

Buy (old: Buy)

Price target: EUR 125.00 (old: EUR 150.00)

Price:	EUR 99.85	Next result:	AGM 22.05.15
Bloomberg:	MUX GR	Market cap:	EUR 233.6 m
Reuters:	MUXG.BE	Enterprise Value:	EUR 191.6 m

16-April-15

Torben Teichler
Analyst

torben.teichler@ha-research.de
Tel.: +49 40 414 3885 74

Sound dividend above estimates, strong H2 figures, chg. in est. & PT

Mutares reported final FY 2014 figures with strong operating profitability today. Management moreover **proposed a dividend of € 4.70 per share which significantly exceeded our estimates (H&A: € 4.00 per share)**. This implies an attractive dividend yield of 4.8% and reflects the strong operating performance of several portfolio companies and Eupec in particular.

H2 sales rose significantly by 69% yoy to € 341m which was primarily driven by the consolidation of Pixmaina, STS as well as a strong performance at Eupec and Artmadis. While we had expected € 380m in sales, mutares continued to streamline the product portfolio at Pixmania while organic revenues should have stabilised in Q4. Moreover, the introduction of the Euro 6 norm at GeesinkNorba led to protracted deliveries of chassis in early and mid 2014.

H2 EBITDA increased strongly to € 20.6m and hence notably exceeded expectations (H&A: € 10.7m). Key operational drivers were Eupec, STS as well as Artmadis which achieved a successful turnaround. In addition, Pixmania has undergone a deep restructuring in 2014 (acquired in January 2014) and significantly reduced EBITDA losses to approximately € 10m going forward from c. € 30m in 2014.

Most importantly, H2 EBITDA adjusted for badwill releases of c. € 7.2m increased substantially to € 13.3m, compared to - € 30.9m in H1, reflecting the sound turnaround achievements in 2014. The operating performance was even better at c. € 18m adjusted for restructuring costs of around € 5m in H2. This is evidence of mutares turnaround capabilities and strengthens our confidence into our estimates going forward.

Net cash came in at € 42m (H&A: € 99m) which marks a solid improvement to 2013 (€ 19m), driven by the c. € 80m dowry from Pixmania and a € 24m capital increase. The increase of only € 23m is however explained by the dividend payment of € 20m, higher than expected w/c (esp. at Pixmania due to shortened payment periods) as well as the operating losses and restructuring costs of companies currently undergoing the turnaround phase. These have however been significantly reduced as evidenced by the sound underlying EBITDA development.

- continued -

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014	2015E	2016E
Sales	127.6	159.3	301.2	347.0	648.1	696.1	742.9
Sales growth	110 %	25 %	89 %	15 %	87 %	7 %	7 %
EBITDA	17.3	18.5	22.4	5.9	30.9	33.6	42.1
EBIT	10.9	12.6	14.1	-4.5	15.5	18.1	26.1
Net income	8.3	8.6	9.5	-7.9	8.5	13.0	19.4
Net debt	-14.3	-20.7	-39.5	-19.2	-42.0	9.0	-3.1
Net gearing	-34.3 %	-39.7 %	-49.4 %	-32.9 %	-51.5 %	31.3 %	-9.1 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.3	0.0
EPS pro forma	4.09	4.25	4.69	-3.88	3.64	5.54	8.31
CPS	-1.96	-2.56	-6.12	-16.54	-29.88	-15.40	5.94
DPS	0.11	0.35	2.04	10.00	4.70	1.20	1.40
Dividend yield	0.1 %	0.4 %	2.0 %	10.0 %	4.7 %	1.2 %	1.4 %
Gross profit margin	50.2 %	55.0 %	54.0 %	41.9 %	35.5 %	37.0 %	53.5 %
EBITDA margin	13.6 %	11.6 %	7.4 %	1.7 %	4.8 %	4.8 %	5.7 %
EBIT margin	8.5 %	7.9 %	4.7 %	-1.3 %	2.4 %	2.6 %	3.5 %
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	7.8 %	9.1 %	14.5 %
EV/sales	1.6	1.2	0.6	0.6	0.3	0.3	0.3
EV/EBITDA	11.7	10.6	8.0	32.5	6.2	7.2	5.5
EV/EBIT	18.5	15.6	12.7	-42.4	12.4	13.4	8.8
PER	24.4	23.5	21.3	-25.7	27.5	18.0	12.0
Adjusted FCF yield	5.3 %	6.3 %	7.2 %	-2.1 %	7.1 %	5.6 %	8.1 %

Source: Company data, Hauck & Aufhäuser Close price as of: 15.04.2015



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 99.85 / 66.00
Price/Book Ratio: 2.9
Relative performance (SDAX):
 3 months 18.5 %
 6 months -4.9 %
 12 months -26.9 %

Changes in estimates

		Sales	EBIT	EPS
2015	old:	752.2	21.3	7.52
	Δ	-7.5%	-15.1%	-26.4%
2016	old:	802.2	31.3	10.56
	Δ	-7.4%	-16.8%	-21.3%
2017	old:	858.4	447.4	152.39
	Δ	-10.9%	-14.9%	-13.1%

Key share data:

Number of shares: (in m pcs) 2.3
 Authorised capital: (in € m) 0.0
 Book value per share: (in €) 34.8
 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.

Action: Our sales estimates are reduced as we incorporate the lower base due to the streamlining of Pixmania into our model. Moreover, we include higher D&A of € 3-4m going forward on the back of higher than expected depreciation last year which primarily explains the reduction of our EBIT estimates. In addition, we reflect the higher cash out last year and the higher than anticipated dividend going forward.

Outlook: Management expects sales and EBITDA to slightly increase in 2015 and sees transaction activity to pick up strongly this year with at least 1-3 acquisitions out of a well filled M&A pipeline with targets in the € 50-100m sales range. Several exits of especially smaller holdings are likely this year, with total proceeds of up to € 10m while the exit of Eupec remains on the agenda (up to € 30m proceeds).

All in all, **the sound operating profitability in H2, solid dividend payment as well as mutares increasing focus on M&A this year**, make the stock a **BUY**. Amid the lower cash position last year, we derive a new **PT of € 125** based on SOTP 2015E.

Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014	2015E	2016E
Net sales	127.6	159.3	301.2	347.0	648.1	696.1	742.9
<i>Sales growth</i>	110.2 %	24.8 %	89.1 %	15.2 %	86.8 %	7.4 %	6.7 %
Increase/decrease in finished goods and work-in-process	6.4	-4.6	0.1	15.2	-1.4	-1.5	-1.6
Total sales	134.0	154.7	301.3	362.2	646.6	694.6	741.3
Other operating income	29.7	20.9	52.8	40.2	74.7	55.7	52.0
Material expenses	66.7	69.6	138.7	210.3	417.1	437.6	344.7
Personnel expenses	47.8	50.9	90.1	106.5	156.7	160.1	219.2
Other operating expenses	31.9	36.6	103.0	79.7	116.6	119.0	187.4
Total operating expenses	116.7	136.2	279.0	356.3	615.7	661.0	699.2
EBITDA	17.3	18.5	22.4	5.9	30.9	33.6	42.1
Depreciation	6.4	5.9	8.3	10.4	15.4	15.5	16.0
EBITA	10.9	12.6	14.1	-4.5	15.5	18.1	26.1
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
EBIT	10.9	12.6	14.1	-4.5	15.5	18.1	26.1
Interest income	0.4	0.1	0.2	1.0	0.1	0.2	0.4
Interest expenses	1.6	1.0	1.1	1.8	2.5	2.1	2.1
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	-2.4	-1.9	-1.7
Recurring pretax income from continuing operations	8.9	11.7	13.2	-6.0	13.1	16.2	24.3
Extraordinary income/loss	-1.0	-2.5	-2.7	-0.2	0.0	0.0	0.0
Earnings before taxes	7.9	9.2	10.5	-6.1	13.1	16.2	24.3
Taxes	-0.4	0.6	1.0	1.8	4.6	3.2	4.9
Net income from continuing operations	8.3	8.6	9.5	-7.9	8.5	13.0	19.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.3	8.6	9.5	-7.9	8.5	13.0	19.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (net of minority interest)	8.3	8.6	9.5	-7.9	8.5	13.0	19.4
Average number of shares	2.0	2.0	2.0	2.0	2.3	2.3	2.3
EPS reported	4.09	4.25	4.69	-3.88	3.64	5.54	8.31

Profit and loss (common size)	2010	2011	2012	2013	2014	2015E	2016E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	5.0 %	-2.9 %	0.0 %	4.4 %	-0.2 %	-0.2 %	-0.2 %
Total sales	105.0 %	97.1 %	100.0 %	104.4 %	99.8 %	99.8 %	99.8 %
Other operating income	23.3 %	13.1 %	17.5 %	11.6 %	11.5 %	8.0 %	7.0 %
Material expenses	52.3 %	43.7 %	46.0 %	60.6 %	64.4 %	62.9 %	46.4 %
Personnel expenses	37.5 %	32.0 %	29.9 %	30.7 %	24.2 %	23.0 %	29.5 %
Other operating expenses	25.0 %	23.0 %	34.2 %	23.0 %	18.0 %	17.1 %	25.2 %
Total operating expenses	91.5 %	85.5 %	92.6 %	102.7 %	95.0 %	95.0 %	94.1 %
EBITDA	13.6 %	11.6 %	7.4 %	1.7 %	4.8 %	4.8 %	5.7 %
Depreciation	5.0 %	3.7 %	2.7 %	3.0 %	2.4 %	2.2 %	2.2 %
EBITA	8.5 %	7.9 %	4.7 %	-1.3 %	2.4 %	2.6 %	3.5 %
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 %
EBIT	8.5 %	7.9 %	4.7 %	-1.3 %	2.4 %	2.6 %	3.5 %
Interest income	0.3 %	0.1 %	0.1 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest expenses	1.2 %	0.6 %	0.4 %	0.5 %	0.4 %	0.3 %	0.3 %
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 %	-0.4 %	-0.3 %	-0.2 %
Recurring pretax income from continuing operations	7.0 %	7.4 %	4.4 %	-1.7 %	2.0 %	2.3 %	3.3 %
Extraordinary income/loss	-0.8 %	-1.6 %	-0.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	6.2 %	5.8 %	3.5 %	-1.8 %	2.0 %	2.3 %	3.3 %
Tax rate	-4.9 %	6.6 %	9.3 %	-28.8 %	35.1 %	20.0 %	20.0 %
Net income from continuing operations	6.5 %	5.4 %	3.2 %	-2.3 %	1.3 %	1.9 %	2.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	6.5 %	5.4 %	3.2 %	-2.3 %	1.3 %	1.9 %	2.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	6.5 %	5.4 %	3.2 %	-2.3 %	1.3 %	1.9 %	2.6 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014	2015E	2016E
Intangible assets	4.1	4.7	4.0	2.3	8.9	8.9	8.9
Property, plant and equipment	36.6	35.7	47.1	31.6	45.8	46.3	46.3
Financial assets	0.0	0.1	2.0	1.1	0.9	0.9	0.9
FIXED ASSETS	40.7	40.5	53.1	35.0	55.6	56.1	56.1
Inventories	25.6	34.8	75.7	82.5	93.9	95.4	99.1
Accounts receivable	16.6	41.2	102.5	133.9	175.8	188.8	193.4
Other current assets	2.0	9.0	15.0	32.8	0.0	0.0	0.0
Liquid assets	14.8	21.7	52.4	47.7	74.3	23.3	35.4
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	3.4	3.5	3.6
CURRENT ASSETS	59.5	107.9	248.2	299.0	347.4	311.0	331.5
TOTAL ASSETS	100.3	148.4	301.3	334.0	403.0	367.1	387.5
SHAREHOLDERS EQUITY	41.6	52.1	79.9	58.4	81.5	28.8	33.9
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	32.3	32.3	32.3
Provisions for pensions and similar obligations	13.4	14.6	15.4	2.1	0.0	0.0	0.0
Other provisions	14.7	25.8	84.6	85.7	107.9	113.3	119.0
Non-current liabilities	28.6	41.4	113.0	116.3	140.2	145.6	151.2
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	104.9	114.4	122.1
Advance payments received on orders	4.5	4.1	14.3	41.8	34.2	35.3	36.3
Other liabilities (incl. from lease and rental contracts)	9.9	25.9	36.8	49.2	41.0	41.8	42.6
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	1.2	1.3	1.3
Current liabilities	30.0	54.9	108.5	159.3	181.3	192.8	202.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.3	148.4	301.3	334.0	403.0	367.1	387.5

Balance sheet (common size)	2010	2011	2012	2013	2014	2015E	2016E
Intangible assets	4.1 %	3.2 %	1.3 %	0.7 %	2.2 %	2.4 %	2.3 %
Property, plant and equipment	36.5 %	24.0 %	15.6 %	9.5 %	11.4 %	12.6 %	11.9 %
Financial assets	0.0 %	0.1 %	0.6 %	0.3 %	0.2 %	0.2 %	0.2 %
FIXED ASSETS	40.6 %	27.3 %	17.6 %	10.5 %	13.8 %	15.3 %	14.5 %
Inventories	25.5 %	23.4 %	25.1 %	24.7 %	23.3 %	26.0 %	25.6 %
Accounts receivable	16.6 %	27.8 %	34.0 %	40.1 %	43.6 %	51.4 %	49.9 %
Other current assets	2.0 %	6.0 %	5.0 %	9.8 %	0.0 %	0.0 %	0.0 %
Liquid assets	14.8 %	14.6 %	17.4 %	14.3 %	18.4 %	6.3 %	9.1 %
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 %	0.9 %	1.0 %	0.9 %
CURRENT ASSETS	59.4 %	72.7 %	82.4 %	89.5 %	86.2 %	84.7 %	85.5 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	41.5 %	35.1 %	26.5 %	17.5 %	20.2 %	7.8 %	8.8 %
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 %	8.0 %	8.8 %	8.3 %
Provisions for pensions and similar obligations	13.3 %	9.8 %	5.1 %	0.6 %	0.0 %	0.0 %	0.0 %
Other provisions	14.6 %	17.4 %	28.1 %	25.7 %	26.8 %	30.9 %	30.7 %
Non-current liabilities	28.5 %	27.9 %	37.5 %	34.8 %	34.8 %	39.7 %	39.0 %
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 %	26.0 %	31.2 %	31.5 %
Advance payments received on orders	4.5 %	2.8 %	4.7 %	12.5 %	8.5 %	9.6 %	9.4 %
Other liabilities (incl. from lease and rental contracts)	9.8 %	17.4 %	12.2 %	14.7 %	10.2 %	11.4 %	11.0 %
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 %	0.3 %	0.3 %
Current liabilities	29.9 %	37.0 %	36.0 %	47.7 %	45.0 %	52.5 %	52.2 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014	2015E	2016E
Net profit/loss	8.3	8.6	9.5	-7.9	8.5	13.0	19.4
Depreciation of fixed assets (incl. leases)	6.4	5.9	8.3	10.4	15.4	15.5	16.0
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	-68.2	-44.0	-5.0
Cash flow from operations before changes in w/c	-1.2	4.7	10.0	-28.2	-44.3	-15.5	30.4
Increase/decrease in inventory	-4.3	-0.8	66.1	-14.6	61.5	-1.5	-3.7
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	-13.0	-4.5
Increase/decrease in accounts payable	8.7	-3.2	-80.3	20.1	-70.8	9.5	7.7
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	-0.9	0.0	0.0
Increase/decrease in working capital	4.4	-4.0	-14.2	5.5	-10.2	-5.0	-0.5
Cash flow from operating activities	3.2	0.7	-4.1	-22.7	-54.5	-20.5	29.9
CAPEX	4.6	3.9	9.0	10.7	16.6	15.0	15.0
Payments for acquisitions	0.0	0.0	0.0	0.0	-85.5	0.0	0.0
Financial investments	0.2	0.0	0.3	0.5	0.2	0.0	0.0
Income from asset disposals	1.5	9.5	33.3	23.9	4.4	0.0	0.0
Cash flow from investing activities	-3.3	5.6	24.0	12.7	73.0	-15.0	-15.0
Cash flow before financing	-0.1	6.2	19.9	-10.0	18.6	-35.5	14.9
Increase/decrease in debt position	0.0	0.4	11.0	8.0	2.0	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	25.0	0.0	0.0
Dividends paid	0.0	0.2	0.7	4.1	20.3	11.0	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	-0.5	0.0	0.0
Cash flow from financing activities	0.0	0.9	10.3	3.9	6.6	-11.0	-2.8
Increase/decrease in liquid assets	1.5	7.2	30.0	-6.1	24.7	-46.5	12.1
Liquid assets at end of period	14.1	21.2	51.2	45.1	69.8	23.3	35.4

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014	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
TTL	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

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014	2015E	2016E
P&L growth analysis							
Sales growth	110.2 %	24.8 %	89.1 %	15.2 %	86.8 %	7.4 %	6.7 %
EBITDA growth	115.5 %	6.8 %	21.0 %	-73.6 %	424.0 %	8.5 %	25.3 %
EBIT growth	79.1 %	16.0 %	11.6 %	-132.1 %	-443.4 %	16.5 %	44.3 %
EPS growth	104.2 %	4.0 %	10.1 %	-182.8 %	-193.7 %	52.2 %	50.1 %
Efficiency							
Total operating costs / sales	91.5 %	85.5 %	92.6 %	102.7 %	95.0 %	95.0 %	94.1 %
Sales per employee	88.3	95.1	102.0	139.0	240.6	n/a	n/a
EBITDA per employee	12.0	11.0	7.6	2.4	11.5	n/a	n/a
Balance sheet analysis							
Avg. working capital / sales	18.1 %	22.8 %	26.2 %	31.2 %	18.4 %	19.0 %	18.1 %
Inventory turnover (sales/inventory)	5.0	4.6	4.0	4.2	6.9	7.3	7.5
Trade debtors in days of sales	47.5	94.4	124.2	140.8	99.0	99.0	95.0
A/P turnover [(A/P*365)/sales]	39.1	53.9	66.4	70.3	59.1	60.0	60.0
Cash conversion cycle (days)	112.7	153.6	179.3	167.9	89.3	83.1	70.6
Cash flow analysis							
Free cash flow	-1.4	-3.3	-13.1	-33.4	-71.1	-35.5	14.9
Free cash flow/sales	-1.1 %	-2.0 %	-4.4 %	-9.6 %	-11.0 %	-5.1 %	2.0 %
FCF / net profit	-16.3 %	-37.8 %	-138.2 %	424.9 %	-835.3 %	-274.4 %	76.6 %
Capex / depre	66.6 %	67.2 %	76.9 %	103.5 %	109.3 %	96.8 %	93.8 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	101.7 %	77.8 %	103.2 %	100.0 %
Capex / sales	3.8 %	2.5 %	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	-14.3	-20.7	-39.5	-19.2	-42.0	9.0	-3.1
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Net debt / equity	-0.3	-0.4	-0.5	-0.3	-0.5	0.3	-0.1
Interest cover	7.0	12.4	12.9	0.0	6.2	8.6	12.4
Dividend payout ratio	2.7 %	8.2 %	43.5 %	100.0 %	129.2 %	21.7 %	16.8 %
Asset utilisation							
Capital employed turnover	1.8	1.7	1.6	2.0	2.9	4.0	4.0
Operating assets turnover	2.1	1.9	1.9	2.5	3.7	3.9	4.1
Plant turnover	3.5	4.5	6.4	11.0	14.2	15.0	16.1
Inventory turnover (sales/inventory)	5.0	4.6	4.0	4.2	6.9	7.3	7.5
Returns							
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	7.8 %	9.1 %	14.5 %
ROE	19.9 %	16.6 %	11.9 %	-13.5 %	10.4 %	45.0 %	57.3 %
Other							
Interest paid / avg. debt	167.0 %	130.3 %	15.7 %	8.8 %	8.2 %	6.5 %	6.5 %
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	4.7	1.2	1.4
EPS reported	4.09	4.25	4.69	-3.88	3.64	5.54	8.31
Valuation ratios							
P/BV	4.9	3.9	2.5	3.5	2.9	8.1	6.9
EV/sales	1.6	1.2	0.6	0.6	0.3	0.3	0.3
EV/EBITDA	11.7	10.6	8.0	32.5	6.2	7.2	5.5
EV/EBITA	18.5	15.6	12.7	-42.4	12.4	13.4	8.8
EV/EBIT	18.5	15.6	12.7	-42.4	12.4	13.4	8.8
EV/FCF	-149.1	-60.1	-13.6	-5.7	-2.7	-6.8	15.5
Adjusted FCF yield	5.3 %	6.3 %	7.2 %	-2.1 %	7.1 %	5.6 %	8.1 %
Dividend yield	0.1 %	0.4 %	2.0 %	10.0 %	4.7 %	1.2 %	1.4 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers KGaA pursuant to section 34b of the German Securities Trading Act (WpHG) and the regulations of the German Financial Analysis Ordinance (FinAnV)

Pursuant to section 34b of the German Securities Trading Act (WpHG) and section 5 of the Financial Analysis Ordinance (FinAnV) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers KGaA

- (1) or its affiliate(s) was, within the past twelve months, a member in a consortium that acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds 5% or more of the share capital of the analysed company,
- (5) or its affiliate(s) regularly holds a trading position in shares of the analysed company or derivatives thereof,
- (6) or its affiliate(s) manages the financial instruments of the analysed company on the basis of an existing contractual relationship,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

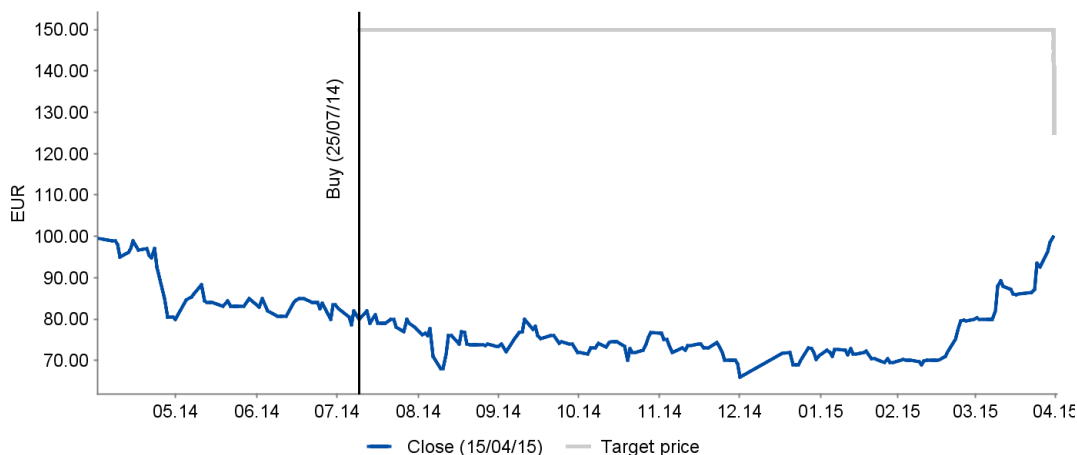
Conflicts of interest that existed at the time when this research report was published:

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 16/04/15**

Initiation coverage
24-March-14



Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	50.81 %	100.00 %
Sell	12.90 %	0.00 %
Hold	36.29 %	0.00 %

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers KGaA. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers KGaA. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers KGaA, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently.

The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers KGaA took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers KGaA involved in the preparation of the research report are subject to internal compliance regulations.

No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

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.

Hauck & Aufhäuser Privatbankiers KGaA uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers KGaA are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers KGaA. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers KGaA whether and when it publishes an update to this research report.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers KGaA has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers KGaA are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the „Order“) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order. This document shall not be made available - whether directly or indirectly - to another group of people in or from the United Kingdom.

Contacts: Hauck&Aufhäuser Privatbankiers KGaA**Hauck & Aufhäuser Research**

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Head of Research
Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Leonhard Bayer
Analyst
Tel.: +49 (0)40 414 3885 - 79
E-Mail: leonhard.bayer@ha-research.de

Henning Breiter
Analyst
Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Lars Dannenberg
Analyst
Tel.: +49 (0)40 414 3885 - 92
E-Mail: lars.dannenberg@ha-research.de

Nils-Peter Gehrmann
Analyst
Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.gehrmann@ha-research.de

Christian Glowa
Analyst
Tel.: +49 (0)40 414 3885 - 95
E-Mail: christian.glowa@ha-research.de

Philippe Lorrain
Analyst
Tel.: +49 (0)40 414 3885 - 83
E-Mail: philippe.lorrain@ha-research.de

Christian Schwenkenbecher
Analyst
Tel.: +49 (0)40 414 3885 - 76
E-Mail: christian.schwenkenbecher@ha-research.de

Torben Teichler
Analyst
Tel.: +49 (0)40 414 3885 - 74
E-Mail: torben.teichler@ha-research.de

Tim Wunderlich, CFA
Analyst
Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales
Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

James Bonsor, CFA
Sales
Tel.: +44 207 408 1100
E-Mail: james.bonsor@ha-research.de

Hamish Edsell, CFA
Sales
Tel.: +44 207 408 1100
E-Mail: hamish.edsell@ha-research.de

Alexander Lachmann
Sales
Tel.: +49 (0)40 414 3885 - 96
E-Mail: alexander.lachmann@ha-research.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Markus Weiss
Sales
Tel.: +49 (0)40 414 3885 - 89
E-Mail: markus.weiss@ha-research.de

Toby Woods
Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-research.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 75
Fax: +49 (0) 40 414 3885 - 71
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading
Tel.: +49 (0)40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Christian von Schuler
Trading
Tel.: +49 (0)40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.de

Carolin Weber
Middle-Office
Tel.: +49 (0)40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.de

Fin Schaffer
Trading
Tel.: +49 (0)40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.de