

**Buy** (old: Buy)

**Price target: EUR 150.00** (old: EUR 150.00)

<b>Price:</b>	EUR 82.00	<b>Next result:</b>	FY April 2015
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 170.8 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 74.4 m

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### Positive RS feedback

We had mutares' founders and CEOs Dr. Geuer and Mr. Laik on the road in London yesterday. Key points of discussion were the current deal pipeline as well as the development of the major portfolio companies.

**M&A pipeline:** On the acquisition site, **mutares just announced the acquisition of A+F group**, a € 30m in sales producer of dairy packaging solutions in Germany (see last update from 20 October). In addition, **management expects to sign at least another deal still this year**. Current pipeline targets are in the European automotive supplier, consumer retail as well as food processing space, ranging from € 30-100m in sales. This clearly shows that mutares is capable to source further deals in the current environment to secure the growth of the group.

On the exit side, **the sale of Eupec is currently under way and mutares has received a number of offers**. However, given the exceptional operating performance of the business with expected sales of € 58m and an EBITDA of € 9m (compared to € 35m sales and a € 5m EBITDA in the initial budget), the company has invited other financial investors to participate in the bidding process to maximise exit proceeds. **We thus expect the company to be sold in H1 2015E**.

**Dividends:** Regarding the dividend payment for this year, management highlighted that it can **collect a substantial dividend from Eupec this year** (around € 10m cash in the company). We expect this to increase cash at the holding level by around € 8m. On the back of proceeds from other portfolio companies, **we thus consider a € 10m dividend payout as realistic which translates into a dividend of at least € 4 per share** even without the sale of a portfolio company. This implies an attractive yield of 5%.

**On the back of potentially higher exit proceeds (H&A: € 30-50m) once the exit of Eupec is finalised in H1 2015E, management seeks to pay out up to 80% of the proceeds** to shareholders (at least € 10 per share at 80% payout of € 30m). The prospects for attractive dividend payments thus remain intact.

**Portfolio:** Overall, **mutares' portfolio looks well on track with all major holdings developing positively:**

- continued -



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	111.50 / 31.10
<b>Price/Book Ratio:</b>	2.3
<b>Relative performance (SDAX):</b>	
3 months	13.8 %
6 months	-7.0 %
12 months	85.5 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	688.9	8.0	2.09
	Δ	-	-	-
2015	old:	754.6	21.3	7.55
	Δ	-	-	-
2016	old:	807.0	31.3	10.58
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs)	2.3
Authorised capital: (in € m)	0.0
Book value per share: (in €)	35.9
Ø trading volume: (12 months)	-

### Major shareholders:

Founders	60.0 %
Free Float	40.0 %

### Company description:

mutares AG is a turnaround investor focussed on generating a return on its investment through the purchase of underperforming corporate spin offs, their operational turnaround and subsequent sale.

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	127.6	159.3	301.2	347.0	688.9	754.6	807.0
Sales growth	110 %	25 %	89 %	15 %	99 %	10 %	7 %
EBITDA	17.3	18.5	22.4	5.9	21.1	34.3	45.1
EBIT	10.9	12.6	14.1	-4.5	8.0	21.3	31.3
Net income	8.3	8.6	9.5	-7.9	4.9	17.6	24.7
Net debt	-14.3	-20.7	-39.5	-19.2	-98.7	-85.4	-98.5
Net gearing	-34.3 %	-39.7 %	-49.4 %	-32.9 %	-117.4 %	-166.6 %	-161.8 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	4.09	4.25	4.69	-3.88	2.09	7.52	10.56
CPS	-1.96	-2.56	-6.12	-16.54	1.30	-2.08	6.00
DPS	0.11	0.35	2.04	10.00	4.00	1.20	1.40
Dividend yield	0.2 %	0.5 %	2.8 %	13.7 %	5.5 %	1.6 %	1.9 %
Gross profit margin	50.2 %	55.0 %	54.0 %	41.9 %	50.0 %	53.0 %	53.5 %
EBITDA margin	13.6 %	11.6 %	7.4 %	1.7 %	3.1 %	4.5 %	5.6 %
EBIT margin	8.5 %	7.9 %	4.7 %	-1.3 %	1.2 %	2.8 %	3.9 %
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	4.0 %	10.0 %	15.2 %
EV/sales	1.2	0.9	0.4	0.2	0.1	0.1	0.1
EV/EBITDA	8.5	7.7	5.5	12.6	3.5	2.6	1.7
EV/EBIT	13.5	11.3	8.8	-16.5	9.2	4.1	2.4
PER	17.8	17.2	15.6	-18.8	35.0	9.7	6.9
Adjusted FCF yield	7.3 %	8.6 %	10.1 %	-2.8 %	4.3 %	15.3 %	22.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.10.2014

**Eupec:** Oil & gas pipeline coating specialist Eupec has shown a **much better than expected performance**, amid good order wins across the globe with projects for example in Argentina, Norway, Africa as well as Asia. **For 2015E, the outlook is equally positive with expected sales and EBITDA in excess of € 60m and € 10m respectively** given a strong order backlog as well as consistently strong order momentum.

**GeesinkNorba:** mutares' waste collection truck specialist has seen a **strong rebound in order intakes since spring 2014**, primarily driven by the re-entry of the German market this year as well as extensive sales activities in Eastern Europe where the company gained further traction. While H1 results were still affected by the Euro 6 norm, operating figures in H2 look set to improve substantially. **For 2015E therefore, sales look set to come in above € 90m with an EBITDA in excess of € 6m.**

In order to reinforce its competitive strengths, the **company is considering an add-on acquisition in Eastern Europe** to 1) gain a low cost production footprint, 2) obtain a mid end product portfolio to fully tap the structural growth momentum in Eastern Europe, and 3) expand market access in the region. In our view, this is strategically as well as operationally feasible and should make the company a much more attractive exit candidate in the future.

**STS Acoustics:** Automotive supplier STS successfully shut down two of its original five plants in Italy and worked hard to increase operational excellence and reliability for its major OEM customers. As a result, **the company was awarded a number of large orders this year (several year contracts) which provide for healthy tailwind going into 2015E.**

Impressively, **mutares managed to turn the company around much quicker than expected** with EBITDA improving from € - 4m in 2013 (bought in 2013 from Autoneum) to **expected € 7m EBITDA in 2014E.**

**Pixmania:** At Pixmania, **the restructuring developed ahead of plan** as 1) already 50% of the workforce have left the company coming with cost savings of € 17m, 2) an additional € 10m of overhead costs could be reduced and 3) the re-focussing of the product portfolio on consumer electronics has stabilised profitability. **Overall losses have thus been reduced from € 38m before the takeover in 2013 to a run rate of already only around € 10m.**

**This is not at all worrisome as we expect Pixmania to still hold a substantial amount of cash (H&A: >€ 60m)** resulting from the original dowry of more than € 70m (severance payments amounted to € 8m). Going into 2015E, management expects to return to slight sales growth again and further reduce costs (H&A: transferral of functions to low cost footprint in CZ) which **should enable a break-even result in 2015/16E.**

All in all, the RS fully confirmed our view that the operational performance of mutares is sound and management remains successful in its restructuring efforts. On the back of **increasing M&A newsflow and given the prospects of sound dividend payments** going forward, the stock remains a **BUY** with a **PT of € 150** based on SOTP 2015E.

**Financials**

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>127.6</b>	<b>159.3</b>	<b>301.2</b>	<b>347.0</b>	<b>688.9</b>	<b>754.6</b>	<b>807.0</b>
<i>Sales growth</i>	110.2 %	24.8 %	89.1 %	15.2 %	98.5 %	9.5 %	6.9 %
Increase/decrease in finished goods and work-in-process	6.4	-4.6	0.1	15.2	0.0	0.0	0.0
<b>Total sales</b>	<b>134.0</b>	<b>154.7</b>	<b>301.3</b>	<b>362.2</b>	<b>688.9</b>	<b>754.6</b>	<b>807.0</b>
Other operating income	29.7	20.9	52.8	40.2	68.9	52.8	56.5
Material expenses	66.7	69.6	138.7	210.3	344.4	354.6	375.3
Personnel expenses	47.8	50.9	90.1	106.5	227.3	226.4	238.1
Other operating expenses	31.9	36.6	103.0	79.7	164.8	192.1	205.0
Total operating expenses	116.7	136.2	279.0	356.3	667.7	720.3	761.9
<b>EBITDA</b>	<b>17.3</b>	<b>18.5</b>	<b>22.4</b>	<b>5.9</b>	<b>21.1</b>	<b>34.3</b>	<b>45.1</b>
Depreciation	6.4	5.9	8.3	10.4	13.1	13.0	13.8
<b>EBITA</b>	<b>10.9</b>	<b>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>8.0</b>	<b>21.3</b>	<b>31.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>10.9</b>	<b>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>8.0</b>	<b>21.3</b>	<b>31.3</b>
Interest income	0.4	0.1	0.2	1.0	2.5	1.1	1.3
Interest expenses	1.6	1.0	1.1	1.8	1.7	1.7	1.7
Other financial result	0.8	0.0	0.0	0.6	0.0	0.0	0.0
Financial result	-2.0	-0.9	-0.9	-1.4	0.8	-0.6	-0.4
<b>Recurring pretax income from continuing operations</b>	<b>8.9</b>	<b>11.7</b>	<b>13.2</b>	<b>-6.0</b>	<b>8.9</b>	<b>20.7</b>	<b>30.9</b>
Extraordinary income/loss	-1.0	-2.5	-2.7	-0.2	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>7.9</b>	<b>9.2</b>	<b>10.5</b>	<b>-6.1</b>	<b>8.9</b>	<b>20.7</b>	<b>30.9</b>
Taxes	-0.4	0.6	1.0	1.8	4.0	3.1	6.2
<b>Net income from continuing operations</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Average number of shares	2.0	2.0	2.0	2.0	2.3	2.3	2.3
<b>EPS reported</b>	<b>4.09</b>	<b>4.25</b>	<b>4.69</b>	<b>-3.88</b>	<b>2.09</b>	<b>7.52</b>	<b>10.56</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	5.0 %	-2.9 %	0.0 %	4.4 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>105.0 %</b>	<b>97.1 %</b>	<b>100.0 %</b>	<b>104.4 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	23.3 %	13.1 %	17.5 %	11.6 %	10.0 %	7.0 %	7.0 %
Material expenses	52.3 %	43.7 %	46.0 %	60.6 %	50.0 %	47.0 %	46.5 %
Personnel expenses	37.5 %	32.0 %	29.9 %	30.7 %	33.0 %	30.0 %	29.5 %
Other operating expenses	25.0 %	23.0 %	34.2 %	23.0 %	23.9 %	25.5 %	25.4 %
Total operating expenses	91.5 %	85.5 %	92.6 %	102.7 %	96.9 %	95.5 %	94.4 %
<b>EBITDA</b>	<b>13.6 %</b>	<b>11.6 %</b>	<b>7.4 %</b>	<b>1.7 %</b>	<b>3.1 %</b>	<b>4.5 %</b>	<b>5.6 %</b>
Depreciation	5.0 %	3.7 %	2.7 %	3.0 %	1.9 %	1.7 %	1.7 %
<b>EBITA</b>	<b>8.5 %</b>	<b>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>1.2 %</b>	<b>2.8 %</b>	<b>3.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>8.5 %</b>	<b>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>1.2 %</b>	<b>2.8 %</b>	<b>3.9 %</b>
Interest income	0.3 %	0.1 %	0.1 %	0.3 %	0.4 %	0.2 %	0.2 %
Interest expenses	1.2 %	0.6 %	0.4 %	0.5 %	0.2 %	0.2 %	0.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.6 %	-0.5 %	-0.3 %	-0.4 %	0.1 %	-0.1 %	-0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>7.0 %</b>	<b>7.4 %</b>	<b>4.4 %</b>	<b>-1.7 %</b>	<b>1.3 %</b>	<b>2.7 %</b>	<b>3.8 %</b>
Extraordinary income/loss	-0.8 %	-1.6 %	-0.9 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>6.2 %</b>	<b>5.8 %</b>	<b>3.5 %</b>	<b>-1.8 %</b>	<b>1.3 %</b>	<b>2.7 %</b>	<b>3.8 %</b>
Tax rate	-4.9 %	6.6 %	9.3 %	-28.8 %	45.0 %	15.0 %	20.0 %
<b>Net income from continuing operations</b>	<b>6.5 %</b>	<b>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>0.7 %</b>	<b>2.3 %</b>	<b>3.1 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>6.5 %</b>	<b>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>0.7 %</b>	<b>2.3 %</b>	<b>3.1 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>6.5 %</b>	<b>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>0.7 %</b>	<b>2.3 %</b>	<b>3.1 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>4.1</b>	<b>4.7</b>	<b>4.0</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
Property, plant and equipment	36.6	35.7	47.1	31.6	50.5	49.5	47.7
Financial assets	0.0	0.1	2.0	1.1	1.1	1.1	1.1
<b>FIXED ASSETS</b>	<b>40.7</b>	<b>40.5</b>	<b>53.1</b>	<b>35.0</b>	<b>53.9</b>	<b>52.9</b>	<b>51.1</b>
Inventories	25.6	34.8	75.7	82.5	101.3	100.6	107.6
Accounts receivable	16.6	41.2	102.5	133.9	143.4	138.5	145.9
Other current assets	2.0	9.0	15.0	32.8	32.8	32.8	32.8
Liquid assets	14.8	21.7	52.4	47.7	127.2	113.9	127.0
Deferred taxes	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.5	1.1	2.6	2.1	2.2	2.3	2.4
<b>CURRENT ASSETS</b>	<b>59.5</b>	<b>107.9</b>	<b>248.2</b>	<b>299.0</b>	<b>407.0</b>	<b>388.2</b>	<b>415.7</b>
<b>TOTAL ASSETS</b>	<b>100.3</b>	<b>148.4</b>	<b>301.3</b>	<b>334.0</b>	<b>460.9</b>	<b>441.1</b>	<b>466.8</b>
SHAREHOLDERS EQUITY	41.6	52.1	79.9	58.4	84.0	51.3	60.9
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.6	1.0	12.9	28.5	28.5	28.5	28.5
Provisions for pensions and similar obligations	13.4	14.6	15.4	2.1	2.3	2.4	2.5
Other provisions	14.7	25.8	84.6	85.7	110.7	116.3	122.0
<b>Non-current liabilities</b>	<b>28.6</b>	<b>41.4</b>	<b>113.0</b>	<b>116.3</b>	<b>141.5</b>	<b>147.1</b>	<b>153.0</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	13.7	23.5	54.8	66.9	118.2	124.0	132.7
Advance payments received on orders	4.5	4.1	14.3	41.8	41.8	41.8	41.8
Other liabilities (incl. from lease and rental contracts)	9.9	25.9	36.8	49.2	73.7	75.2	76.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	1.9	1.4	2.6	1.5	1.6	1.6	1.7
<b>Current liabilities</b>	<b>30.0</b>	<b>54.9</b>	<b>108.5</b>	<b>159.3</b>	<b>235.3</b>	<b>242.7</b>	<b>252.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.3</b>	<b>148.4</b>	<b>301.3</b>	<b>334.0</b>	<b>460.9</b>	<b>441.1</b>	<b>466.8</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>4.1 %</b>	<b>3.2 %</b>	<b>1.3 %</b>	<b>0.7 %</b>	<b>0.5 %</b>	<b>0.5 %</b>	<b>0.5 %</b>
Property, plant and equipment	36.5 %	24.0 %	15.6 %	9.5 %	11.0 %	11.2 %	10.2 %
Financial assets	0.0 %	0.1 %	0.6 %	0.3 %	0.2 %	0.2 %	0.2 %
<b>FIXED ASSETS</b>	<b>40.6 %</b>	<b>27.3 %</b>	<b>17.6 %</b>	<b>10.5 %</b>	<b>11.7 %</b>	<b>12.0 %</b>	<b>10.9 %</b>
Inventories	25.5 %	23.4 %	25.1 %	24.7 %	22.0 %	22.8 %	23.1 %
Accounts receivable	16.6 %	27.8 %	34.0 %	40.1 %	31.1 %	31.4 %	31.3 %
Other current assets	2.0 %	6.0 %	5.0 %	9.8 %	7.1 %	7.4 %	7.0 %
Liquid assets	14.8 %	14.6 %	17.4 %	14.3 %	27.6 %	25.8 %	27.2 %
Deferred taxes	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.5 %	0.7 %	0.9 %	0.6 %	0.5 %	0.5 %	0.5 %
<b>CURRENT ASSETS</b>	<b>59.4 %</b>	<b>72.7 %</b>	<b>82.4 %</b>	<b>89.5 %</b>	<b>88.3 %</b>	<b>88.0 %</b>	<b>89.1 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	41.5 %	35.1 %	26.5 %	17.5 %	18.2 %	11.6 %	13.0 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	0.6 %	0.7 %	4.3 %	8.5 %	6.2 %	6.5 %	6.1 %
Provisions for pensions and similar obligations	13.3 %	9.8 %	5.1 %	0.6 %	0.5 %	0.5 %	0.5 %
Other provisions	14.6 %	17.4 %	28.1 %	25.7 %	24.0 %	26.4 %	26.1 %
<b>Non-current liabilities</b>	<b>28.5 %</b>	<b>27.9 %</b>	<b>37.5 %</b>	<b>34.8 %</b>	<b>30.7 %</b>	<b>33.4 %</b>	<b>32.8 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	13.6 %	15.8 %	18.2 %	20.0 %	25.7 %	28.1 %	28.4 %
Advance payments received on orders	4.5 %	2.8 %	4.7 %	12.5 %	9.1 %	9.5 %	9.0 %
Other liabilities (incl. from lease and rental contracts)	9.8 %	17.4 %	12.2 %	14.7 %	16.0 %	17.1 %	16.4 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	1.9 %	0.9 %	0.9 %	0.4 %	0.3 %	0.4 %	0.4 %
<b>Current liabilities</b>	<b>29.9 %</b>	<b>37.0 %</b>	<b>36.0 %</b>	<b>47.7 %</b>	<b>51.1 %</b>	<b>55.0 %</b>	<b>54.2 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	8.3	8.6	9.5	-7.9	4.9	17.6	24.7
Depreciation of fixed assets (incl. leases)	6.4	5.9	8.3	10.4	13.1	13.0	13.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	0.0	3.8	0.4	0.0	0.0	0.0
Others	-16.7	-9.8	-11.5	-31.2	-29.8	-33.9	-4.9
Cash flow from operations before changes in w/c	-1.2	4.7	10.0	-28.2	-11.8	-3.3	33.6
Increase/decrease in inventory	-4.3	-0.8	66.1	-14.6	11.1	0.7	-7.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	15.4	4.9	-7.4
Increase/decrease in accounts payable	8.7	-3.2	-80.3	20.1	1.4	5.8	8.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	4.4	-4.0	-14.2	5.5	28.0	11.4	-5.8
<b>Cash flow from operating activities</b>	<b>3.2</b>	<b>0.7</b>	<b>-4.1</b>	<b>-22.7</b>	<b>16.1</b>	<b>8.1</b>	<b>27.8</b>
CAPEX	4.6	3.9	9.0	10.7	12.0	12.0	12.0
Payments for acquisitions	0.0	0.0	0.0	0.0	-74.0	0.0	0.0
Financial investments	0.2	0.0	0.3	0.5	0.0	0.0	0.0
Income from asset disposals	1.5	9.5	33.3	23.9	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-3.3</b>	<b>5.6</b>	<b>24.0</b>	<b>12.7</b>	<b>62.0</b>	<b>-12.0</b>	<b>-12.0</b>
Cash flow before financing	-0.1	6.2	19.9	-10.0	78.1	-3.9	15.8
Increase/decrease in debt position	0.0	0.4	11.0	8.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.8	0.0	0.0	24.2	0.0	0.0
Dividends paid	0.0	0.2	0.7	4.1	20.3	9.4	2.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	1.6	0.0	-0.2	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.9</b>	<b>10.3</b>	<b>3.9</b>	<b>3.9</b>	<b>-9.4</b>	<b>-2.8</b>
Increase/decrease in liquid assets	1.5	7.2	30.0	-6.1	82.1	-13.2	13.0
<b>Liquid assets at end of period</b>	<b>14.1</b>	<b>21.2</b>	<b>51.2</b>	<b>45.1</b>	<b>127.2</b>	<b>113.9</b>	<b>127.0</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	110.2 %	24.8 %	89.1 %	15.2 %	98.5 %	9.5 %	6.9 %
EBITDA growth	115.5 %	6.8 %	21.0 %	-73.6 %	258.2 %	62.1 %	31.6 %
EBIT growth	79.1 %	16.0 %	11.6 %	-132.1 %	-278.2 %	164.4 %	47.2 %
EPS growth	104.2 %	4.0 %	10.1 %	-182.8 %	-153.8 %	260.4 %	40.4 %
<b>Efficiency</b>							
Total operating costs / sales	91.5 %	85.5 %	92.6 %	102.7 %	96.9 %	95.5 %	94.4 %
Sales per employee	88.3	95.1	102.0	139.0	255.8	n/a	n/a
EBITDA per employee	12.0	11.0	7.6	2.4	7.9	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	18.1 %	22.8 %	26.2 %	31.2 %	14.0 %	10.5 %	9.4 %
Inventory turnover (sales/inventory)	5.0	4.6	4.0	4.2	6.8	7.5	7.5
Trade debtors in days of sales	47.5	94.4	124.2	140.8	76.0	67.0	66.0
A/P turnover [(A/P*365)/sales]	39.1	53.9	66.4	70.3	60.0	60.0	60.0
Cash conversion cycle (days)	112.7	153.6	179.3	167.9	58.1	42.9	41.6
<b>Cash flow analysis</b>							
Free cash flow	-1.4	-3.3	-13.1	-33.4	4.1	-3.9	15.8
Free cash flow/sales	-1.1 %	-2.0 %	-4.4 %	-9.6 %	0.6 %	-0.5 %	2.0 %
FCF / net profit	-16.3 %	-37.8 %	-138.2 %	424.9 %	85.0 %	-22.0 %	64.1 %
Capex / depre	66.6 %	67.2 %	76.9 %	103.5 %	91.6 %	92.3 %	87.0 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	101.7 %	91.6 %	92.3 %	87.0 %
Capex / sales	3.8 %	2.5 %	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-14.3	-20.7	-39.5	-19.2	-98.7	-85.4	-98.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.3	-0.4	-0.5	-0.3	-1.2	-1.7	-1.6
Interest cover	7.0	12.4	12.9	0.0	4.7	12.5	18.3
Dividend payout ratio	2.7 %	8.2 %	43.5 %	100.0 %	191.6 %	16.0 %	13.3 %
<b>Asset utilisation</b>							
Capital employed turnover	1.8	1.7	1.6	2.0	3.1	3.8	3.8
Operating assets turnover	2.1	1.9	1.9	2.5	5.1	6.1	6.4
Plant turnover	3.5	4.5	6.4	11.0	13.6	15.2	16.9
Inventory turnover (sales/inventory)	5.0	4.6	4.0	4.2	6.8	7.5	7.5
<b>Returns</b>							
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	4.0 %	10.0 %	15.2 %
ROE	19.9 %	16.6 %	11.9 %	-13.5 %	5.8 %	34.3 %	40.6 %
<b>Other</b>							
Interest paid / avg. debt	167.0 %	130.3 %	15.7 %	8.8 %	6.0 %	6.0 %	6.0 %
No. employees (average)	1445	1674	2953	2496	2693	0	0
Number of shares	2.0	2.0	2.0	2.0	2.3	2.3	2.3
DPS	0.1	0.4	2.0	10.0	4.0	1.2	1.4
EPS reported	4.09	4.25	4.69	-3.88	2.09	7.52	10.56
<b>Valuation ratios</b>							
P/BV	3.6	2.8	1.9	2.5	2.0	3.3	2.8
EV/sales	1.2	0.9	0.4	0.2	0.1	0.1	0.1
EV/EBITDA	8.5	7.7	5.5	12.6	3.5	2.6	1.7
EV/EBITA	13.5	11.3	8.8	-16.5	9.2	4.1	2.4
EV/EBIT	13.5	11.3	8.8	-16.5	9.2	4.1	2.4
EV/FCF	-108.8	-43.5	-9.4	-2.2	17.9	-22.7	4.7
Adjusted FCF yield	7.3 %	8.6 %	10.1 %	-2.8 %	4.3 %	15.3 %	22.3 %
Dividend yield	0.2 %	0.5 %	2.8 %	13.7 %	5.5 %	1.6 %	1.9 %

Source: Company data, Hauck & Aufhäuser

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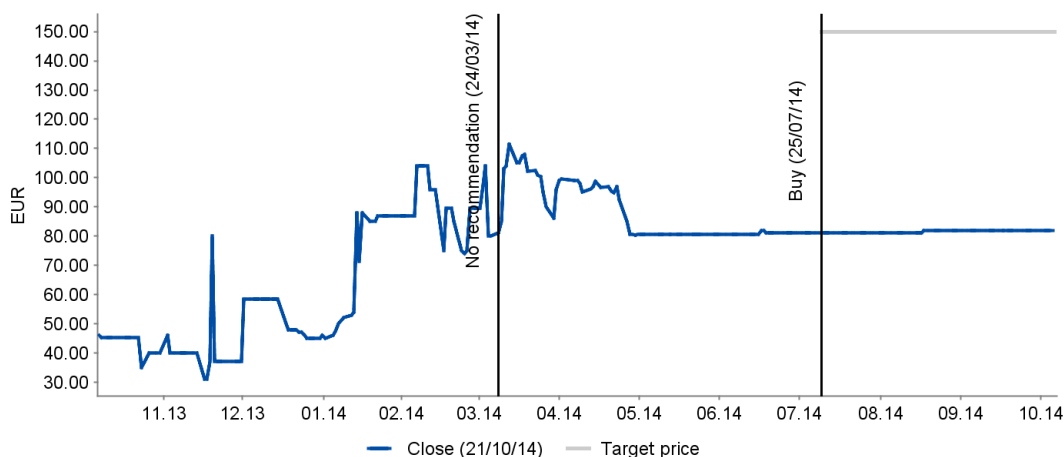
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Company	Disclosure
mutares AG	5, 7

**Historical target price and rating changes for mutares AG in the last 12 months**

**Price and Rating History  
mutares AG as of 22/10/14**

**Initiation coverage**  
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