



RINGMETALL AG

HP3 GY | 19 September 2019

Industrials
Germany

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OUTPERFORM

Price Target: EUR 3.80

FLASH: No changes to preliminary figures

Ringmetall today reported final H1 results, after publishing key preliminary figures already on 20th August. There were no major deviations in results.

The **group's revenues increased by 7%, driven by the Nittel acquisition** in FY-18, to EUR 61.8m, adjusted for that acquisition, group revenues would have declined by 4.2%. Profitability saw a drag as the company was not as flexible as expected to react to the very volatile market environment. EBITDA declined by 10.3% to EUR 5.7m.

Industrial Packaging saw an organic -5.2% contraction, which was offset by steel price tailwinds of 2.2% and the abovementioned Nittel acquisition in the inliner business that contributed 12.7%. In total revenues increased by 9.7% to EUR 55.6m (from EUR 50.7m). **Poor organic top-line result was owed to the disturbances in the chemicals industry**, accounting for c. 60% of revenues, which also hit through to profitability. EBITDA margin came down to 11.2%, even actual numbers came down 1.2% to EUR 6.2m (from EUR 6.3m).

While self-developed products in the agricultural and forklift business are selling well, the OEM business in **Industrial Handling suffered from delayed orders of a key customer**. Revenues came down 12.9% to EUR 6.1m (from EUR 7m), EBITDA declined at a slower pace of 9.7% and came down to EUR 770k (from EUR 850k).

We do not expect major consensus reactions post H1 results. Given current market environment in the chemicals industry, no changes in full year guidance (Revenues: EUR 115-125m, EBITDA: EUR 8.5-11m), is a good sign. Company is confident to come out at the upper end.

Management will hold a conference call at 10am CEST. [Please dial in](#) accordingly and use 27306998# as a PIN Code. Next event are key Q3 figures on 7th November.

LAST CLOSE (EUR)	2.68
MKTCAP (EUR m)	76
UPSIDE (%)	41.8
DAILY T/O (EUR m)	0.03

YEAR TO DEC (EUR M)	2018	2019E	2020E	2021E
Group revenue	111	121	130	135
EBITDA (adj.)	10	10	15	17
EBIT (adj.)	8	8	12	14
EPS (adj.) (EUR)	0.17	0.14	0.25	0.30
DPS (EUR)	0.06	0.06	0.07	0.07
FCF	3	1	5	7
Net debt (cash)	11	20	17	12
RoIC (%)	12.4	10.0	14.9	15.7
P/E (adj.)	23.0	18.9	10.5	9.02
EV/EBITDA (adj.)	11.9	9.71	6.05	5.21
Free CF yield (%)	2.8	0.9	6.6	8.8

ANALYSTS

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Flash formats do not involve any estimate, price target or rating changes.

Figure 1: H1 2018 actuals vs. MFe vs. H1 2018

	H1 2019A	H1 2019 MFe	H1 2018A	Δ MFe	yoy
Group					
Revenues	61.8	61.0	57.7	1.3%	7.0%
<i>Growth</i>	7.0%	5.6%	9.1%	1.4pp	-2.2pp
EBITDA	5.7	4.8	6.4	20.4%	-10.3%
<i>Growth</i>	-10.3%	-25.5%	-9.6%	15.2pp	-0.7pp
<i>Margin</i>	9.3%	7.8%	11.0%	1.5pp	-1.8pp
Industrial Packaging					
Revenues	55.6	54.5	50.7	2.1%	9.7%
Growth	9.7%	7.4%	11.9%	2.3pp	-2.2pp
<i>Organic</i>	-5.2%	-1.2%	0.0%	-4.0pp	-5.2pp
<i>M&A</i>	12.7%	11.5%	0.0%	1.2pp	12.7pp
<i>Steel</i>	2.2%	-2.9%	0.0%	5.1pp	2.2pp
EBITDA	6.2	5.0	6.3	24.5%	-1.2%
<i>Growth</i>	-1.2%	-20.7%	-5.6%	19.4pp	4.4pp
<i>Margin</i>	11.2%	9.2%	12.4%	2.0pp	-1.2pp
Industrial Handling					
Revenues	6.1	6.5	7.0	-5.8%	-12.9%
<i>Growth</i>	-12.9%	-7.5%	-7.2%	-5.3pp	-5.7pp
EBITDA	0.8	0.5	0.9	41.1%	-9.7%
<i>Growth</i>	-9.7%	-36.0%	12.2%	26.3pp	-22.0pp
<i>Margin</i>	12.6%	8.4%	12.1%	4.2pp	0.4pp

Source: MainFirst Research, Company