

RINGMETALL AG

HP3 GY | 04 November 2019

OUTPERFORM

Price Target: EUR 3.80

FLASH: Q3 benefits from cost management and consolidation

Ringmetall will report key figures for their third quarter this Thursday, 07.11.2019. Backed by the conversations we had at the company's CMD, we believe that the good cost management in July and August continued in September as well.

Supported by the acquisitions, and the consolidation of Tesseraux from Q3 on, we feel confident about our current 9M top-line and EBITDA estimates of EUR 93m and EUR 8.1m respectively. Hence, we believe that the company comes out at the upper end of the guidance for the full year: Revenues EUR 115-125m and EBITDA of EUR 8.5-11m vs. MFE of EUR 121m and EUR 10m.

This is mainly backed by the good cost management and reduced order fluctuations in the second half of the year.

We see our investment case fully intact. While the downturn in chemicals is a burden for Ringmetall in the short-term as well, we see potential coming from broadening end-markets. Further consolidation of the industrial packaging market by Ringmetall acts supportive and will continue over the next years, in our view.

LAST CLOSE (EUR)	2.59
MKTCAP (EUR m)	73
UPSIDE (%)	46.7
DAILY T/O (EUR m)	0.04

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	18.3	10.2	8.72
EV/EBITDA (adj.)	11.9	9.45	5.88	5.06
Free CF yield (%)	2.8	1.0	6.8	9.1

ANALYSTS

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Flash formats do not involve any estimate, price target or rating changes. This is Sponsored Research.

Figure 1: MFe vs last year's numbers (in EURm)

	9M 2019 MFe	9M 2018A	yoy
Group			
Revenues	93.0	85.8	8.3%
<i>Growth</i>	8.3%	9.4%	-1.1pp
EBITDA	8.1	10.0	-19.2%
<i>Growth</i>	-19.2%	-6.5%	-12.7pp
<i>Margin</i>	8.7%	11.7%	-3.0pp
Industrial Packaging			
Revenues	83.0	75.4	10.1%
Growth	10.1%	11.5%	-1.4pp
<i>Organic</i>	-0.4%	0.0%	-0.4pp
<i>M&A</i>	14.3%	0.0%	14.3pp
<i>Steel</i>	-3.8%	0.0%	-3.8pp
EBITDA	7.3	8.9	-18.1%
<i>Growth</i>	-18.1%	-8.2%	-9.8pp
<i>Margin</i>	8.8%	11.8%	-3.0pp
Industrial Handling			
Revenues	9.9	10.4	-4.5%
<i>Growth</i>	-4.5%	-3.7%	-0.8pp
EBITDA	0.8	1.1	-28.6%
<i>Growth</i>	-28.6%	10.0%	-38.6pp
<i>Margin</i>	7.9%	10.6%	-2.7pp

Source: MainFirst Research, Company