



RINGMETALL AG

HP3 GY | 07 November 2019

OUTPERFORM

Price Target: EUR 3.80

FLASH: Solid Q3 results call for the guidance' upper end

Ringmetall today reported key numbers for 9M, after the profit warning by the end of July, the **company now expects to reach the upper end of its guidance: Revenues: EUR 115m – 125m, EBITDA: EUR 8.5m – 11m**. Comparison with MFe and 2018 actuals in the table below

The **group's revenues increased by 7.2%, driven by the Nittel and Tesseraux acquisitions, to EUR 92m**, adjusted for that acquisition, group revenues would have declined by 6.2%. Profitability saw a drag as the company was not as flexible as expected to react to the very volatile market environment, however that improved in Q3. **EBITDA declined by -18.5% to EUR 8.1m (8.9% margin)**. On the back of smoother market environment, the company expects further profitability improvements in Q4.

**Industrial Packaging** saw an organic -4.6% contraction, and steel price headwinds of only -0.2% and the abovementioned acquisitions in the inliner business contributed 15.2%. In total revenues increased by 10.5% to EUR 83.3m (from EUR 75.4m). EBITDA margin came down to 11.0%, while actual numbers came up 3.4% to EUR 9.2m (from EUR 8.9m).

On the one hand, self-developed products in the agricultural and forklift business are selling well, with the OEM business on the other hand the **Industrial Handling suffered from delayed orders of a key customer**. Revenues came down -16.3% to EUR 8.7m (from EUR 10.4m), EBITDA declined by -27.3% to EUR 0.8m (from EUR 1.1m).

We do not expect major consensus reactions post 9M results, however reaching full year guidance (Revenues: EUR 115-125m, EBITDA: EUR 8.5-11m), is a good sign.

Management will hold a conference call at 11:30am CET. Please dial in accordingly and use 55817185# as a PIN Code. Next event are prelim FY-19 figures on 5<sup>th</sup> March 2020.

LAST CLOSE (EUR)	2.75
MKTCAP (EUR m)	78
UPSIDE (%)	38.2
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	19.4	10.8	9.25
EV/EBITDA (adj.)	11.9	9.91	6.18	5.32
Free CF yield (%)	2.8	0.9	6.4	8.6

ANALYSTS

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

Figure 1: 9M 2019 actuals vs. MFe vs. 9M 2018

	M9 2019A	M9 2019 MFe	M9 2018A	Δ MFe	yoy
<b>Group</b>					
<b>Revenues</b>	<b>92.0</b>	<b>93.0</b>	<b>85.8</b>	<b>-1.0%</b>	<b>7.2%</b>
<i>Growth</i>	7.2%	8.3%	9.4%	-1.1pp	-2.2pp
<b>EBITDA</b>	<b>8.1</b>	<b>8.1</b>	<b>10.0</b>	<b>0.9%</b>	<b>-18.5%</b>
<i>Growth</i>	-18.5%	-19.2%	-6.5%	0.7pp	-12.0pp
<i>Margin</i>	8.9%	8.7%	11.7%	0.2pp	-2.8pp
<b>Industrial Packaging</b>					
<b>Revenues</b>	<b>83.3</b>	<b>83.0</b>	<b>75.4</b>	<b>0.3%</b>	<b>10.5%</b>
<b>Growth</b>	<b>10.5%</b>	<b>10.1%</b>	<b>11.5%</b>	<b>0.4pp</b>	<b>-1.1pp</b>
<i>Organic</i>	-4.6%	-0.4%	0.0%	-4.2pp	-4.6pp
<i>M&amp;A</i>	15.2%	14.3%	0.0%	0.9pp	15.2pp
<i>Steel</i>	-0.2%	-3.8%	0.0%	3.6pp	-0.2pp
<b>EBITDA</b>	<b>9.2</b>	<b>7.3</b>	<b>8.9</b>	<b>26.2%</b>	<b>3.4%</b>
<i>Growth</i>	3.4%	-18.1%	-8.2%	21.5pp	11.6pp
<i>Margin</i>	11.0%	8.8%	11.8%	2.3pp	-0.8pp
<b>Industrial Handling</b>					
<b>Revenues</b>	<b>8.7</b>	<b>9.9</b>	<b>10.4</b>	<b>-12.4%</b>	<b>-16.3%</b>
<i>Growth</i>	-16.3%	-4.5%	-3.7%	-11.9pp	-12.6pp
<b>EBITDA</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>1.8%</b>	<b>-27.3%</b>
<i>Growth</i>	-27.3%	-28.6%	10.0%	1.3pp	-37.3pp
<i>Margin</i>	9.2%	7.9%	10.6%	1.3pp	-1.4pp

Source: MainFirst Research, Company