INDUS Holding AG

Investment Companies - Germany

Buy (old: Buy) 26.09.2024

EUR 34.00 (old: EUR 34.00)

New value accretive deals should fuel long-term growth

Topic: INDUS is working at full speed on its well filled M&A pipeline and closed already five deals during this year. We take the opportunity to give more granularity on the case and particularly on INDUS's acquisition side and the recent operating development. We continue to like the stock and **keep INDUS on our Alpha list**.

More value accretive deals in the pipeline: At the end of August, INDUS announced the acquisition of DECKMA, a system supplier of technical marine equipment. The company generates c. € 19m in revenue and should deliver low double-digit EBIT margins (eNuW). With a transaction multiple of c. 6x EV/EBIT and considerable growth opportunities ahead, the acquisition should be value accretive in our view. Further, INDUS has spent only € 31.5m (eNuW) on M&A this year, which leaves room for further acquisitions. Mind you, the company intends to spend up to € 70m on portfolio additions this year alone. Due to the decline in valuation multiples of German SMEs in recent years, management is confident to meet their targets. In fact, several opportunities should be in advanced stages.

More deals should come in the long run: About one third of SME owners in Germany is 60 years or older and as the boomer generation is successively leaving their businesses and searching for successors, more opportunities should arise. Importantly, thanks to INDUS' positive brand perception, the company is seen to be a preferred partner for successions, as soft factors such as safeguarding jobs and maintaining the reputation are often equally important as the purchase price.

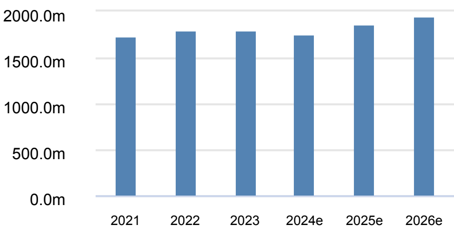
Attractive valuation: Even though the upcoming quarters will still be influenced by a challenging macroeconomic environment, the capital market is in our opinion overreacting to the recent guidance cut (company news: July 31st) and the temporary weakness, neglecting the long-term operative performance and currently depressed valuation of the stock.

Hence, the stock is trading at only 7x forward P/E (eNuW), offers an expected dividend yield of 5.4% (eNuW FY24e: € 1.2 per share), and delivers a strong FCFY24e of c. 10% (eNuW). We **reiterate BUY** with an unchanged **PT of € 34**, based on FCFY24e. *-continued-*

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	1,741.5	1,804.1	1,802.4	1,752.1	1,870.0	1,950.0
Sales growth	11.7%	3.6%	-0.1%	-2.8%	6.7%	4.3%
EBITDA	220.4	262.4	258.1	229.5	255.1	268.0
Net debt (if net cash=0)	504.1	593.6	506.2	456.4	414.4	378.5
FCF	105.8	61.8	155.7	113.4	73.0	74.5
Net Debt/EBITDA	2.3	2.3	2.0	2.0	1.6	1.4
EPS pro forma	1.78	3.04	3.10	3.17	3.73	3.98
EBITDA margin	12.7%	14.5%	14.3%	13.1%	13.6%	13.7%
ROCE	7.5%	11.8%	10.8%	9.2%	10.3%	11.1%
EV/sales	0.8	0.7	0.6	0.6	0.5	0.5
EV/EBITDA	6.5	4.9	4.1	4.4	3.8	3.4
PER	11.3	6.6	6.5	6.3	5.4	5.0
Adjusted FCF yield	6.1%	9.5%	9.0%	10.8%	13.1%	14.6%

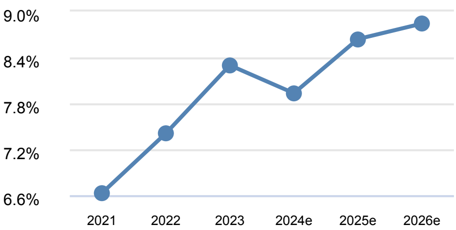
Source: Company data, NuWays, Close price as of 24.09.2024

Sales (2021-26e)



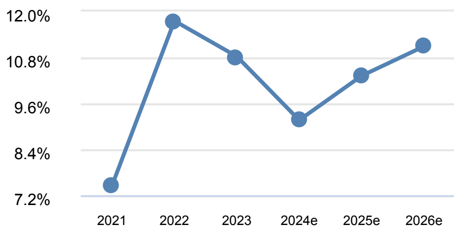
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)

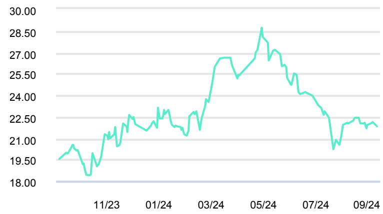


Source: NuWays Research

Company description

INDUS Holding AG is a leading specialist in the acquisition of and long-term support of small and medium-sized manufacturing companies in the DACH region. Indus holds a diversified portfolio of key industries and specializes in the field of sustainable companies.

Share Performance



High/low 52 weeks (€)	28.70 / 18.38
3m rel. performance	-8.4%
6m rel. performance	-14.1%
12m rel. performance	0.2%

Market data

Share price (in €)	21.80
Market cap (in € m)	515.9
Number of shares (in m pcs)	25.8
Enterprise value (in € m)	998.8
Ø trading volume (6 months)	15,657

Identifier

Bloomberg	INH GR
Reuters	INHG
WKN	620010
ISIN	DE0006200108

Key shareholders

Versicherungskammer Bayern	13.0%
Hans Selzer et al.	5.6%
Protector Forsikring	5.4%
Treasury Shares	4.1%
Free Float	71.9%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

- Sales: € 1.70-1.80bn
- EBIT: € 125-145m
- FCFF: > € 110m

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Recap of INDUS business model

INDUS is a German serial acquirer based in Bergisch Gladbach, specialized in the **acquisition and long-term support of small and medium-sized** manufacturing companies (SMEs). The company focuses on majority acquisitions of mostly owner-managed “hidden champions” with leading niche market positions.

The 45 portfolio companies of which 42 are in Germany and three in Switzerland are structured in the three different **segments Infrastructure, Engineering and Materials**, which are all about the same size in terms of revenue. A high degree of portfolio diversification is provided with companies operating in diverse business and technology fields, selling markets and business cycles.

INDUS pursues a “buy-hold-and-develop” approach and does not actively pursue exits. In fact, 31 companies have been owned already for over 10 years and 24 have been owned over 20 years. This clearly differentiates INDUS from buy-and-sell or turnaround PE firms. Thanks to this long-term value enhancing focus, INDUS has established a positive brand perception especially in the case of ownership succession and hence is often perceived as the go-to partner for German small and medium-sized enterprises.

Further, INDUS acts as a sparring partner to its portfolio companies allowing them the greatest possible operational autonomy, thus preserving their identity while adding value by contributing decades of operational experience, central administrative functions, and financing. Moreover, through bolt-on acquisitions INDUS lifts the portfolio companies’ growth and earnings prospects while fostering their entrepreneurial development on a long-term basis.

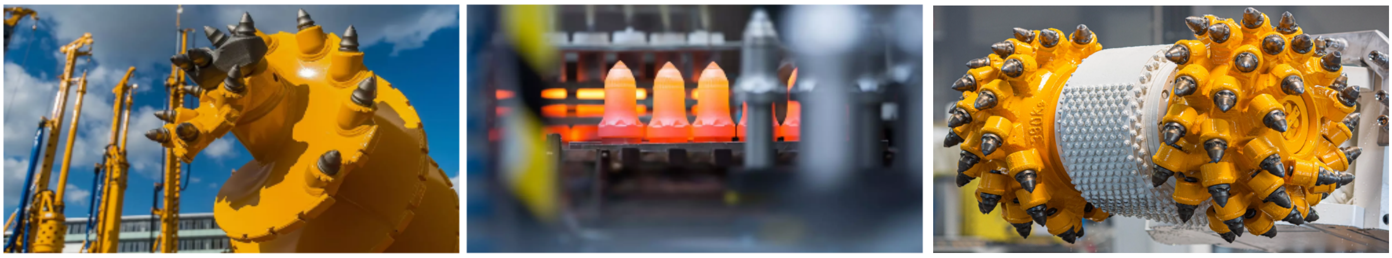
Vitally, **INDUS’ brand recognition as “the good guys” allow for a unique deal sourcing approach**, which typically applies in case of ownership successions. Matching the sellers’ value concepts beyond a reasonable selling price (i.e. safeguard jobs, maintain reputation) provides the company unique access to smaller founder-owned companies.

INDUS’ investment strategy features strict acquisition criteria such as annual sales of € 20-100m and EBIT margins above 10% alongside sound free cashflows and an equity ratio above 30%. In addition, potential targets should operate in a leading market position within one of the megatrends sustainability, digitalization, mobility & urbanization, demographics & health.

INDUS disciplined M&A strategy and its positive brand recognition lays the foundation of the company’s sound business quality, reflected in solid low double-digit ROCEs (FY23: 10.8%; FY24e: 9.2%; FY25e: 11.1%), 10% FCF yield (eNuW FY24e) and stable mid to high single-digit EBIT margins.

Insights into selected holdings

Betek GmbH & Co. KG (with INDUS since 1992)



Source: Company data, NuWays

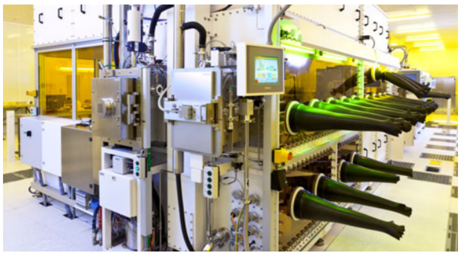
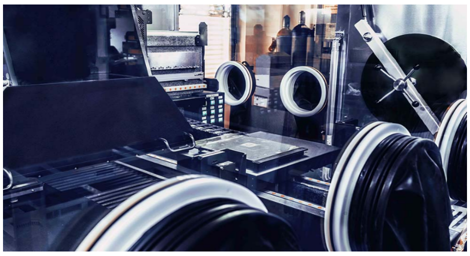
Betek is by far INDUS' largest company, contributing almost **17% to group revenue** in FY23 and 49% to the Materials segment. Betek is one of the leading manufacturers of **tungsten carbide-tipped wear parts**, tool systems and wear protection solutions. The tools are used in a variety of applications such as road milling, mining, foundation drilling, agriculture and surface mining. With a constant flow of new product innovations, the company is continually creating new business areas and hence grew its sales by a solid 5.3% p.a. in the last decade to € 302m in FY23. Recently, the operating performance slowed down due to weaker business in road milling and agriculture. Especially agriculture is important for Betek, contributing to c. 20% of sales.

AURORA Konrad G. Schulz GmbH & Co. KG (with INDUS since 1990)

Source: Company data, NuWays

AURORA supplies components, devices and systems for **heating, ventilation and air-conditioning for commercial vehicles** such as buses, diggers and tractors. Sales increased by 7.8% p.a. since 2013 to € 82m in FY23 (**4.6% of group sales**; 14% of Infrastructure). In 2024, Aurora recognized material growth, driven by a strong US business. While AURORA has been manufacturing in the US already since years, business has now accelerated due to a new production plant. As a result, the company received recently larger orders from US customers in the field of construction machinery as stated in the H1 conference call.

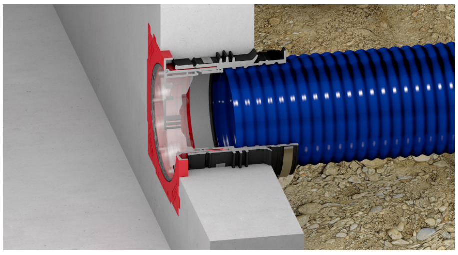
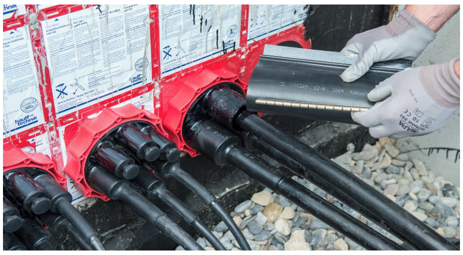
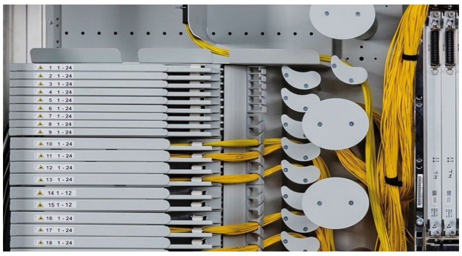
M. Braun Inertgas-Systeme GmbH (with INDUS since 2002)

Source: Company data, NuWays

M. Braun is a manufacturer of **inert gas glove box systems and gas purification systems**. For instance, these systems are used in the manufacture of OLED flat screens, batteries, LEDs, solar cells (perovskites) and a range of pharmaceutical products. In addition, the company collaborates with several research institutes and is one of the world's leading equipment suppliers to university laboratories. Sales increased 3.1% p.a. in the last decade to € 100m, making it the largest company in the Engineering segment (**5.5% of group revenues**, 16.6% of Engineering). Recently, M. Braun started several internationalization initiatives such as the establishment of another plant in the US and the relocation to a bigger plant in China.

Hauff-Technik GmbH & Co. KG (with INDUS since 1986)

Source: Company data, NuWays

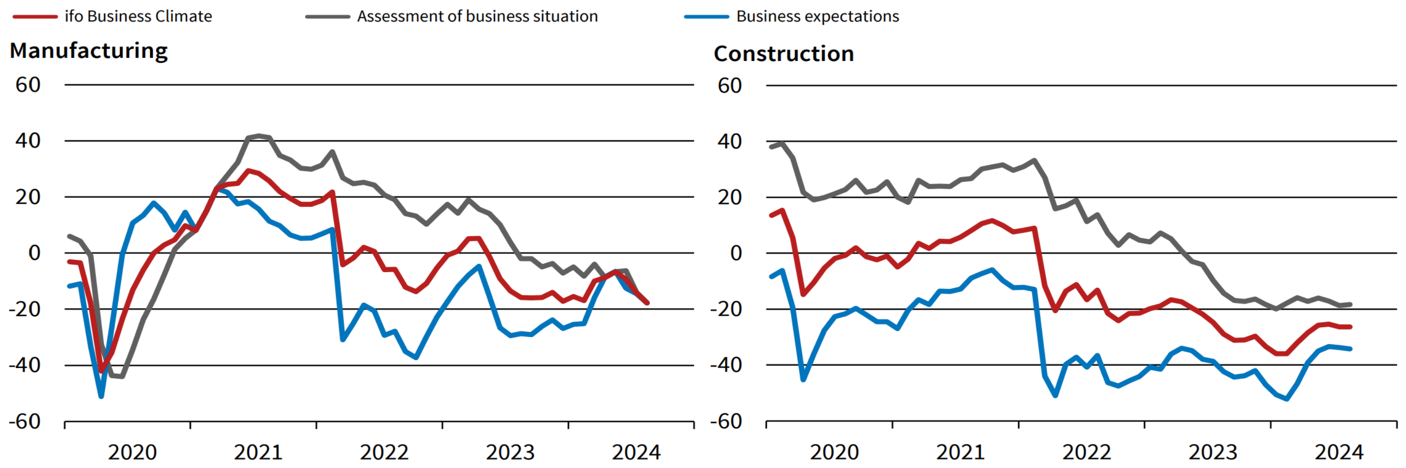
Hauff-Technik is one of Europe's leading **manufacturers of sealing systems for cables, pipes and building entries**. Sales increased by 9.4% p.a. since 2013 to € 93m in FY23 (**5.1% of group sales**; 16% of Infrastructure). Hauff's products prevent buildings from penetrating water, gas, fire, dirt and vermin. Its customers include utility providers, construction firms, installation companies, industrial companies, and private construction clients. In March this year, Hauff acquired the remaining 50% stake in Hauff-Technik GRIDCOM (sales: € 21m), a producer of passive components for the fiber-optic infrastructure. While the purchase price was not disclosed, we would expect it to be in the mid to high single-digit €m range for the 50% stake.

Sound long term operating development

INDUS' recent operating performance was heavily impacted by a weak macroeconomic environment in Germany. H1'24 sales declined by 7.2% to € 839m (H1'23: € 904m) and EBIT decreased disproportionately by 24.5% to € 64m (H1'23: € 85m) leading to a reduction in EBIT margin of 1.8pp to 7.6% in H1'24. We expect the situation to remain challenging in the short term, indicated by the further **deteriorated ifo Business Climate Index** (eNuW sales growth FY24e: -2.8% yoy). In August, the index fell particularly in manufacturing. For construction, the index remained unchanged with a moderately improved current business situation but slightly declined expectations. This picture is also reflected in INDUS' H1'24 order intake, which came in at € 828m (H1'23: € 839m), leading to a relatively low order backlog of € 720m.

The charts below show the ifo business climate development of the manufacturing and construction industry in Germany as per August.

Ifo business climate development

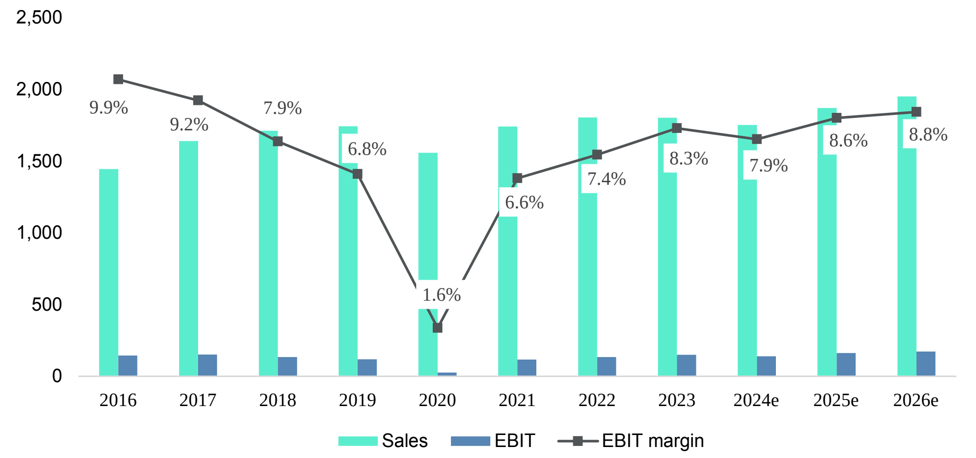


Source: Ifo Institute, NuWays

Having said that, we want to mention that these **problems are not permanently**, and a recovery is just a matter of time as soon as the macroeconomic environment in Germany lights up. This could be accelerated by a further cut in interest rates by the ECB. Already at the September meeting, the ECB lowered the deposit facility rate by 25bps to 3.50% supported by a reduction in the core inflation rate to 2.8% in August (-2.5pp yoy) in the Euro area.

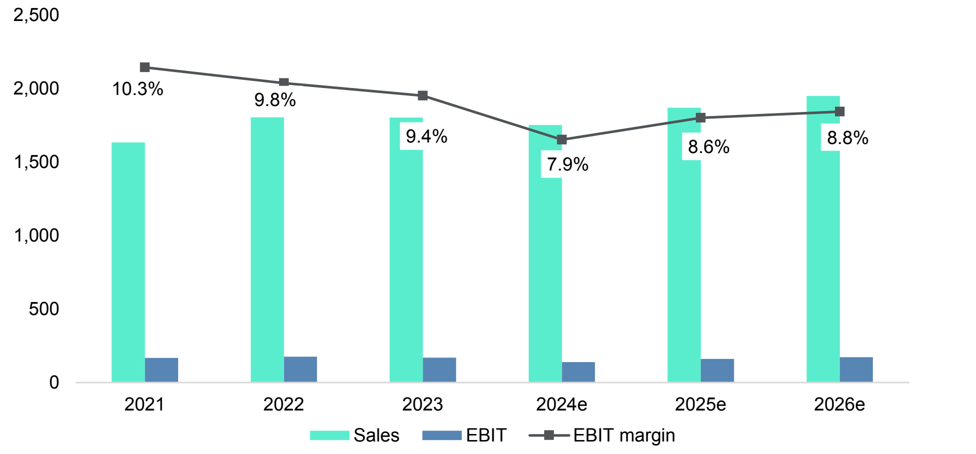
Looking forward, another aspect to consider is the realignment of the portfolio by the **divestment of the highly lossmaking automotive companies** Selzer (closing: Sept. 1, 2023), Schäfer (closing: July 31, 2023) and SMA (closing: Oct. 24, 2022). To give a better picture of INDUS' earnings power and profitability, we adjusted the sales and EBIT figures in the past years by deconsolidating these three companies as well as the goodwill impairments in FY23 and FY22. Even though we are aware of the survivorship bias, by excluding the worst performing companies after the fact, we think it is a valuable exercise to give a more accurate insight on the historical performance of the existing portfolio companies.

Sales and EBIT development (in € m)



Source: Company data, NuWays

Sales and EBIT (in € m) adj. for SMA, Selzer, Schäfer and impairments



Source: Company data, NuWays

While we are more cautious on the short-term margin development due to the macroeconomic uncertainty, it seems plausible in our view for INDUS to again reach EBIT margins of around 10% in the mid-term based on the competitive quality of the portfolio companies. However, long-term organic growth above the real German GDP growth rate should be challenging as the holdings are deeply embedded in the German economy and fairly diversified across different industries.

Nevertheless, inorganic **growth via M&A should be a major growth driver**. Our model therefore carries further upside, as we only incorporate M&A transactions once they have closed. As historical EBIT multiples of German SMEs have come down considerably in recent years, it is now a good time to find lucrative deals in our opinion. We estimate that INDUS has spent € 31.5m (eNuW) on M&A this year, which leaves plenty of room for further acquisitions to meet the € 70m annual budget. According to management, the M&A pipeline is well filled, and INDUS is confident of using the full budget this year due to several attractive opportunities and expects another acquisition to be made soon.

Recent acquisitions

Recent acquisitions include the purchase of **DECKMA** (see our last update of 2nd September), a system supplier of technical marine equipment. DECKMA is a specialist in lighting and fire alarm systems, corrosion protection technology, and automation solutions for ships. Customers of DECKMA are in the shipbuilding and offshore industry, such as manufacturers of cruise ships, merchant ships and mega yachts. The company generates c. € 19m in revenue and is growing profitable. With low double-digit EBIT margins (eNuW) and a transaction multiple of c. 6x EV/EBIT, we estimate the acquisition to deliver c. 12% FCFY (eNuW). Hence, the deal should be value accretive as the estimated FCFY is clearly above our hurdle rate of 7.8%.

In March, INDUS acquired the remaining 50% stake of **Hauff-Technik GRIDCOM** (see our update of 15th March). GRIDCOM is a producer of passive components for the fiber-optic infrastructure and serves among others utility providers, construction firms and installation companies with its products. GRIDCOM delivers c. € 21m in annual sales and we estimate the company to have a 10% EBIT margin (eNuW). With an estimated transaction multiple of 8x EV/EBIT, the acquisition should have an FCFY in line with our hurdle rate.

NuWays
by Hauck Aufhäuser Lampe

Valuation

FCFY 2024e indicates a fair value of € 34 per share

As companies rarely bear sufficient resemblance to peers on terms of geographical exposure, size or competitive strength and because long-term returns often are flawed by the lack of sufficient visibility, an Adjusted Free Cash Flow analysis has been conducted.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investor's capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex equals D&A).

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after tax return equals the model's hurdle rate of 7.8%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

FCF yield, year end Dec. 31	2021	2022	2023	2024e	2025e	2026e
EBITDA	**220**	**262**	**258**	**230**	**255**	**268**
- Maintenance capex	105	86	89	90.6	94	96
- Minorities	0.8	0.8	0.7	0.9	0.8	0.8
- tax expenses	51.5	33.5	55.8	35.1	41.3	44.0
= Adjusted Free Cash Flow	**63**	**142**	**112**	**103**	**120**	**128**
Actual Market Cap	**905**	**672**	**619**	**558**	**558**	**558**
+ Net debt (cash)	504	594	506	456	414	379
+ Pension provisions	41.3	23.6	27.0	26.5	26.5	27.6
+ Off balance sheet financing	0.0	0.0	0.0	0.0	0.0	0.0
+ Adjustments prepayments	0.0	0.0	0.0	0.0	0.0	0.0
- Financial assets	-13.4	-76.1	-17.0	-11.2	-11.2	-11.2
- Dividend payment	-28.2	-21.5	-31.0	-31.0	-38.7	-41.3
EV Reconciliations	*504*	*519*	*485*	*441*	*391*	*354*
= Actual EV'	**1409**	**1192**	**1104**	**999**	**949**	**912**
Adjusted Free Cash Flow yield	**4.5%**	**11.9%**	**10.2%**	**10.3%**	**12.6%**	**14.0%**
Sales	**1741**	**1804**	**1802**	**1752**	**1870**	**1950**
Actual EV/sales	0.8x	0.7x	0.6x	0.6x	0.5x	0.5x
Hurdle rate	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
FCF margin	3.6%	7.9%	6.2%	5.9%	6.4%	6.5%
Fair EV/sales	0.8x	1.0x	0.8x	0.8x	0.8x	0.8x
Fair EV	**1,393**	**1,815**	**1,435**	**1,315**	**1,526**	**1,629**
- EV Reconciliations	*504*	*519*	*485*	*441*	*391*	*354*
Fair Market Cap	**889**	**1,296**	**950**	**875**	**1,135**	**1,275**
No. of shares (million)	26.9	26.9	26.9	25.8	25.8	25.8
Fair value per share	**33.1**	**48.2**	**35.3**	$\boxed{\textbf{33.9}}$	**44.0**	**49.4**
Premium (-) / discount (+) in %	**-1.7%**	**92.7%**	**53.6%**	**56.6%**	**103.2%**	**128.4%**

Sensitivity analysis fair value		2021	2022	2023	2024e	2025e	2026e
	6.3%	45.3	64.2	48.0	46.0	58.0	64.4
Hurdle rate	7.8%	33.1	48.2	35.3	33.9	44.0	49.4
	9.3%	24.7	37.3	26.8	25.7	34.5	39.3

Source: Company data, NuWays

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	**1,741.5**	**1,804.1**	**1,802.4**	**1,752.1**	**1,870.0**	**1,950.0**
Sales growth	*11.7%*	*3.6%*	*-0.1%*	*-2.8%*	*6.7%*	*4.3%*
Increase/decrease in finished goods and work-in-process	29.7	33.5	-11.7	4.4	4.1	4.3
Total sales	**1,771.2**	**1,837.7**	**1,790.7**	**1,756.5**	**1,874.1**	**1,954.3**
Other operating income	28.4	25.1	20.6	18.8	26.2	27.3
Material expenses	817.6	872.2	801.4	780.8	845.2	885.3
Personnel expenses	529.1	494.6	521.5	538.4	562.5	584.6
Other operating expenses	232.5	233.5	230.3	226.5	237.5	243.8
Total operating expenses	**1,550.8**	**1,575.2**	**1,532.6**	**1,527.0**	**1,619.0**	**1,686.3**
EBITDA	**220.4**	**262.4**	**258.1**	**229.5**	**255.1**	**268.0**
Depreciation	83.9	50.7	62.7	73.1	75.1	77.2
EBITA	**136.5**	**211.8**	**195.4**	**156.5**	**180.0**	**190.8**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	21.1	35.3	26.5	17.5	18.4	18.4
Impairment charges	0.0	42.8	19.3	0.0	0.0	0.0
EBIT (inc revaluation net)	**115.4**	**133.7**	**149.6**	**139.0**	**161.6**	**172.4**
Interest income	0.2	1.4	1.6	3.8	4.0	4.0
Interest expenses	14.7	14.5	21.2	22.1	25.0	26.7
Investment income	-1.8	-4.6	9.8	-3.8	-3.0	-3.0
Financial result	-16.3	-17.7	-9.8	-22.1	-24.0	-25.7
Recurring pretax income from continuing operations	**99.1**	**115.9**	**139.7**	**116.9**	**137.6**	**146.7**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**99.1**	**115.9**	**139.7**	**116.9**	**137.6**	**146.7**
Income tax expense	51.5	33.5	55.8	35.1	41.3	44.0
Net income from continuing operations	**47.6**	**82.5**	**84.0**	**81.8**	**96.3**	**102.7**
Income from discontinued operations (net of tax)	0.0	123.9	27.8	0.0	0.0	0.0
Net income	**47.6**	**-41.4**	**56.1**	**81.8**	**96.3**	**102.7**
Minority interest	0.8	0.8	0.7	0.9	0.8	0.8
Net profit (reported)	**46.8**	**-42.2**	**55.4**	**81.0**	**95.5**	**101.9**
Average number of shares	26.3	26.9	26.9	25.8	25.8	25.8
EPS reported	**1.78**	**-1.57**	**2.06**	**3.14**	**3.70**	**3.95**

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Sales growth	*11.7%*	*3.6%*	*-0.1%*	*-2.8%*	*6.7%*	*4.3%*
Increase/decrease in finished goods and work-in-process	1.7%	1.9%	-0.6%	0.3%	0.2%	0.2%
Total sales	**101.7%**	**101.9%**	**99.4%**	**100.3%**	**100.2%**	**100.2%**
Other operating income	1.6%	1.4%	1.1%	1.1%	1.4%	1.4%
Material expenses	46.9%	48.3%	44.5%	44.6%	45.2%	45.4%
Personnel expenses	30.4%	27.4%	28.9%	30.7%	30.1%	30.0%
Other operating expenses	13.4%	12.9%	12.8%	12.9%	12.7%	12.5%
Total operating expenses	**89.1%**	**87.3%**	**85.0%**	**87.2%**	**86.6%**	**86.5%**
EBITDA	**12.7%**	**14.5%**	**14.3%**	**13.1%**	**13.6%**	**13.7%**
Depreciation	4.8%	2.8%	3.5%	4.2%	4.0%	4.0%
EBITA	**7.8%**	**11.7%**	**10.8%**	**8.9%**	**9.6%**	**9.8%**
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	1.2%	2.0%	1.5%	1.0%	1.0%	0.9%
Impairment charges	0.0%	2.4%	1.1%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	**6.6%**	**7.4%**	**8.3%**	**7.9%**	**8.6%**	**8.8%**
Interest income	0.0%	0.1%	0.1%	0.2%	0.2%	0.2%
Interest expenses	0.8%	0.8%	1.2%	1.3%	1.3%	1.4%
Investment income	-0.1%	-0.3%	0.5%	-0.2%	-0.2%	-0.2%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	**5.7%**	**6.4%**	**7.8%**	**6.7%**	**7.4%**	**7.5%**
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	**5.7%**	**6.4%**	**7.8%**	**6.7%**	**7.4%**	**7.5%**
Tax rate	52.0%	28.9%	39.9%	30.0%	30.0%	30.0%
Net income from continuing operations	**2.7%**	**4.6%**	**4.7%**	**4.7%**	**5.1%**	**5.3%**
Income from discontinued operations (net of tax)	0.0%	6.9%	1.5%	0.0%	0.0%	0.0%
Net income	**2.7%**	**-2.3%**	**3.1%**	**4.7%**	**5.1%**	**5.3%**
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	**2.7%**	**-2.3%**	**3.1%**	**4.6%**	**5.1%**	**5.2%**

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	646.0	645.1	633.9	628.4	622.0	615.6
Property, plant and equipment	422.4	346.5	354.4	349.4	339.3	327.2
Financial assets	13.4	76.1	17.0	11.2	11.2	11.2
FIXED ASSETS	**1,081.8**	**1,067.7**	**1,005.3**	**989.0**	**972.5**	**954.0**
Inventories	403.9	449.4	429.3	406.7	422.6	442.7
Accounts receivable	168.9	195.5	181.3	175.2	187.0	195.0
Other assets and short-term financial assets	52.8	29.4	25.8	41.4	41.7	41.7
Liquid assets	136.3	127.8	265.8	263.6	260.6	296.5
Deferred taxes	13.8	20.2	21.3	21.0	21.5	21.5
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	**775.6**	**822.2**	**923.5**	**907.9**	**933.5**	**997.3**
TOTAL ASSETS	**1,857.4**	**1,889.9**	**1,928.8**	**1,896.9**	**1,906.0**	**1,951.3**
SHAREHOLDERS EQUITY	**785.6**	**692.8**	**717.9**	**766.6**	**831.2**	**887.7**
MINORITY INTEREST	1.8	2.1	1.7	1.7	1.7	1.7
Long-term liabilities to banks	477.3	580.6	618.2	565.0	550.0	550.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	41.3	23.6	27.0	26.5	26.5	27.6
Other provisions and accrued liabilities	89.8	43.4	42.3	36.0	35.7	34.0
NON-CURRENT LIABILITIES	**608.4**	**647.6**	**687.4**	**627.5**	**612.2**	**611.6**
Short-term liabilities to banks	163.2	140.7	153.8	155.0	125.0	125.0
Accounts payable	62.2	74.3	63.7	62.6	64.5	70.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	187.6	278.4	248.8	225.9	214.4	196.9
Deferred taxes	48.6	54.0	55.4	57.6	57.0	58.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	**461.5**	**547.4**	**521.7**	**501.1**	**460.9**	**450.2**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**1,857.4**	**1,889.9**	**1,928.8**	**1,896.9**	**1,906.0**	**1,951.3**

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	34.8%	34.1%	32.9%	33.1%	32.6%	31.5%
Property, plant and equipment	22.7%	18.3%	18.4%	18.4%	17.8%	16.8%
Financial assets	0.7%	4.0%	0.9%	0.6%	0.6%	0.6%
FIXED ASSETS	**58.2%**	**56.5%**	**52.1%**	**52.1%**	**51.0%**	**48.9%**
Inventories	21.7%	23.8%	22.3%	21.4%	22.2%	22.7%
Accounts receivable	9.1%	10.3%	9.4%	9.2%	9.8%	10.0%
Other assets and short-term financial assets	2.8%	1.6%	1.3%	2.2%	2.2%	2.1%
Liquid assets	7.3%	6.8%	13.8%	13.9%	13.7%	15.2%
Deferred taxes	0.7%	1.1%	1.1%	1.1%	1.1%	1.1%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	**41.8%**	**43.5%**	**47.9%**	**47.9%**	**49.0%**	**51.1%**
TOTAL ASSETS	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
SHAREHOLDERS EQUITY	**42.3%**	**36.7%**	**37.2%**	**40.4%**	**43.6%**	**45.5%**
MINORITY INTEREST	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Long-term liabilities to banks	25.7%	30.7%	32.0%	29.8%	28.9%	28.2%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	2.2%	1.2%	1.4%	1.4%	1.4%	1.4%
Other provisions and accrued liabilities	4.8%	2.3%	2.2%	1.9%	1.9%	1.7%
NON-CURRENT LIABILITIES	**32.8%**	**34.3%**	**35.6%**	**33.1%**	**32.1%**	**31.3%**
Short-term liabilities to banks	8.8%	7.4%	8.0%	8.2%	6.6%	6.4%
Accounts payable	3.3%	3.9%	3.3%	3.3%	3.4%	3.6%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	10.1%	14.7%	12.9%	11.9%	11.2%	10.1%
Deferred taxes	2.6%	2.9%	2.9%	3.0%	3.0%	3.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	**24.8%**	**29.0%**	**27.0%**	**26.4%**	**24.2%**	**23.1%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company data, NuWays

INDUS Holding AG

5-Pager - 26.09.2024

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	47.6	82.5	84.0	81.8	96.3	102.7
Depreciation of fixed assets (incl. leases)	83.9	93.4	82.1	73.1	75.1	77.2
Amortisation of goodwill & intangible assets	21.1	35.3	26.5	17.5	18.4	18.4
Other costs affecting income / expenses	37.5	-17.7	-9.8	-22.1	-24.0	-25.7
Cash flow from operating activities	53.4	-12.4	109.1	96.9	56.5	56.0
Increase/decrease in inventory	-71.4	-45.5	20.1	22.6	-15.9	-20.0
Increase/decrease in accounts receivable	-6.9	-26.6	14.2	6.1	-11.8	-8.0
Increase/decrease in accounts payable	13.3	9.9	-10.6	-1.1	1.9	5.9
Increase/decrease in other working capital positions	0.0	23.5	7.9	10.0	10.0	0.0
Increase/decrease in working capital	-65.1	-38.6	31.5	37.6	-15.8	-22.2
Cash flow from operating activities	**158.4**	**116.3**	**217.7**	**187.4**	**150.0**	**151.5**
CAPEX	52.6	54.5	61.9	74.0	77.0	77.0
Payments for acquisitions	67.3	58.8	8.9	6.1	0.0	0.0
Financial investments	0.7	0.4	0.6	0.0	0.0	0.0
Income from asset disposals	14.6	19.3	21.3	0.0	0.0	0.0
Cash flow from investing activities	**-106.0**	**-94.4**	**-50.1**	**-80.1**	**-77.0**	**-77.0**
Cash flow before financing	30.8	-6.3	146.1	75.1	42.0	35.8
Increase/decrease in debt position	-73.2	87.2	50.6	-52.0	-45.0	0.0
Purchase of own shares	0.0	0.0	0.0	25.3	0.0	0.0
Capital measures	84.8	0.0	0.0	0.0	0.0	0.0
Dividends paid	21.5	28.2	21.5	32.3	31.0	38.7
Others	-31.0	-3.1	-29.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.2	-0.3	0.0	0.0	0.0	0.0
Cash flow from financing activities	**-40.8**	**55.9**	**-0.5**	**-109.6**	**-76.0**	**-38.7**
Increase/decrease in liquid assets	11.7	77.5	167.1	-2.2	-3.0	35.8
Liquid assets at end of period	**136.3**	**127.8**	**265.8**	**263.6**	**260.6**	**296.5**

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	11.7%	3.6%	-0.1%	-2.8%	6.7%	4.3%
EBITDA growth	-2.4%	66.4%	17.1%	-12.5%	-1.2%	2.1%
EBIT growth	-2.1%	475.8%	29.6%	4.0%	8.0%	29.0%
EPS growth	-26.9%	33.1%	15.9%	-299.9%	79.6%	-351.6%
Efficiency						
Sales per employee	159.6	173.6	193.5	185.6	196.2	196.2
EBITDA per employee	20.2	25.3	27.7	24.3	26.8	27.0
No. employees (average)	10,910	10,391	9,317	9,438	9,533	9,940
Balance sheet analysis						
Avg. working capital / sales	29.8%	28.2%	29.3%	31.1%	29.2%	29.2%
Inventory turnover (sales/inventory)	2.2	2.0	1.8	1.9	2.0	2.0
Accounts receivable turnover	10.3	9.2	9.9	10.0	10.0	10.0
Accounts payable turnover	28.0	24.3	28.3	28.0	29.0	29.0
Cash flow analysis						
Free cash flow	105.8	61.8	155.7	113.4	73.0	74.5
Free cash flow/sales	6.1%	3.4%	8.6%	6.5%	3.9%	3.8%
FCF / net profit	222.4%	74.9%	185.5%	138.6%	75.8%	72.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	504.1	593.6	506.2	456.4	414.4	378.5
Net Debt/EBITDA	2.3	2.3	2.0	2.0	1.6	1.4
Dividend payout ratio	59.1%	100.0%	58.2%	38.2%	40.5%	40.5%
Interest paid / avg. debt	2.2%	2.0%	3.0%	3.1%	3.5%	3.8%
Returns						
ROCE	7.5%	11.8%	10.8%	9.2%	10.3%	11.1%
ROE	6.0%	-6.1%	7.7%	10.6%	11.5%	11.5%
Adjusted FCF yield	6.1%	9.5%	9.0%	10.8%	13.1%	14.6%
Dividend yield	5.3%	4.0%	6.0%	6.0%	7.5%	8.0%
DPS	1.0	0.8	1.2	1.2	1.5	1.6
EPS reported	1.78	-1.57	2.06	3.14	3.70	3.95
Average number of shares	26.3	26.9	26.9	25.8	25.8	25.8
Valuation ratios						
P/BV	0.7	0.8	0.7	0.7	0.6	0.6
EV/sales	0.8	0.7	0.6	0.6	0.5	0.5
EV/EBITDA	6.5	4.9	4.1	4.4	3.8	3.4
EV/EBIT	12.5	9.7	7.2	7.2	5.9	5.3

Source: Company data, NuWays

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Company	Disclosures
INDUS Holding AG	2

Historical target price and rating changes for INDUS Holding AG

Company	Date	Analyst	Rating	Target Price	Close
INDUS Holding AG	02.09.2024	Sandherr, Christian	Buy	EUR 34.00	EUR 22.40
	14.08.2024	Sandherr, Christian	Buy	EUR 34.00	EUR 20.50
	21.03.2024	Sandherr, Christian	Buy	EUR 36.00	EUR 24.75
	22.02.2024	Sandherr, Christian	Buy	EUR 36.00	EUR 21.50
	17.11.2023	Sandherr, Christian	Buy	EUR 34.00	EUR 19.70

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

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