

M+S Hydraulic (5MH BU)
Share Data

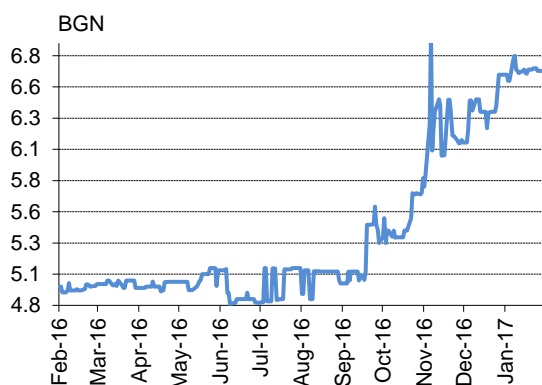
Price	6.68
52 weeks Price Change	36.33%
52 weeks Price Range	4.811 - 7
Market Cap (BGN)	260 808 576
Market Cap (EUR)	133 379 996
Shares outstanding	39 043 200
DPS	0.22
Dividend yield	3.29%
EPS	0.33
Sales per share	2.40
Book value per share	1.78
FCF per share	0.30
P/E	20.52
P/S	2.79
P/B	3.75
EV/Sales	2.61
EV/EBITDA	11.62
ROA	16.26%
ROE	18.74%
Current Ratio	3.96
Total Debt Ratio	0.001
Interest Coverage	n.a.
Assets Turnover	1.20

Source: Company data, Sofia International Securities Equity Research

Shareholder Structure

Stara Planina Holding	30.91%
M+S 97	24.10%
Industrial Capital Holding	22.37%
Free Float	22.62%

Source: Company data, Sofia International Securities Equity Research

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


Source: Bloomberg, Sofia International Securities Equity Research

It was a very good year for M+S Hydraulic

Net revenues of M+S Hydraulic rose to BGN 93.5m in 2016, up by 8.2% on annual basis. In the fourth quarter alone, the achieved growth was 18.7% as sales in the last three months of the year amounted to BGN 21.5m. Export, which accounts for more than 80% of the company's total sales, grew moderately during the year, increasing by 5.32% YoY to BGN 77.01m. Domestic sales outpaced export and growth in this segment reached 26.5% as revenue generated at home reached BGN 16.19m.

As reported, company's total operating expenses went up by 5% on annual basis to BGN 79.33m. Expenses for materials, which remains the largest cost category, grew by 5.94% YoY to BGN 42m, while personnel expenses increased even more pronouncedly, adding 11.36% to BGN 23.62m.

As a result, operating profit reached BGN 14.21m, marking an annual increase of 30.6% over the last year's result. EBIT margin improved by 2.6 p.p. to 15.2%.

M+S Hydraulic reported net profit in the amount of BGN 12.7m (BGN 0.33 per share), up from BGN 9.73m (BGN 0.25 per share) reported in 2015.

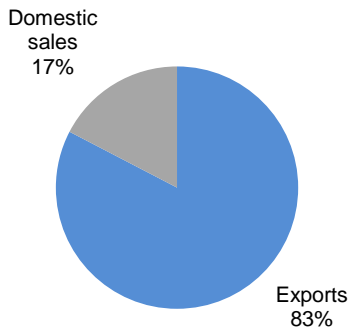
The company's total assets grew only marginally over the last three months of the year reaching BGN 80.7m as of end-2016. Long-term assets rose on growth in PP&E, while the carrying value of trade receivables decreased by 16.55% QoQ to BGN 13.36m. As of the end of the year, total liabilities increased to BGN 11.19m, up by BGN 1.7m from 2015 reading, mostly on trade-related payables. Profitability remains strong as ROA reached 16.26%, up from 12.72% reported a year ago. ROE is at 18.74% as of the end of the year.

Management expects sales to reach BGN 8.09m in January 2017, up by 8.3% on annual basis.

Selected Financials	2014	2015	2016	2016
BGN '000	FY	FY	FY	4Q
Sales	89 725.0	86 433.0	93 527.0	21 534.0
Sales YoY	5.20%	-3.67%	8.21%	18.72%
EBIT	12 609.0	10 882.0	14 207.0	2 291.0
EBIT Margin	14.05%	12.59%	15.19%	10.64%
Net Income	11 405.0	9 725.0	12 707.0	2 048.0
Net Margin	12.71%	11.25%	13.59%	9.51%
PP&E	31 448.0	33 560.0	33 435.0	33 435.0
Trade Receivables	15 241.0	12 207.0	13 357.0	13 357.0
Inventories	10 121.0	9 759.0	10 787.0	10 787.0
Total assets	77 248.0	75 604.0	80 707.0	80 707.0
Equity	65 838.0	66 123.0	69 520.2	69 520.2
Non-Current Debt	520.0	0.0	82.0	82.0
Current Debt	337.0	166.0	29.0	29.0
Trade Payables	6 982.0	6 474.0	7 233.0	7 233.0

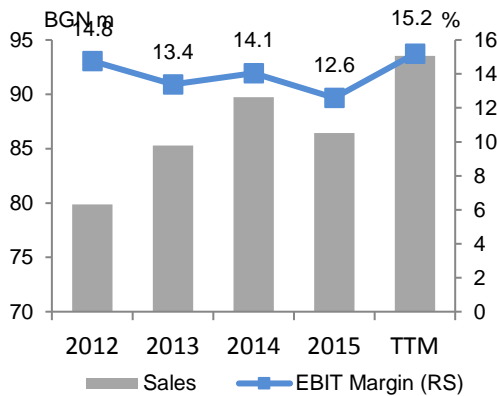
Source: Company data, Sofia International Securities Equity Research

Sales by segments in FY 2016



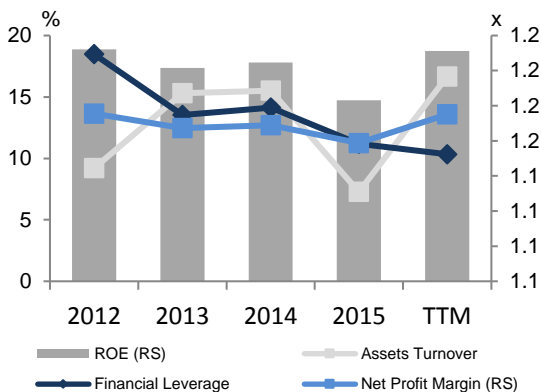
Source: Company data, Sofia International Securities Equity Research

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 BGN '000	2014 FY	2015 FY	2016 FY	2016 4Q
Sales	89 725.0	86 433.0	93 527.0	21 534.0
Operating costs	-70 346.0	-68 575.0	-73 268.0	-18 219.0
EBITDA	19 477.0	17 685.0	21 017.0	3 974.0
Depreciation	-6 868.0	-6 803.0	-6 810.0	-1 683.0
EBIT	12 609.0	10 882.0	14 207.0	2 291.0
Net financial result	77.0	-83.0	-81.0	-8.0
t/o interest expense	-39.0	-13.0	-5.0	-1.0
EBT	12 686.0	10 799.0	14 126.0	2 283.0
Taxes	-1 281.0	-1 074.0	-1 419.0	-235.0
Net Income	11 405.0	9 725.0	12 707.0	2 048.0
Minorities	0.0	0.0	0.0	0.0
Net Income after minorities	11 405.0	9 725.0	12 707.0	2 048.0

Balance sheet

PP&E	31 448.0	33 560.0	33 435.0	33 435.0
Intangibles	67.0	109.0	211.0	211.0
Other Non-Current Assets	3 796.0	4 207.0	4 206.0	4 206.0
Non-Current Assets	35 311.0	37 876.0	37 852.0	37 852.0
Inventories	10 121.0	9 759.0	10 787.0	10 787.0
Trade Receivables	15 241.0	12 207.0	13 357.0	13 357.0
Cash & Cash Equivalents	14 038.0	13 656.0	16 637.0	16 637.0
Other Current Assets	2 537.0	2 106.0	2 074.0	2 074.0
Current Assets	41 937.0	37 728.0	42 855.0	42 855.0
Total Assets	77 248.0	75 604.0	80 707.0	80 707.0
Equity	65 838.0	66 123.0	69 520.2	69 520.2
Non-Current Debt	520.0	0.0	82.0	82.0
Other Non-Current Liabilities	348.0	322.0	293.0	293.0
Non-Current Liabilities	868.0	322.0	375.0	375.0
Trade Payables	6 982.0	6 474.0	7 233.0	7 233.0
Current Debt	337.0	166.0	29.0	29.0
Other Current Liabilities	3 223.0	2 519.0	3 550.0	3 550.0
Current Liabilities	10 542.0	9 159.0	10 812.0	10 812.0
Total Equity and Liabilities	77 248.0	75 604.0	80 707.2	80 707.2

Cash Flow Statement

Cashflow from Operations	18 493.0	17 563.0	18 142.0	4 732.0
Cashflow from Investments	-8 280.0	-8 668.0	-6 374.0	-3 304.0
t/o Capex	-11 134.0	-10 367.0	-6 384.0	-3 309.0
Cashflow from Financing	-7 484.0	-9 277.0	-8 787.0	-321.0
Net Cash	2 729.0	-382.0	2 981.0	1 107.0

Source: Company data, Sofia International Securities Equity Research

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