

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 7.15** (7.15)

20 November 2012

Solid 9M 2012 results

Acquisitions remain on the agenda

- Masterflex published figures for the first nine months of the current business year: Revenue slightly increased by 4.8% to EUR 42.0m. The 9M 2012 EBIT amounted to EUR 5.9m (margin: 14.1%). As Masterflex was able to improve its financial result, net profit from continued operations improved from EUR 2.7m to EUR 3.1m in 9M 2012.
- The company basically confirmed its full year guidance (sales in the range of EUR 57m to 58m, accompanied by an EBIT of EUR 8m for FY 2012). However, due to the macroeconomic uncertainties in Europe, a slight shortfall of the sales target is possible according to Masterflex. Nevertheless, the EBIT margin target of 14% was confirmed.
- Innovation and internationalisation are Masterflex' main pillars for its growth: For example, its subsidiary Fleima-Plastic is now able to produce injection molding elements that consist out of 2 components in a single step process. This process typically uses a combination of hard support material and a malleable, soft surface, similar to the way this is used for a tumour marker in medical engineering. Regarding internationalisation, Masterflex successfully attended Dongguan Molding & Plastics International Trade Show in China.
- During the equity forum in Frankfurt, CEO Dr. Bastin explained that he expects some EUR 100k sales contribution from China in FY 2013E. Additionally, he expects net debt/EBITDA to be at a very solid level (around 2) in the next business year.
- Furthermore, he added that Masterflex continues to scan the hose market for acquisitions. In our view, this could be a major share price trigger.
- New estimates: We slightly reduced our estimates for sales and EBIT but increased estimates for the financial result. Therefore our recommendation remains BUY with a EUR 7.15 price target.



Source: CBS Research AG, Bloomberg, Masterflex AG

Change	2012E		2013E		2014E	
	new	old	new	old	new	old
Sales	56.8	57.0	61.5	62.0	66.5	67.0
EBIT	8.0	8.1	8.8	9.0	9.6	10.0
EPS	0.48	0.46	-	0.54	-	0.62

Internet: www.masterflex.de Sektor: All Industrial
WKN: 549293 ISIN: DE0005492938
Reuters: MZXG.DE Bloomberg: MZX GY

Short company profile:

Masterflex SE is a specialist in developing and manufacturing superior connection and hose systems made of innovative high-tech plastics. Its competence and numerous innovations have allowed the company to set new standards for high-tech hose systems.

Share data:

Share price (EUR, latest closing price):	5.00
Shares outstanding (m):	8.9
Market capitalisation (EUR m):	44.3
Enterprise value (EUR m):	63.7
Ø daily trading volume (3 m., no. of shares):	4,614

Performance data:

High 52 weeks (EUR):	5.75
Low 52 weeks (EUR):	4.29
Absolute performance (12 months):	6.0%
Relative performance vs. CDAX:	
1 month	1.2%
3 months	1.4%
6 months	-7.3%
12 months	-13.6%

Shareholders:

SVB GmbH & Co. KG/Schmidt	19.9%
BBC GmbH	4.6%
Bischoping family	5.3%
Ärzteverband	3.3%
von Rautenkranz	3.3%
own shares	1.5%
free float	62.1%

Financial calendar:

n.a.

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Key data

FY 12/31, EUR m	2009	2010	2011	2012E	2013E	2014E
Sales	38.4	46.1	53.0	56.8	61.5	66.5
EBIT	3.7	6.4	6.9	8.0	8.8	9.6
Net result (cont. operat.)	-1.1	7.9	3.4	4.2	4.8	5.5
EPS (continued operat.)	-0.24	1.67	0.39	0.48	0.54	0.62
EPS (discont. operat.)	-2.87	-2.16	-0.01	0.00	0.00	0.00
EPS (continued and disc.)	-3.11	-0.49	0.38	0.48	0.54	0.62
Gross margin	73.3%	72.8%	71.3%	71.5%	71.1%	70.9%
EBIT margin	9.5%	14.0%	14.2%	14.0%	14.3%	14.5%
ROE	n.m.	n.m.	21.1%	20.3%	18.6%	17.3%
ROA	-1.5%	12.1%	6.7%	7.7%	8.3%	8.9%
EV/EBITDA	10.4	7.0	6.8	6.0	5.5	5.1
EV/EBIT	n.m.	9.9	9.2	8.0	7.2	6.6
P/E (continued operat.)	n.m.	3.0	12.9	10.5	9.2	8.1

Source: Masterflex SE, CBS Research AG

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SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
06 March 2012	BUY	EUR 5.21	EUR 6.70
04 April 2012	BUY	EUR 5.33	EUR 7.00
25 April 2012	BUY	EUR 4.93	EUR 7.00
17 August 2012	BUY	EUR 4.96	EUR 7.15
20 November 2012	BUY	EUR 5.00	EUR 7.15

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