

M+S Hydraulic (5MH BU)
Share Data

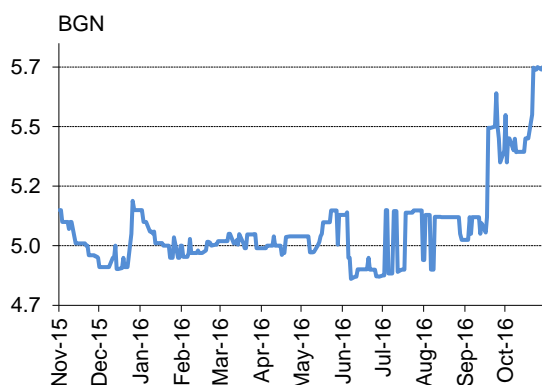
Price	5.70
52 weeks Price Change	15.15%
52 weeks Price Range	4.811 - 5.7
Market Cap (BGN)	222 545 100
Market Cap (EUR)	113 903 726
Shares outstanding	39 043 000
DPS	0.22
Dividend yield	3.86%
EPS	0.30
Sales per share	2.31
Book value per share	1.73
FCF per share	0.37
P/E	19.12
P/S	2.47
P/B	3.30
EV/Sales	2.30
EV/EBITDA	10.45
ROA	14.87%
ROE	17.55%
Current Ratio	3.82
Total Debt Ratio	0.001
Interest Coverage	n.a.
Assets Turnover	1.15

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Stara Planina Holding	30.92%
M+S 97	24.10%
Industrial Capital Holding	22.39%
Free Float	22.59%

Source: Company data, Sofia International Securities Equity Research

Share Price of M+S Hydraulic (5MH BU)


Source: Bloomberg, Sofia International Securities Equity Research

Excellent performance continues in Q3

M+S Hydraulic reported another successful quarter as its revenues rose to BGN 71.99m or by 5.4% YoY in the third quarter of 2016. The top-line results remained only slightly below management expectations. Export, which continues to account for more than 80% of the company's total sales, accelerated from the second quarter and marked 4.64% YoY growth in the first nine months of the year to BGN 60.5m. Sales on domestic market maintained a stable double-digit growth reaching BGN 11.22m, up by 11.9% annual basis.

The company's total operating expenses increased by 2.7% YoY to BGN 60.08m. Expenses for materials, which are the largest cost item rose by 3.17% to BGN 32.3m, while personnel expenses also added 6.7% to BGN 14.1m. Other expense categories were little changed on annual basis.

As a result, M+S Hydraulic reported operating profit of BGN 11.9m, up by 21.28% YoY. This translates into EBIT margin of 16.6%, which also marks improvement over last year's reading of 14.4%.

With financial expenses low and stable, net profit reflected the improvement in operating results and grew by 21.4% YoY to BGN 10.66m or BGN 0.27 per share.

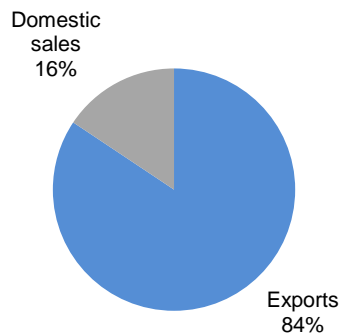
The company's asset base expanded to BGN 79.38m as of the end of September, up by 5% YTD. Long-term assets fell to BGN 35.5m on drop in property plant and equipment, while the increase in account receivables and the cash position pushed current assets up by BGN 6.16m YTD to BGN 43.9m.

The only financial liabilities reported by M+S Hydraulic are total lease liabilities in the amount of BGN 0.12m. Trade payables, which account for a large portion of the company's liabilities (BGN 11.9m in total) rose to BGN 8.07m, adding BGN 1.6m over the first nine months of the year.

Selected Financials	2014	2015	2015	2016
BGN '000	FY	FY	9M	9M
Sales	89 725.0	86 433.0	68 294.0	71 993.0
Sales YoY	5.20%	-3.67%	-2.03%	5.42%
EBIT	12 609.0	10 916.0	9 825.0	11 916.0
EBIT Margin	14.05%	12.63%	14.39%	16.55%
Net Income	11 405.0	9 756.0	8 778.0	10 659.0
Net Margin	12.71%	11.29%	12.85%	14.81%
PP&E	31 448.0	33 560.0	35 786.0	31 169.0
Trade Receivables	15 241.0	12 207.0	16 175.0	16 007.0
Inventories	10 121.0	9 759.0	9 384.0	9 782.0
Total assets	77 248.0	75 604.0	77 170.0	79 377.0
Equity	65 838.0	66 153.0	65 171.0	67 463.0
Non-Current Debt	520.0	0.0	166.0	110.0
Current Debt	337.0	166.0	83.0	6.0
Trade Payables	6 982.0	6 441.0	7 860.0	8 073.0

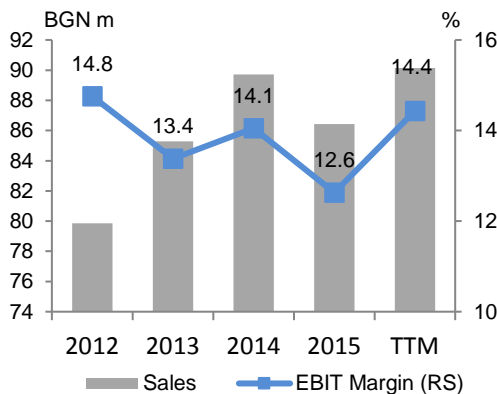
Source: Company data, Sofia International Securities Equity Research

Sales by segments in Q3 2016



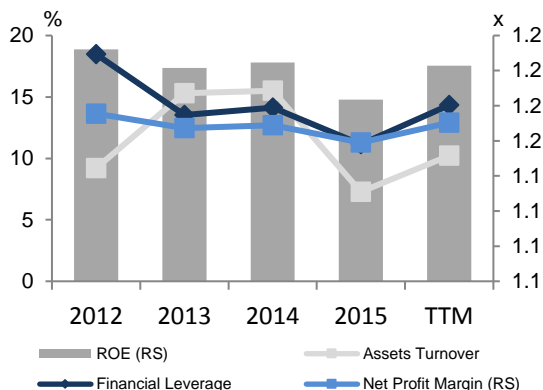
Source: Company data, Sofia International Securities Equity Research

Sales vs. EBIT Margin



Source: Company data, Sofia International Securities Equity Research

ROE (DuPont Decomposition)



Source: Company data, Sofia International Securities Equity Research

Income statement	2014	2015	2015	2016
BGN '000	FY	FY	9M	9M
Sales	89 725.0	86 433.0	68 294.0	71 993.0
Operating costs	-70 346.0	-68 716.0	-53 348.0	-55 049.0
EBITDA	19 477.0	17 719.0	14 946.0	17 043.0
Depreciation	-6 868.0	-6 803.0	-5 121.0	-5 127.0
EBIT	12 609.0	10 916.0	9 825.0	11 916.0
Net financial result	77.0	-83.0	-72.0	-73.0
t/o interest expense	-39.0	-13.0	-12.0	-4.0
EBT	12 686.0	10 833.0	9 753.0	11 843.0
Taxes	-1 281.0	-1 077.0	-975.0	-1 184.0
Net Income	11 405.0	9 756.0	8 778.0	10 659.0
Minorities	0.0	0.0	0.0	0.0
Net Income after minorities	11 405.0	9 756.0	8 778.0	10 659.0

Balance sheet

PP&E	31 448.0	33 560.0	35 786.0	31 169.0
Intangibles	67.0	109.0	122.0	113.0
Other Non-Current Assets	3 796.0	4 207.0	3 913.0	4 207.0
Non-Current Assets	35 311.0	37 876.0	39 821.0	35 489.0
Inventories	10 121.0	9 759.0	9 384.0	9 782.0
Trade Receivables	15 241.0	12 207.0	16 175.0	16 007.0
Cash & Cash Equivalents	14 038.0	13 656.0	9 755.0	15 530.0
Other Current Assets	2 537.0	2 106.0	2 035.0	2 569.0
Current Assets	41 937.0	37 728.0	37 349.0	43 888.0
Total Assets	77 248.0	75 604.0	77 170.0	79 377.0
Equity	65 838.0	66 153.0	65 171.0	67 463.0
Non-Current Debt	520.0	0.0	166.0	110.0
Other Non-Current Liabilities	348.0	322.0	348.0	322.0
Non-Current Liabilities	868.0	322.0	514.0	432.0
Trade Payables	6 982.0	6 441.0	7 860.0	8 073.0
Current Debt	337.0	166.0	83.0	6.0
Other Current Liabilities	3 223.0	2 522.0	3 542.0	3 403.0
Current Liabilities	10 542.0	9 129.0	11 485.0	11 482.0
Total Equity and Liabilities	77 248.0	75 604.0	77 170.0	79 377.0

Cash Flow Statement

Cashflow from Operations	18 493.0	17 563.0	12 849.0	13 410.0
Cashflow from Investments	-8 280.0	-8 668.0	-8 255.0	-3 070.0
t/o Capex	-11 134.0	-10 367.0	-8 138.0	-3 075.0
Cashflow from Financing	-7 484.0	-9 277.0	-8 877.0	-8 466.0
Net Cash	2 729.0	-382.0	-4 283.0	1 874.0

Source: Company data, Sofia International Securities Equity Research

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