INDUS Holding

(SDAX, Industrial Goods & Services)

WARBURG RESEARCH

Buy

EUR 45.00 (EUR 51.00)

Price EUR 36.90

Upside 22.0 %

Value Indicators:	EUR
DCF:	45.36
FCF-Value Potential 20e:	44.78

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

Description:

Holding

Market Snapshot:	EUR m
Market cap:	902
No. of shares (m):	24
EV:	1,660
Freefloat MC:	648
Ø Trad. Vol. (30d):	489.66 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):	2019e
Beta:	1.2
Price / Book:	1.2 x
Equity Ratio:	39 %
Net Fin. Debt / EBITDA:	2.8 x
Net Debt / EBITDA:	3.1 x

2019 result negatively impacted by impairment and operating loss in Automotive

in € m	Q3 2019	Q3 2019e	Q3 2018	+/- in %	9m 2019	9m 2019e	9m 2018	+/- in %
Sales	**436.3**	427.1	430.2	1.4%	**1,312.8**	1303.6	1,274.9	3.0%
EBIT*	**24.1**	42.0	39.9	-39.6%	**90.6**	108.5	116.1	-22.0%
Margin	***5.5%***	*9.8%*	*9.3%*		***6.9%***	*8.3%*	*9.1%*	
EBT*	**19.0**	36.1	35.5	-46.4%	**77.1**	94.2	102.5	-24.8%
Net profit*	**12.4**	23.5	23.0	-46.1%	**50.1**	61.2	66.7	-24.9%
EPS (€)*	**0.49**	0.96	0.92	-46.1%	**2.02**	2.49	2.69	-24.9%

*our estimates did not include write-down of assets of EUR 12.5m in Q3

Indus Holding's figures need some explanation due to one-offs. 9M EBIT of EUR 90.6m and Q3 EBIT of EUR 24.1m include EUR 12.5m in special depreciation for goodwill and other assets in the Automotive segment (released last week, hence not included in our preview). Additionally, the result includes a book gain of ca. EUR 16.8m from the divestment of a minority interest in the Automotive segment. Adjusted for these items, operating EBIT comes in at EUR 86.3m for the 9M period (EUR 19.8m for Q3), some 5% below our estimate. The company reduced its guidance last week to EUR 116–122m due to the impairment in Automotive, which continues to be the only problematic area. Indus mentioned that the top line in this segment has declined by ca. 20% since August. Q3 sales in the segment were down 14% and quarterly EBIT amounted to EUR -17.5m (the adjusted figure was EUR 4.3m worse). Development in Construction/Infrastructure, Engineering, Medical and Health was strong, while Metal Technology faced only a slight decline so far this year.

If the overall economic environment deteriorates further, there is a risk of a negative impact on cyclical activities in Engineering, Metal Technology and Construction/Infrastructure. The main issue however is the implementation of several measures promised by year-end to stabilise the Automotive segment. This should at least reduce the losses in Automotive. On group level we are now expecting organic sales growth to be close to zero next year with slight growth from acquisitions.

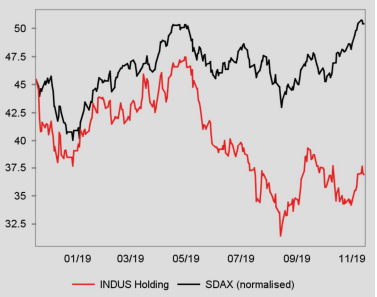
We reiterate our Buy recommendation as we believe the company is undervalued at current share-price levels. The price target, derived from DCF and FCF Value Potential, is down to EUR 45.00 based on the reduction in estimates.

Changes in Estimates:

FY End: 31.12. in EUR m	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -
Sales	1,733	0.3 %	1,784	-1.5 %	1,834	-1.5 %
EBIT	153	-23.8 %	143	-11.2 %	162	-6.5 %
EPS	3.51	-27.4 %	3.22	-13.0 %	3.70	-7.3 %
DPS	1.50	0.0 %	1.50	0.0 %	1.60	0.0 %
Net Debt	643	3.1 %	678	3.2 %	702	4.2 %

Comment on Changes:

- Due to strong development in Construction and Engineering we have raised our 2019 top-line assumption slightly. EBIT expectation however is down by 24% due to impairment and worse operating result in Automotive than expected.
- For 2020 we are now expecting merely flat organic development, due to increasing economic headwind. EBIT expectation has also been reduced as we expect a (reduced) loss in Automotive again next year.



Rel. Performance vs SDAX:

1 month:	-0.7 %
6 months:	-20.8 %
Year to date:	-28.7 %
Trailing 12 months:	-30.0 %

Company events:

FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	1.9 %	1,389	1,444	1,641	1,711	1,739	1,756	1,808
Change Sales yoy		10.6 %	4.0 %	13.6 %	4.3 %	1.7 %	1.0 %	2.9 %
Gross profit margin		*54.0 %*	*56.3 %*	*55.2 %*	*55.1 %*	*54.0 %*	*53.8 %*	*54.1 %*
EBITDA	3.6 %	186	201	215	218	217	216	242
Margin		*13.4 %*	*13.9 %*	*13.1 %*	*12.8 %*	*12.5 %*	*12.3 %*	*13.4 %*
EBIT	3.9 %	136	145	153	135	117	127	151
Margin		*9.8 %*	*10.0 %*	*9.3 %*	*7.9 %*	*6.7 %*	*7.2 %*	*8.4 %*
Net income	5.8 %	68	80	82	71	62	68	84
EPS	5.8 %	2.78	3.27	3.37	2.90	2.55	2.80	3.43
EPS adj.	-1.2 %	2.78	3.27	3.37	3.56	2.37	2.80	3.43
DPS	2.2 %	1.20	1.35	1.50	1.50	1.50	1.50	1.60
Dividend Yield		2.8 %	2.9 %	2.5 %	2.8 %	4.1 %	4.1 %	4.3 %
FCFPS		2.37	1.82	1.84	-0.66	1.63	1.92	2.02
FCF / Market cap		5.6 %	2.7 %	2.8 %	0.7 %	4.4 %	5.2 %	5.5 %
EV / Sales		1.0 x	1.1 x	1.2 x	1.1 x	1.0 x	1.0 x	1.0 x
EV / EBITDA		7.8 x	7.7 x	9.0 x	8.5 x	7.6 x	7.9 x	7.1 x
EV / EBIT		10.6 x	10.6 x	12.7 x	13.7 x	14.2 x	13.4 x	11.5 x
P / E		15.5 x	14.1 x	18.0 x	18.6 x	14.5 x	13.2 x	10.8 x
P / E adj.		15.5 x	14.1 x	18.0 x	15.2 x	15.6 x	13.2 x	10.8 x
FCF Potential Yield		7.7 %	7.9 %	6.6 %	6.3 %	8.4 %	7.9 %	8.8 %
Net Debt		384	406	443	526	664	699	732
ROCE (NOPAT)		9.0 %	9.3 %	9.1 %	7.1 %	5.8 %	5.8 %	6.7 %
Guidance:		Sales EUR 1.72 - 1.77bn, EBIT EUR 116 - 122m						

Analyst

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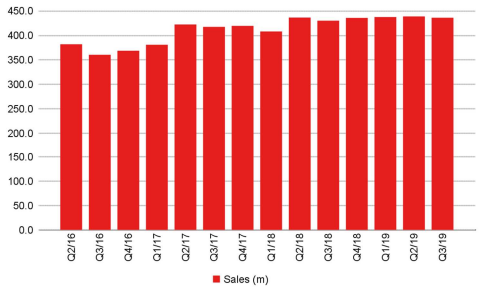
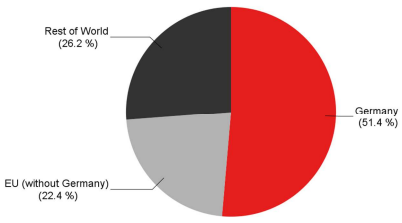
Sales development
in EUR m



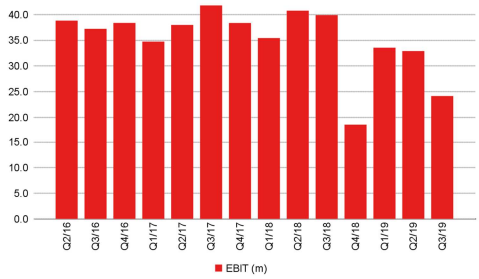
Source: Warburg Research

Sales by regions
20182018; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

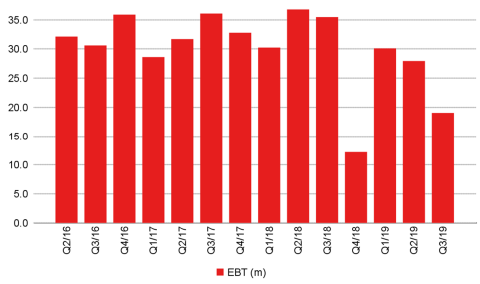
Company Background

- Indus Holding is a holding company which has been building a portfolio since 1986. Today, the holding comprises 42 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

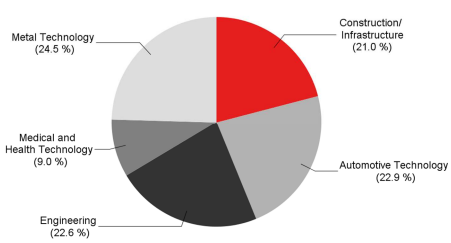
- Indus Holding boasts 30 years of experience in acquiring and controlling medium-sized companies with focus on few, defined industries and good track records.
- For many managing partners, operating independence and long-term commitment are more attractive than the temporary investment of a private 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
2018; 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	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	1,739	1,756	1,808	1,844	1,881	1,918	1,957	1,996	2,036	2,076	2,118	2,160	2,203	
Sales change	*1.7 %*	*1.0 %*	*2.9 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*1.5 %*
EBIT	117	127	151	166	169	173	176	180	183	187	191	194	198	
EBIT-margin	*6.7 %*	*7.2 %*	*8.4 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	*9.0 %*	
Tax rate (EBT)	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	
NOPAT	76	83	98	108	110	112	114	117	119	121	124	126	129	
Depreciation	100	89	91	92	94	96	98	100	102	104	106	108	88	
in % of Sales	*5.8 %*	*5.1 %*	*5.1 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*5.0 %*	*4.0 %*	
Changes in provisions	7	1	1	-8	1	1	1	1	1	1	1	1	1	
Change in Liquidity from														
- Working Capital	15	0	10	10	11	11	11	12	12	12	12	12	13	
- Capex	75	78	87	92	94	96	98	100	102	104	106	108	88	
Capex in % of Sales	*4.3 %*	*4.4 %*	*4.8 %*	*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)	93	95	93	89	100	102	104	106	108	110	113	115	117	107
PV of FCF	93	88	81	72	76	72	68	65	62	59	56	54	51	830
share of PVs	15.15 %			36.80 %										48.05 %

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	1.30
Risk free rate	1.50 %	Transparency	1.20
		Others	1.30
WACC	**7.13 %**	**Beta**	**1.20**

Valuation (m)

Present values 2031e	897		
Terminal Value	830		
Financial liabilities	680		
Pension liabilities	44		
Hybrid capital	0		
Minority interest	3		
Market val. of investments	0		
Liquidity	110	No. of shares (m)	24.5
Equity Value	**1,109**	**Value per share (EUR)**	**45.36**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.43	8.1 %	32.79	33.60	34.47	35.41	36.42	37.51	38.69
1.31	7.6 %	36.77	37.76	38.83	39.98	41.23	42.60	44.09
1.26	7.4 %	38.99	40.08	41.27	42.56	43.96	45.49	47.18
1.20	7.1 %	41.38	42.60	43.92	**45.36**	46.94	48.67	50.58
1.14	6.9 %	43.96	45.32	46.80	48.43	50.20	52.17	54.34
1.09	6.6 %	46.76	48.28	49.95	51.78	53.80	56.04	58.53
0.97	6.1 %	53.14	55.07	57.21	59.58	62.21	65.17	68.51

		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
1.43	8.1 %	23.72	27.62	31.51	35.41	39.30	43.19	47.09
1.31	7.6 %	27.39	31.59	35.78	39.98	44.18	48.38	52.58
1.26	7.4 %	29.45	33.82	38.19	42.56	46.93	51.30	55.67
1.20	7.1 %	31.69	36.25	40.81	**45.36**	49.92	54.48	59.03
1.14	6.9 %	34.14	38.90	43.66	48.43	53.19	57.95	62.71
1.09	6.6 %	36.83	41.81	46.80	51.78	56.77	61.75	66.74
0.97	6.1 %	43.06	48.56	54.07	59.58	65.08	70.59	76.10

- The period 2018 - 2020 includes effects from acquisitions.
- From 2021 on, only organic growth is considered.
- EBIT margin reaches 10% as of 2021 on the basis of higher-margin acquisitions and restructurings.
- WACC stands at 7.04% (beta of 1.18 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	2015	2016	2017	2018	2019e	2020e	2021e
Net Income before minorities	68	80	83	71	63	69	84
+ Depreciation + Amortisation	50	56	62	68	100	89	91
- Net Interest Income	-27	-22	-24	-20	-21	-21	-21
- Maintenance Capex	35	36	41	43	43	44	45
+ Other	0	0	0	0	0	0	0
= Free Cash Flow Potential	**111**	**122**	**128**	**116**	**140**	**135**	**152**
FCF Potential Yield (on market EV)	7.7 %	7.9 %	6.6 %	6.3 %	8.4 %	7.9 %	8.8 %
WACC	7.13 %	7.13 %	7.13 %	7.13 %	7.13 %	7.13 %	7.13 %
= Enterprise Value (EV)	**1,446**	**1,537**	**1,935**	**1,851**	**1,660**	**1,697**	**1,732**
= Fair Enterprise Value	**1,552**	**1,709**	**1,798**	**1,626**	**1,961**	**1,890**	**2,129**
- Net Debt (Cash)	483	483	483	483	613	647	679
- Pension Liabilities	44	44	44	44	51	52	53
- 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	**1,020**	**1,177**	**1,265**	**1,094**	**1,203**	**1,095**	**1,299**
Number of shares, average	24	24	24	24	24	24	24
= Fair value per share (EUR)	**41.72**	**48.12**	**51.75**	**44.74**	**49.21**	**44.78**	**53.14**
premium (-) / discount (+) in %					33.4 %	21.3 %	44.0 %

Sensitivity Fair value per Share (EUR)

WACC	2015	2016	2017	2018	2019e	2020e	2021e
10.13 %	22.92	27.42	29.98	25.05	25.46	21.89	27.36
9.13 %	27.81	32.81	35.65	30.17	31.64	27.85	34.07
8.13 %	33.91	39.53	42.71	36.56	39.34	35.27	42.43
7.13 %	**41.72**	**48.12**	**51.75**	**44.74**	**49.21**	**44.78**	**53.14**
6.13 %	52.08	59.52	63.75	55.59	62.29	57.38	67.35
5.13 %	66.47	75.37	80.41	70.67	80.47	74.91	87.09
4.13 %	87.83	98.89	105.16	93.06	107.45	100.92	116.40

- Maintenance capex are considered with 2.5% of sales for the entire analysis period.

Peer Group

Company Prices in local currency	Price	EV / Sales 19e	EV / EBITDA 19e	 20e	EV / EBIT 19e	 20e	P / E 19e	 20e	EPS CAGR (18-21e)
Aurelius	36.84	0.4	7.1	7.6	17.3	19.2	-	61.2	-
Deutsche Beteiligungs AG	37.70	8.4	20.5	21.9	15.0	15.2	19.2	16.6	9.6 %
GBK Beteiligungen	8.45	-	-	-	-	-	-	-	-
GESCO	18.00	0.7	6.7	4.6	11.9	8.1	14.4	10.1	-6.4 %
Average		3.2	11.4	11.4	14.7	14.1	16.8	29.3	1.6 %
Median		0.7	7.1	7.6	15.0	15.2	16.8	16.6	
INDUS Holding	**36.90**	**1.0**	**7.6**	**7.9**	**14.2**	**13.4**	**14.5**	**13.2**	
Delta to median		33.6 %	7.5 %	3.1 %	-5.7 %	-11.9 %	-14.0 %	-20.7 %	

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

Valuation

	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	1.8 x	1.8 x	2.2 x	1.9 x	1.2 x	1.2 x	1.2 x
Book value per share ex intangibles	5.69	6.50	6.37	8.09	3.74	3.33	3.48
EV / Sales	1.0 x	1.1 x	1.2 x	1.1 x	1.0 x	1.0 x	1.0 x
EV / EBITDA	7.8 x	7.7 x	9.0 x	8.5 x	7.6 x	7.9 x	7.1 x
EV / EBIT	10.6 x	10.6 x	12.7 x	13.7 x	14.2 x	13.4 x	11.5 x
EV / EBIT adj.*	10.6 x	10.6 x	12.7 x	12.3 x	14.7 x	13.4 x	11.5 x
P / FCF	17.9 x	36.5 x	35.1 x	138.9 x	22.7 x	19.2 x	18.2 x
P / E	15.5 x	14.1 x	18.0 x	18.6 x	14.5 x	13.2 x	10.8 x
P / E adj.*	15.5 x	14.1 x	18.0 x	15.2 x	15.6 x	13.2 x	10.8 x
Dividend Yield	2.8 %	2.9 %	2.5 %	2.8 %	4.1 %	4.1 %	4.3 %
FCF Potential Yield (on market EV)	7.7 %	7.9 %	6.6 %	6.3 %	8.4 %	7.9 %	8.8 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Sales	**1,389**	**1,444**	**1,641**	**1,711**	**1,739**	**1,756**	**1,808**
Change Sales yoy	10.6 %	4.0 %	13.6 %	4.3 %	1.7 %	1.0 %	2.9 %
Increase / decrease in inventory	7	11	5	35	10	5	5
Own work capitalised	6	6	5	8	8	9	10
Total Sales	**1,402**	**1,462**	**1,651**	**1,754**	**1,757**	**1,770**	**1,822**
Material expenses	652	649	746	812	818	825	845
Gross profit	**750**	**813**	**905**	**942**	**939**	**944**	**977**
Gross profit margin	*54.0 %*	*56.3 %*	*55.2 %*	*55.1 %*	*54.0 %*	*53.8 %*	*54.1 %*
Personnel expenses	392	430	480	507	528	537	541
Other operating income	21	22	18	21	37	21	22
Other operating expenses	192	204	228	238	232	213	216
Unfrequent items	0	0	0	0	0	0	0
EBITDA	**186**	**201**	**215**	**218**	**217**	**216**	**242**
Margin	*13.4 %*	*13.9 %*	*13.1 %*	*12.8 %*	*12.5 %*	*12.3 %*	*13.4 %*
Depreciation of fixed assets	41	45	49	53	73	74	76
EBITA	**145**	**156**	**167**	**165**	**144**	**142**	**167**
Amortisation of intangible assets	9	11	14	14	27	15	16
Goodwill amortisation	0	0	0	16	0	0	0
EBIT	**136**	**145**	**153**	**135**	**117**	**127**	**151**
Margin	*9.8 %*	*10.0 %*	*9.3 %*	*7.9 %*	*6.7 %*	*7.2 %*	*8.4 %*
EBIT adj.	**136**	**145**	**153**	**151**	**113**	**127**	**151**
Interest income	1	1	0	0	0	0	0
Interest expenses	28	22	24	20	21	21	22
Other financial income (loss)	0	0	0	0	0	0	0
EBT	**109**	**123**	**129**	**115**	**96**	**106**	**130**
Margin	*7.9 %*	*8.5 %*	*7.9 %*	*6.7 %*	*5.5 %*	*6.0 %*	*7.2 %*
Total taxes	41	43	46	44	34	37	45
Net income from continuing operations	**68**	**80**	**83**	**71**	**63**	**69**	**84**
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	**68**	**80**	**83**	**71**	**63**	**69**	**84**
Minority interest	0	0	1	0	0	1	1
Net income	**68**	**80**	**82**	**71**	**62**	**68**	**84**
Margin	*4.9 %*	*5.5 %*	*5.0 %*	*4.1 %*	*3.6 %*	*3.9 %*	*4.6 %*
Number of shares, average	24	24	24	24	24	24	24
EPS	**2.78**	**3.27**	**3.37**	**2.90**	**2.55**	**2.80**	**3.43**
EPS adj.	2.78	3.27	3.37	3.56	2.37	2.80	3.43

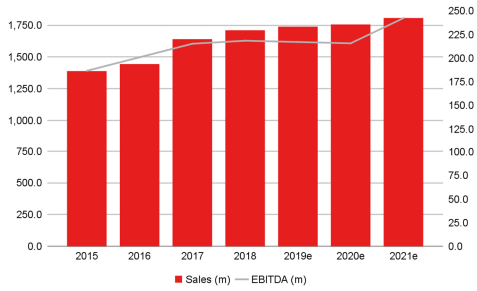
*Adjustments made for:

Guidance: Sales EUR 1.72 - 1.77bn, EBIT EUR 116 - 122m

Financial Ratios

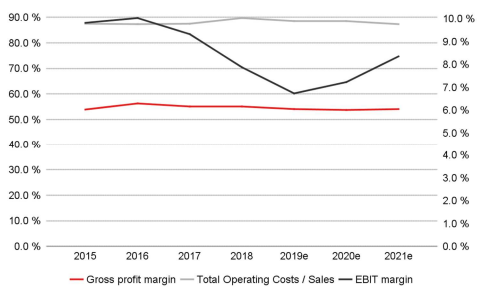
	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	87.5 %	87.3 %	87.5 %	89.7 %	88.6 %	88.5 %	87.4 %
Operating Leverage	0.7 x	1.6 x	0.4 x	-2.8 x	-7.9 x	8.7 x	6.5 x
EBITDA / Interest expenses	6.8 x	9.1 x	9.0 x	10.8 x	10.4 x	10.1 x	11.3 x
Tax rate (EBT)	37.5 %	34.8 %	35.7 %	37.9 %	35.0 %	35.0 %	35.0 %
Dividend Payout Ratio	43.0 %	41.0 %	44.1 %	51.5 %	58.5 %	53.2 %	46.4 %
Sales per Employee	166,650	152,817	160,690	162,932	159,552	155,416	159,961

Sales, EBITDA
in EUR m



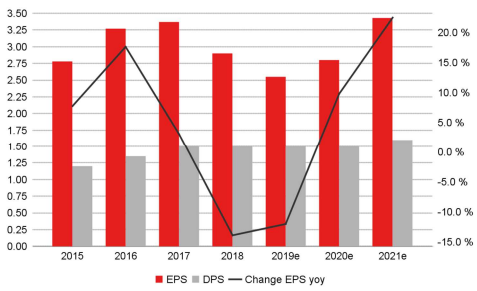
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

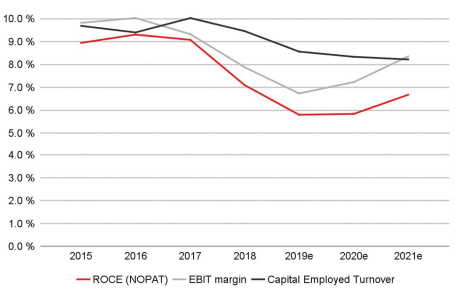
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	454	483	515	509	630	656	683
thereof other intangible assets	59	74	86	91	182	178	174
thereof Goodwill	395	409	429	419	449	479	509
Property, plant and equipment	335	369	397	418	444	472	502
Financial assets	33	28	30	28	28	28	28
Other long-term assets	6	5	11	13	5	5	5
Fixed assets	**828**	**886**	**954**	**969**	**1,108**	**1,162**	**1,217**
Inventories	282	309	339	409	404	404	411
Accounts receivable	153	176	198	203	214	217	223
Liquid assets	132	127	136	110	88	93	101
Other short-term assets	25	24	27	31	32	33	34
Current assets	**592**	**636**	**700**	**752**	**739**	**747**	**769**
Total Assets	**1,420**	**1,522**	**1,653**	**1,720**	**1,846**	**1,908**	**1,986**
Liabilities and shareholders' equity							
Subscribed capital	64	64	64	64	64	64	64
Capital reserve	240	240	240	240	240	240	240
Retained earnings	289	339	368	404	419	434	465
Other equity components	0	0	0	0	0	0	0
Shareholders' equity	593	642	671	707	722	738	768
Minority interest	3	3	3	3	3	3	3
Total equity	**595**	**645**	**674**	**710**	**725**	**741**	**771**
Provisions	92	97	119	119	127	129	132
thereof provisions for pensions and similar obligations	28	29	44	44	51	52	53
Financial liabilities (total)	489	504	535	592	700	740	780
thereof short-term financial liabilities	112	114	95	127	152	152	152
Accounts payable	47	55	66	66	70	71	73
Other liabilities	197	221	260	233	224	227	231
Liabilities	**824**	**877**	**979**	**1,010**	**1,122**	**1,168**	**1,216**
Total liabilities and shareholders' equity	**1,420**	**1,522**	**1,653**	**1,720**	**1,846**	**1,908**	**1,986**

Financial Ratios

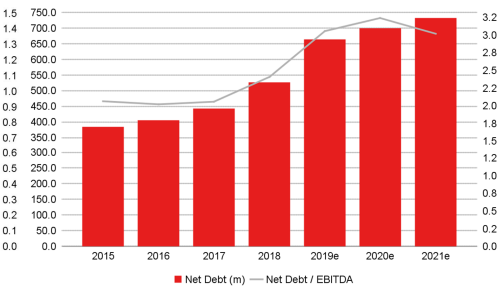
	2015	2016	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	1.9 x	1.9 x	1.9 x	1.8 x	1.8 x	1.8 x	1.7 x
Capital Employed Turnover	1.4 x	1.4 x	1.5 x	1.4 x	1.3 x	1.2 x	1.2 x
ROA	8.2 %	9.0 %	8.6 %	7.3 %	5.6 %	5.9 %	6.9 %
Return on Capital							
ROCE (NOPAT)	9.0 %	9.3 %	9.1 %	7.1 %	5.8 %	5.8 %	6.7 %
ROE	11.9 %	13.0 %	12.5 %	10.3 %	8.7 %	9.4 %	11.1 %
Adj. ROE	11.9 %	13.0 %	12.5 %	12.6 %	8.1 %	9.4 %	11.1 %
Balance sheet quality							
Net Debt	384	406	443	526	664	699	732
Net Financial Debt	356	377	399	483	613	647	679
Net Gearing	64.6 %	62.9 %	65.7 %	74.2 %	91.6 %	94.4 %	94.9 %
Net Fin. Debt / EBITDA	191.2 %	187.4 %	185.3 %	221.1 %	282.3 %	300.0 %	280.3 %
Book Value / Share	24.2	26.3	27.4	28.9	29.5	30.2	31.4
Book value per share ex intangibles	5.7	6.5	6.4	8.1	3.7	3.3	3.5

ROCE Development



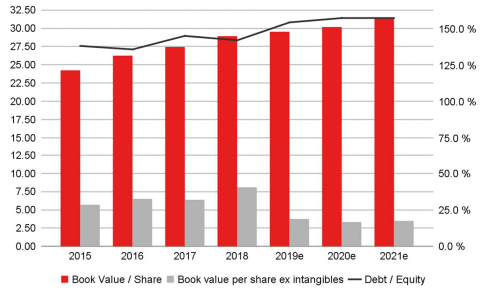
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

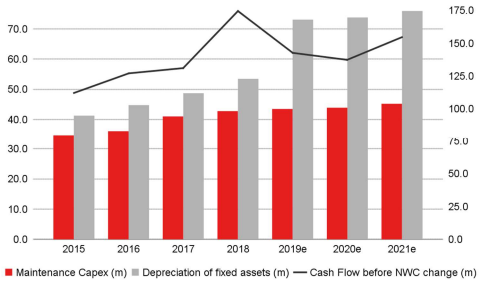
Consolidated cash flow statement

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	68	80	83	71	63	69	84
Depreciation of fixed assets	41	45	49	53	73	74	76
Amortisation of goodwill	0	0	0	16	0	0	0
Amortisation of intangible assets	9	11	14	14	27	15	16
Increase/decrease in long-term provisions	1	1	15	0	0	1	1
Other non-cash income and expenses	-7	-10	-29	20	-20	-21	-22
Cash Flow before NWC change	**112**	**127**	**131**	**175**	**143**	**137**	**154**
Increase / decrease in inventory	-16	-27	-30	-70	4	1	-7
Increase / decrease in accounts receivable	3	-23	-22	-5	-12	-2	-6
Increase / decrease in accounts payable	2	20	9	18	-8	2	3
Increase / decrease in other working capital positions	29	17	36	-44	2	2	2
Increase / decrease in working capital (total)	19	-13	-7	-100	-14	3	-8
Net cash provided by operating activities [1]	**131**	**115**	**124**	**75**	**129**	**140**	**146**
Investments in intangible assets	-8	-10	-8	-12	-10	-11	-12
Investments in property, plant and equipment	-64	-73	-74	-53	-79	-82	-85
Payments for acquisitions	-34	-30	-32	-12	-50	-50	-50
Financial investments	11	8	2	1	0	0	0
Income from asset disposals	6	4	4	5	5	5	5
Net cash provided by investing activities [2]	**-113**	**-104**	**-110**	**-98**	**-134**	**-138**	**-142**
Change in financial liabilities	26	15	31	58	20	40	40
Dividends paid	-29	-29	-33	-37	-37	-37	-37
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	0	0	-1	-24	0	0	0
Net cash provided by financing activities [3]	**-3**	**-15**	**-4**	**-3**	**-17**	**3**	**3**
Change in liquid funds [1]+[2]+[3]	**15**	**-5**	**10**	**-26**	**-22**	**5**	**8**
Effects of exchange-rate changes on cash	1	0	-1	0	0	0	0
Cash and cash equivalent at end of period	**132**	**127**	**136**	**110**	**88**	**93**	**101**

Financial Ratios

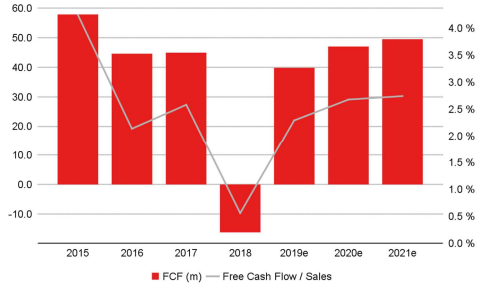
	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	58	45	45	-16	40	47	49
Free Cash Flow / Sales	4.2 %	2.1 %	2.6 %	0.6 %	2.3 %	2.7 %	2.7 %
Free Cash Flow Potential	111	122	128	116	140	135	152
Free Cash Flow / Net Profit	86.7 %	38.5 %	51.4 %	13.4 %	63.9 %	68.8 %	59.0 %
Interest Received / Avg. Cash	0.5 %	0.4 %	0.2 %	0.2 %	0.3 %	0.3 %	0.3 %
Interest Paid / Avg. Debt	5.8 %	4.4 %	4.6 %	3.6 %	3.2 %	3.0 %	2.8 %
Management of Funds							
Investment ratio	5.2 %	5.8 %	5.0 %	3.8 %	5.1 %	5.3 %	5.4 %
Maint. Capex / Sales	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
Capex / Dep	143.8 %	149.6 %	130.8 %	77.9 %	89.0 %	104.8 %	106.1 %
Avg. Working Capital / Sales	26.9 %	27.3 %	26.2 %	28.1 %	29.7 %	29.8 %	29.2 %
Trade Debtors / Trade Creditors	327.4 %	317.5 %	298.6 %	308.4 %	305.8 %	305.8 %	305.6 %
Inventory Turnover	2.3 x	2.1 x	2.2 x	2.0 x	2.0 x	2.0 x	2.1 x
Receivables collection period (days)	40	44	44	43	45	45	45
Payables payment period (days)	26	31	32	30	31	31	31
Cash conversion cycle (Days)	167	175	168	181	183	181	179

CAPEX and Cash Flow
in EUR m



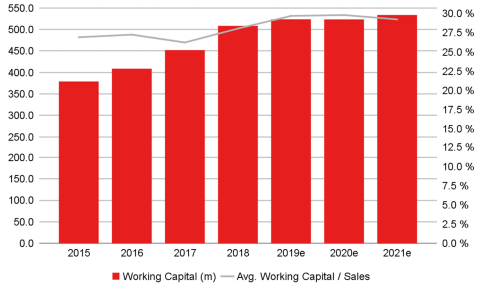
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
INDUS Holding	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0006200108.htm

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-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	118	58
Hold	74	37
Sell	6	3
Rating suspended	4	2
Total	**202**	**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	33	77
Hold	8	19
Sell	0	0
Rating suspended	2	5
Total	**43**	**100**

PRICE AND RATING HISTORY INDUS HOLDING AS OF 15.11.2019

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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