

Indus Holding

23 March 2021

Dividend beat should overrule cautious guidance

Indus reported €394m revenue and €20.8m EBIT for Q4 2020, in line with the preliminary €396m revenue and €21m EBIT released in February. Newly reported €7.4m net profit was 44% below company collected consensus (derived from FY consensus) and 15% above vs our estimate, we expect no disappointment here. The €47m Q4 FCF was vs. 29% below our €66m estimate on higher capex where preliminary reporting implied a €76m Q4 op. cash flow, thus no major surprise. As indicated in February, continued strength in the segment Construction/Infrastructure and a starting recovery in Engineering in Q4 were major drivers in Q4. We regard in particular the latter as important, it should become a sustainable driver, as we estimate, where we expect Indus to benefit from a recovery of Automotive OEMs capex spending in the conversion to electrical power trains combined with an overall improved environment. The first time given 2021 guidance is for €1.55bn-€1.7bn revenue and €95m-€110m EBIT, at the mid point this implies 12% downside vs. company collected 2021 EBIT consensus, at the high point 6% downside. The €0.80 dividend beats €0.20 Factset consensus four-fold, we expect it to more than compensate for any potential disappointment from the cautious looking guidance. We will now work through our models. The share currently trades at a c.10x EV/EBIT 2022, roughly in line with historical averages but >25% below peer averages.

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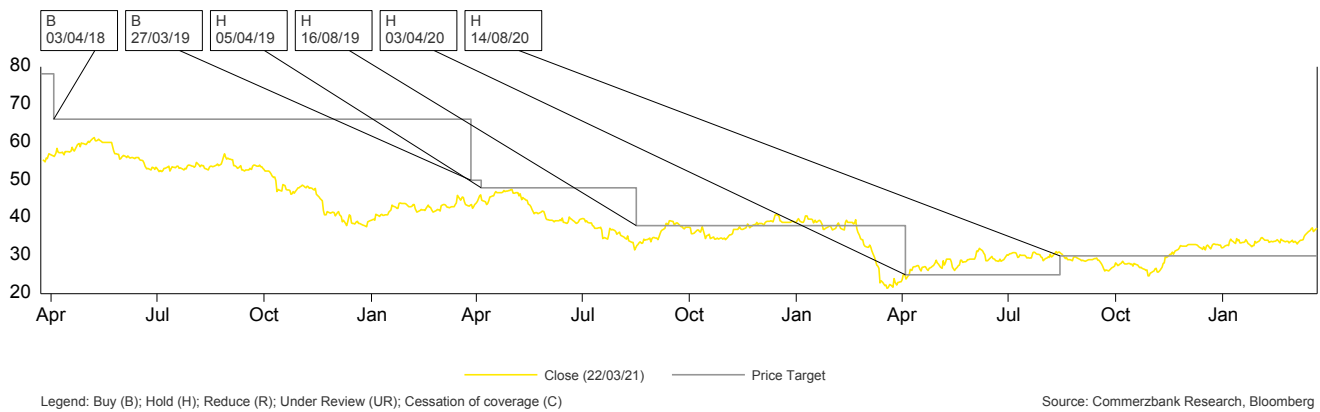
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Indus Holding AG (INH GY)



Distribution of ratings:

Number of recommendations from Commerzbank Research, at the end of Q4 2020	thereof recommendations for issuers to which investment banking services were provided during the preceding twelve months
102 (48.11%) Buy	39 (38.24%)
95 (44.81%) Hold	27 (28.42%)
15 (7.08%) Reduce	1 (6.67%)

Source: Commerzbank Research

^ Prior trading day's closing price unless otherwise noted. Company name: Indus Holding AG; Exchange: XETRA

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