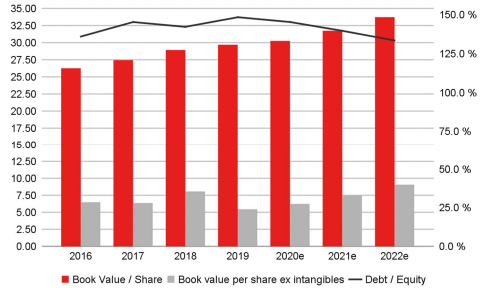
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

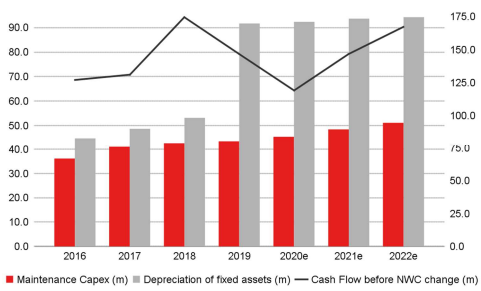
Consolidated cash flow statement

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	80	83	71	60	34	56	77
Depreciation of fixed assets	45	49	53	92	92	94	94
Amortisation of goodwill	0	0	16	0	0	0	0
Amortisation of intangible assets	11	14	15	16	16	17	17
Increase/decrease in long-term provisions	1	15	0	9	-3	2	2
Other non-cash income and expenses	-10	-29	20	-30	-21	-22	-23
Cash Flow before NWC change	**127**	**131**	**175**	**147**	**119**	**147**	**167**
Increase / decrease in inventory	-27	-30	-70	27	-22	28	-12
Increase / decrease in accounts receivable	-23	-22	-5	0	-9	12	-11
Increase / decrease in accounts payable	20	9	18	-10	17	3	2
Increase / decrease in other working capital positions	17	36	-44	-17	-15	1	9
Increase / decrease in working capital (total)	-13	-7	-100	1	-29	44	-13
Net cash provided by operating activities [1]	**115**	**124**	**75**	**147**	**90**	**190**	**154**
Investments in intangible assets	-10	-8	-12	-10	-11	-12	-12
Investments in property, plant and equipment	-73	-74	-53	-79	-45	-55	-65
Payments for acquisitions	-30	-32	-12	-29	-20	-35	-50
Financial investments	8	2	1	1	0	0	0
Income from asset disposals	4	4	5	32	5	5	5
Net cash provided by investing activities [2]	**-104**	**-110**	**-98**	**-76**	**-71**	**-97**	**-122**
Change in financial liabilities	15	31	58	-6	0	0	0
Dividends paid	-29	-33	-37	-37	-20	-20	-27
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	0	-1	-24	-4	0	0	0
Net cash provided by financing activities [3]	**-15**	**-4**	**-3**	**-46**	**-20**	**-20**	**-27**
Change in liquid funds [1]+[2]+[3]	**-5**	**10**	**-26**	**25**	**-1**	**74**	**5**
Effects of exchange-rate changes on cash	0	-1	0	0	0	0	0
Cash and cash equivalent at end of period	**127**	**136**	**110**	**135**	**135**	**208**	**214**

Financial Ratios

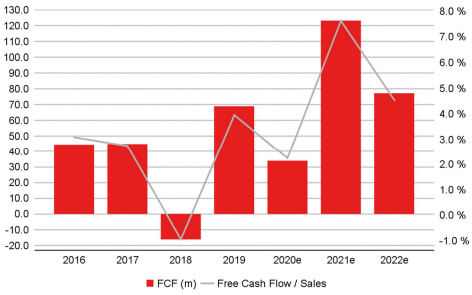
	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	45	45	-16	69	34	123	77
Free Cash Flow / Sales	3.1 %	2.7 %	-0.9 %	4.0 %	2.2 %	7.6 %	4.5 %
Free Cash Flow Potential	122	128	116	143	117	138	158
Free Cash Flow / Net Profit	55.7 %	54.6 %	-22.9 %	116.1 %	100.2 %	221.0 %	101.1 %
Interest Received / Avg. Cash	0.4 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	4.4 %	4.6 %	3.6 %	3.1 %	3.0 %	3.1 %	3.2 %
Management of Funds							
Investment ratio	5.8 %	5.0 %	3.8 %	5.1 %	3.7 %	4.1 %	4.5 %
Maint. Capex / Sales	2.5 %	2.5 %	2.5 %	2.5 %	3.0 %	3.0 %	3.0 %
Capex / Dep	149.6 %	130.8 %	77.9 %	82.6 %	51.5 %	60.7 %	69.2 %
Avg. Working Capital / Sales	27.3 %	26.2 %	28.1 %	28.7 %	32.9 %	30.0 %	27.8 %
Trade Debtors / Trade Creditors	317.5 %	298.6 %	308.4 %	362.1 %	283.1 %	264.8 %	281.4 %
Inventory Turnover	2.1 x	2.2 x	2.0 x	2.1 x	1.6 x	1.9 x	2.0 x
Receivables collection period (days)	44	44	43	42	51	45	45
Payables payment period (days)	31	32	30	26	42	38	36
Cash conversion cycle (Days)	175	168	181	177	215	178	176

CAPEX and Cash Flow
in EUR m



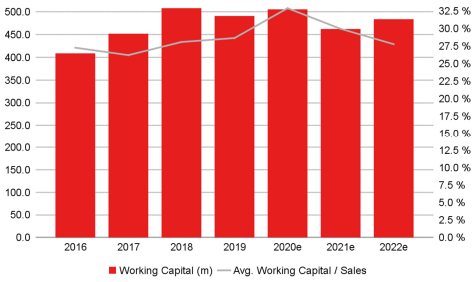
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

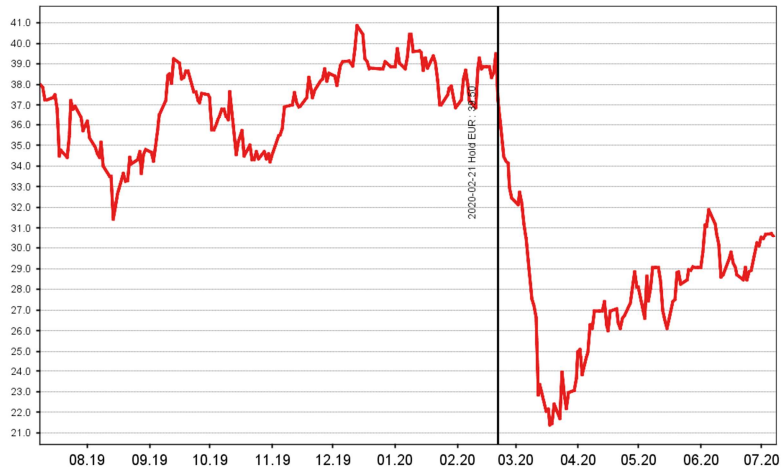
Rating	Number of stocks	% of Universe
Buy	131	64
Hold	55	27
Sell	12	6
Rating suspended	7	3
Total	**205**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	34	85
Hold	4	10
Sell	0	0
Rating suspended	2	5
Total	**40**	**100**

PRICE AND RATING HISTORY INDUS HOLDING AS OF 08.07.2020



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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