



# Indus Holding AG

## Construction segment shining brightly

14/08/2019

**Buy****56.00 EUR**

Close 13/08/2019 33.50 EUR

Bloomberg: INH GY WKN: 620010

Sector Industrials

### Share price performance

52 week high / low 56.90 / 33.50 EUR

YTD -14.1%

12 months -37.3%

### Share price vs. SDAX



### Share data

Market Cap (m EUR) 819.1

No. of shares (m) 24.5

Free float 71.8%

Trading vol. Ø (m EUR) 0.87

### Next event

Quarterly Results 14/11/2019

### Analyst

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See end of document for disclaimer.

Indus achieved a very good earnings contribution from its Construction segment where it benefited from the good air conditioning business. Medtech was also better than expected. Engineering and Metals, however, fell short of our expectations. Nevertheless, order backlog in the engineering segment remains strong, as does the outlook for this segment in H2. We still have to do some adjustments to our earnings estimates, but regard the share price reaction as overdone.

Indus [€ m]	BHL			% yoy	BHL			% yoy
	Q2 2019	Q2 2019e	Q2 2018		H1 2019	H1 2019e	H1 2018	
Sales	438.9	438.9	436.6	0.5%	876.5	876.5	844.7	3.8%
EBIT	32.9	33.0	40.7	-19.2%	66.5	66.5	76.1	-12.6%
EBIT margin	7.5%	7.5%	9.3%	-1.8 PP	7.6%	7.6%	9.0%	-1.4 PP
EBT	27.9	29.3	36.8	-24.2%	58.1	59.5	67.0	-13.3%
Net income	17.5	18.6	23.3	-24.9%	37.3	38.5	43.1	-13.5%
EPS [€]	0.72	0.76	0.95	-24.9%	1.53	1.57	1.76	-13.5%

Source: Company information, Consensus collected by company, Bankhaus Lampe Research

### LIGHT AND SHADOW

- The EBT was a little bit below our expectations as minorities kicked in again in Q2. This was due to strong performance of a member of the Engineering segment, where the minority partner got its share.
- There was a very strong development in the construction segment, which benefited from an excellent business environment for air conditioning, while the other companies are performing at a high level.
- Also pleasing was the development in the Medtech area, where the company reported good business in micro lenses.
- While the Engineering segment did not meet our expectations in Q2, Indus expressed confidence that the lower end of EBIT target of 12-14% can still be reached as order backlog in the segment remains high.
- Due to lower revenues in hard metal tools and mining, Indus stated that it will be difficult to achieve the envisaged EBIT margin of 8-10% in the Metal segment.
- Apart from the Automotive segment, we will therefore have to make adjustments to our estimates in the Metal segment.

in m EUR	2017	2018	2019e	2020e	2021e
Sales	1,641	1,711	1,747	1,807	1,872
EBIT	152.9	134.7	166.1	160.0	168.6
EBIT margin	9.3%	7.9%	9.5%	8.9%	9.0%
Net financial debt	398.9	482.7	549.0	521.7	526.2
Free cash flow	14.0	-23.6	63.9	64.8	34.6
EPS (in EUR)	3.37	2.90	4.05	3.62	3.80
DPS (in EUR)	1.50	1.50	1.50	1.60	1.70
Dividend yield	2.5%	3.8%	4.5%	4.8%	5.1%
EV/sales	1.2	0.9	0.8	0.8	0.7
EV/EBIT	12.4	11.0	8.5	8.7	8.3
P/E	17.7	13.4	8.3	9.3	8.8

Source: Company information, Bankhaus Lampe Research estimates

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The creation of this recommendation was finalised on 14/08/2019 08:37 AM (CEST) and first published on 14/08/2019 08:44 AM (CEST).

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Details on the concepts and methods as well as the valuation models employed are available on our [website](#).

Overview of changes in our recommendations/price targets in the previous twelve months for: Indus Holding AG (INH GY), Close (13/08/2019): 33.50 EUR, Analyst: Dr. Georg Kanders (Analyst).

Date of publication	Price at recommendation	Rating	Price target
25/07/2019	37.20 EUR	Buy	56.00 EUR
18/07/2019	36.80 EUR	Buy	55.00 EUR
20/05/2019	42.90 EUR	Buy	56.00 EUR
03/04/2019	45.05 EUR	Buy	61.00 EUR
30/01/2019	43.85 EUR	Buy	60.00 EUR
30/08/2018	55.50 EUR	Buy	73.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2019)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	57.8%	62.5%
Hold	37.9%	25.0%
Sell	4.3%	12.5%
Under Review	0.0%	0.0%

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Company	Disclosure
Indus Holding AG	6, 7

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14 August 2019

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