

Indus Holding

23 February 2021

Preliminary Q4 EBIT roughly in line, huge cash flow

Preliminary Q4 group sales were €396m, down 8% y/y showing stabilisation being up 2% vs. Q3, it was 3% above company collected consensus (implicit Q4 based on fully year) and 4% below our estimate. Preliminary Q4 EBIT was €21m, down 20% y/y and 16% above company-collected consensus (implicit Q4 based on fully year) 16% below our estimate. We rate the surprise vs. consensus to be considerably more minor than the huge deviation suggests, not only given that it was derived from the trailing full-year consensus (subtracting 9m reported) but in particular given that Indus had raised its 2020 EBIT guidance from a €0m-20m range to a €20m-30m range ad hoc in January which implies c.€16m to €26m Q4 EBIT. Indus confirmed our initial assumption made then that the segments Construction/Infrastructure and Engineering should have been the main drivers for the better Q4 earnings trajectory. Q4 FCF was a massive surprise at €119m vs. our €43m estimate, likely driven by NWC execution. Indus expresses some optimism for 2021 also indicating it will be a further transitory year, though, as usual at the preliminary release, not quantifying expectations. We regard the weakness in Automotive to be a major drag, being a combination of Corona-related and structural burdens. We will work through our model. The share trades at 10x/8x EBIT2021/2022 based on our current estimates, reflecting structural uncertainties we think.

Author

Norbert Kretlow

Equity Analyst Industrials

+49 69 136 45926

norbert.kretlow@commerzbank.com

In accordance with ESMA MAR requirements this report was completed 23/2/2021 08:15 CET and disseminated 23/2/2021 08:15 CET.

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

4. Commerzbank acts as designated sponsor, broker and/or consultant for Indus Holding AG.

9. Commerzbank, or its affiliates, expects to receive or intends to seek compensation for investment banking services from Indus Holding AG in the next three months.

12. Commerzbank is market maker in the financial instruments/securities issued by Indus Holding AG.