

Buy (old: Buy)

Price target: EUR 125.00 (old: EUR 125.00)

| | | | |
|-------------------|-----------|--------------------------|--------------|
| Price: | EUR 97.95 | Next result: | AGM 22.05.15 |
| Bloomberg: | MUX GR | Market cap: | EUR 229.2 m |
| Reuters: | MUXG.BE | Enterprise Value: | EUR 224.5 m |

18-May-15

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Sound Q1, M&A pipeline remains solid

Mutares reported sound sales as well as EBITDA for its seasonally weak Q1 last week and indicated that M&A activities look set to remain dynamic going forward.

| mutares AG | Q1 15 | Q1 15 est | Q1 14 | yoy |
|---------------|--------------|--------------|--------------|-------------|
| Sales | 169.9 | 168.0 | 162.7 | 4.4% |
| EBITDA | 4.2 | 4.0 | 0.0 | n.a. |
| EBITDA margin | 2.5% | 2.4% | 0.0% | + 2.5 pp |

Source: company data, H&A

Q1 sales rose by 4.4% yoy to € 170m which was in line with expectations (H&A: € 168m). Key drivers have been the first time consolidation of A+F, a dairy packaging specialist which was acquired in Q4 2014 and should have contributed around € 5m to sales. In addition, Eupec was able to moderately increase sales on the back of the strong order backlog at the end of 2014. Going forward, **Eupec's operating performance looks set to remain strong given the recently announced order win** for a major oil pipeline project in Kazakhstan (total potential order volume of € 45m, thereof € 9m already placed in April). The recent acquisition of Metsä Board Zanders will only be consolidated in mid 2015E.

Q1 EBITDA reached € 4.2m and hence substantially recovered from a break-even result last year which was in line with our estimates (H&A: € 4.0m). Major drivers have been the significant reduction of costs and restructuring expenses at Pixmania, the operating turnaround of STS as well as a strong profitability at Eupec thanks to a high capacity utilisation.

Importantly, **adjusted EBITDA stood at € 3m when considering badwill releases of around € 6m as well as restructuring expenses of € 5m**, reflecting the sound turnaround of the major holdings such as STS and Artmadis as well as significantly reduced costs at Pixmania. In addition, Eupec should have continued to notably contribute to profitability.

Outlook: Following the recent acquisition of Metsä Board Zanders as well as the exit from CGVL last week, M&A activity looks set to remain dynamic also going forward thanks to a well filled deal pipeline. On the back of this **management expects still at least 1-2 acquisitions as well as one smaller exit this year.**

All in all, mutares remains well on track and looks **set to pay a healthy dividend with a yield of almost 5% on 22 May. BUY** with a **PT of € 125** based on SOTP 2015E.

| Y/E 31.12 (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---------------------|---------|---------|---------|---------|--------|--------|---------|
| Sales | 159.3 | 301.2 | 347.0 | 648.1 | 722.4 | 789.9 | 805.7 |
| Sales growth | 25 % | 89 % | 15 % | 87 % | 11 % | 9 % | 2 % |
| EBITDA | 18.5 | 22.4 | 5.9 | 30.9 | 32.3 | 39.8 | 42.7 |
| EBIT | 12.6 | 14.1 | -4.5 | 15.5 | 15.3 | 22.3 | 24.7 |
| Net income | 8.6 | 9.5 | -7.9 | 8.5 | 10.8 | 16.4 | 16.9 |
| Net debt | -20.7 | -39.5 | -19.2 | -42.0 | -4.7 | 0.9 | -7.0 |
| Net gearing | -39.7 % | -49.4 % | -32.9 % | -51.5 % | -9.4 % | 2.5 % | -15.2 % |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS pro forma | 4.25 | 4.69 | -3.88 | 3.64 | 4.63 | 7.02 | 7.22 |
| CPS | -2.56 | -6.12 | -16.54 | -29.88 | -24.28 | 1.21 | 5.67 |
| DPS | 0.35 | 2.04 | 10.00 | 4.70 | 4.70 | 1.40 | 1.50 |
| Dividend yield | 0.4 % | 2.1 % | 10.2 % | 4.8 % | 4.8 % | 1.4 % | 1.5 % |
| Gross profit margin | 55.0 % | 54.0 % | 41.9 % | 35.5 % | 37.0 % | 53.5 % | 53.5 % |
| EBITDA margin | 11.6 % | 7.4 % | 1.7 % | 4.8 % | 4.5 % | 5.0 % | 5.3 % |
| EBIT margin | 7.9 % | 4.7 % | -1.3 % | 2.4 % | 2.1 % | 2.8 % | 3.1 % |
| ROCE | 15.4 % | 9.8 % | -2.5 % | 7.8 % | 7.3 % | 11.6 % | 12.8 % |
| EV/sales | 1.2 | 0.6 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| EV/EBITDA | 10.4 | 7.8 | 31.7 | 6.1 | 7.0 | 5.8 | 5.2 |
| EV/EBIT | 15.3 | 12.4 | -41.5 | 12.1 | 14.7 | 10.3 | 9.0 |
| PER | 23.0 | 20.9 | -25.2 | 26.9 | 21.1 | 14.0 | 13.6 |
| Adjusted FCF yield | 6.4 % | 7.3 % | -2.2 % | 7.3 % | 5.1 % | 7.2 % | 7.5 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 15.05.2015



Source: Company data, Hauck & Aufhäuser

| | |
|-------------------------------------|---------------|
| High/low 52 weeks: | 99.85 / 66.00 |
| Price/Book Ratio: | 4.6 |
| Relative performance (SDAX): | |
| 3 months | 31.2 % |
| 6 months | 4.2 % |
| 12 months | 0.9 % |

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2015 | old: | 722.4 | 15.3 | 4.63 |
| | Δ | - | - | - |
| 2016 | old: | 789.9 | 22.3 | 7.02 |
| | Δ | - | - | - |
| 2017 | old: | 805.7 | 24.7 | 7.22 |
| | Δ | - | - | - |

Key share data:

| | |
|-------------------------------|------|
| Number of shares: (in m pcs) | 2.3 |
| Authorised capital: (in € m) | 0.0 |
| Book value per share: (in €) | 21.4 |
| 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.

Financials

| Profit and loss (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 159.3 | 301.2 | 347.0 | 648.1 | 722.4 | 789.9 | 805.7 |
| <i>Sales growth</i> | 24.8 % | 89.1 % | 15.2 % | 86.8 % | 11.5 % | 9.4 % | 2.0 % |
| Increase/decrease in finished goods and work-in-process | -4.6 | 0.1 | 15.2 | -1.4 | -1.6 | -1.7 | 0.0 |
| Total sales | 154.7 | 301.3 | 362.2 | 646.6 | 720.8 | 788.2 | 805.7 |
| Other operating income | 20.9 | 52.8 | 40.2 | 74.7 | 57.8 | 55.3 | 56.4 |
| Material expenses | 69.6 | 138.7 | 210.3 | 417.1 | 454.1 | 366.5 | 374.7 |
| Personnel expenses | 50.9 | 90.1 | 106.5 | 156.7 | 166.1 | 233.0 | 237.7 |
| Other operating expenses | 36.6 | 103.0 | 79.7 | 116.6 | 126.1 | 204.1 | 207.1 |
| Total operating expenses | 136.2 | 279.0 | 356.3 | 615.7 | 688.5 | 748.4 | 763.0 |
| EBITDA | 18.5 | 22.4 | 5.9 | 30.9 | 32.3 | 39.8 | 42.7 |
| Depreciation | 5.9 | 8.3 | 10.4 | 15.4 | 17.0 | 17.5 | 18.0 |
| EBITA | 12.6 | 14.1 | -4.5 | 15.5 | 15.3 | 22.3 | 24.7 |
| 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 | 12.6 | 14.1 | -4.5 | 15.5 | 15.3 | 22.3 | 24.7 |
| Interest income | 0.1 | 0.2 | 1.0 | 0.1 | 0.4 | 0.3 | 0.4 |
| Interest expenses | 1.0 | 1.1 | 1.8 | 2.5 | 2.1 | 2.1 | 2.6 |
| Other financial result | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial result | -0.9 | -0.9 | -1.4 | -2.4 | -1.7 | -1.8 | -2.2 |
| Recurring pretax income from continuing operations | 11.7 | 13.2 | -6.0 | 13.1 | 13.6 | 20.5 | 22.5 |
| Extraordinary income/loss | -2.5 | -2.7 | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 9.2 | 10.5 | -6.1 | 13.1 | 13.6 | 20.5 | 22.5 |
| Taxes | 0.6 | 1.0 | 1.8 | 4.6 | 2.7 | 4.1 | 5.6 |
| Net income from continuing operations | 8.6 | 9.5 | -7.9 | 8.5 | 10.8 | 16.4 | 16.9 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 8.6 | 9.5 | -7.9 | 8.5 | 10.8 | 16.4 | 16.9 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (net of minority interest) | 8.6 | 9.5 | -7.9 | 8.5 | 10.8 | 16.4 | 16.9 |
| Average number of shares | 2.0 | 2.0 | 2.0 | 2.3 | 2.3 | 2.3 | 2.3 |
| EPS reported | 4.25 | 4.69 | -3.88 | 3.64 | 4.63 | 7.02 | 7.22 |

| Profit and loss (common size) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 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 | -2.9 % | 0.0 % | 4.4 % | -0.2 % | -0.2 % | -0.2 % | 0.0 % |
| Total sales | 97.1 % | 100.0 % | 104.4 % | 99.8 % | 99.8 % | 99.8 % | 100.0 % |
| Other operating income | 13.1 % | 17.5 % | 11.6 % | 11.5 % | 8.0 % | 7.0 % | 7.0 % |
| Material expenses | 43.7 % | 46.0 % | 60.6 % | 64.4 % | 62.9 % | 46.4 % | 46.5 % |
| Personnel expenses | 32.0 % | 29.9 % | 30.7 % | 24.2 % | 23.0 % | 29.5 % | 29.5 % |
| Other operating expenses | 23.0 % | 34.2 % | 23.0 % | 18.0 % | 17.5 % | 25.8 % | 25.7 % |
| Total operating expenses | 85.5 % | 92.6 % | 102.7 % | 95.0 % | 95.3 % | 94.7 % | 94.7 % |
| EBITDA | 11.6 % | 7.4 % | 1.7 % | 4.8 % | 4.5 % | 5.0 % | 5.3 % |
| Depreciation | 3.7 % | 2.7 % | 3.0 % | 2.4 % | 2.4 % | 2.2 % | 2.2 % |
| EBITA | 7.9 % | 4.7 % | -1.3 % | 2.4 % | 2.1 % | 2.8 % | 3.1 % |
| 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 | 7.9 % | 4.7 % | -1.3 % | 2.4 % | 2.1 % | 2.8 % | 3.1 % |
| Interest income | 0.1 % | 0.1 % | 0.3 % | 0.0 % | 0.1 % | 0.0 % | 0.0 % |
| Interest expenses | 0.6 % | 0.4 % | 0.5 % | 0.4 % | 0.3 % | 0.3 % | 0.3 % |
| Other financial result | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | -0.5 % | -0.3 % | -0.4 % | -0.4 % | -0.2 % | -0.2 % | -0.3 % |
| Recurring pretax income from continuing operations | 7.4 % | 4.4 % | -1.7 % | 2.0 % | 1.9 % | 2.6 % | 2.8 % |
| Extraordinary income/loss | -1.6 % | -0.9 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 5.8 % | 3.5 % | -1.8 % | 2.0 % | 1.9 % | 2.6 % | 2.8 % |
| Tax rate | 6.6 % | 9.3 % | -28.8 % | 35.1 % | 20.0 % | 20.0 % | 25.0 % |
| Net income from continuing operations | 5.4 % | 3.2 % | -2.3 % | 1.3 % | 1.5 % | 2.1 % | 2.1 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 5.4 % | 3.2 % | -2.3 % | 1.3 % | 1.5 % | 2.1 % | 2.1 % |
| Minority interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income (net of minority interest) | 5.4 % | 3.2 % | -2.3 % | 1.3 % | 1.5 % | 2.1 % | 2.1 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets | 4.7 | 4.0 | 2.3 | 8.9 | 8.9 | 8.9 | 8.9 |
| Property, plant and equipment | 35.7 | 47.1 | 31.6 | 45.8 | 44.8 | 43.3 | 41.3 |
| Financial assets | 0.1 | 2.0 | 1.1 | 0.9 | 0.9 | 0.9 | 0.9 |
| FIXED ASSETS | 40.5 | 53.1 | 35.0 | 55.6 | 54.6 | 53.1 | 51.1 |
| Inventories | 34.8 | 75.7 | 82.5 | 93.9 | 99.6 | 107.5 | 109.6 |
| Accounts receivable | 41.2 | 102.5 | 133.9 | 175.8 | 197.9 | 203.4 | 207.5 |
| Other current assets | 9.0 | 15.0 | 32.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid assets | 21.7 | 52.4 | 47.7 | 74.3 | 37.0 | 31.3 | 39.3 |
| Deferred taxes | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred charges and prepaid expenses | 1.1 | 2.6 | 2.1 | 3.4 | 3.5 | 3.6 | 3.6 |
| CURRENT ASSETS | 107.9 | 248.2 | 299.0 | 347.4 | 338.1 | 345.9 | 360.2 |
| TOTAL ASSETS | 148.4 | 301.3 | 334.0 | 403.0 | 392.7 | 399.0 | 411.2 |
| SHAREHOLDERS EQUITY | 52.1 | 79.9 | 58.4 | 81.5 | 50.1 | 37.7 | 46.4 |
| MINORITY INTEREST | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term debt | 1.0 | 12.9 | 28.5 | 32.3 | 32.3 | 32.3 | 32.3 |
| Provisions for pensions and similar obligations | 14.6 | 15.4 | 2.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 25.8 | 84.6 | 85.7 | 107.9 | 113.3 | 119.0 | 119.0 |
| Non-current liabilities | 41.4 | 113.0 | 116.3 | 140.2 | 145.6 | 151.2 | 151.2 |
| short-term liabilities to banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | 23.5 | 54.8 | 66.9 | 104.9 | 118.7 | 129.9 | 132.4 |
| Advance payments received on orders | 4.1 | 14.3 | 41.8 | 34.2 | 35.3 | 36.3 | 36.3 |
| Other liabilities (incl. from lease and rental contracts) | 25.9 | 36.8 | 49.2 | 41.0 | 41.8 | 42.6 | 43.5 |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income | 1.4 | 2.6 | 1.5 | 1.2 | 1.3 | 1.3 | 1.3 |
| Current liabilities | 54.9 | 108.5 | 159.3 | 181.3 | 197.1 | 210.1 | 213.6 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 148.4 | 301.3 | 334.0 | 403.0 | 392.7 | 399.0 | 411.2 |

| Balance sheet (common size) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 3.2 % | 1.3 % | 0.7 % | 2.2 % | 2.3 % | 2.2 % | 2.2 % |
| Property, plant and equipment | 24.0 % | 15.6 % | 9.5 % | 11.4 % | 11.4 % | 10.8 % | 10.0 % |
| Financial assets | 0.1 % | 0.6 % | 0.3 % | 0.2 % | 0.2 % | 0.2 % | 0.2 % |
| FIXED ASSETS | 27.3 % | 17.6 % | 10.5 % | 13.8 % | 13.9 % | 13.3 % | 12.4 % |
| Inventories | 23.4 % | 25.1 % | 24.7 % | 23.3 % | 25.4 % | 26.9 % | 26.7 % |
| Accounts receivable | 27.8 % | 34.0 % | 40.1 % | 43.6 % | 50.4 % | 51.0 % | 50.5 % |
| Other current assets | 6.0 % | 5.0 % | 9.8 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Liquid assets | 14.6 % | 17.4 % | 14.3 % | 18.4 % | 9.4 % | 7.9 % | 9.6 % |
| Deferred taxes | 0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Deferred charges and prepaid expenses | 0.7 % | 0.9 % | 0.6 % | 0.9 % | 0.9 % | 0.9 % | 0.9 % |
| CURRENT ASSETS | 72.7 % | 82.4 % | 89.5 % | 86.2 % | 86.1 % | 86.7 % | 87.6 % |
| TOTAL ASSETS | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 35.1 % | 26.5 % | 17.5 % | 20.2 % | 12.8 % | 9.4 % | 11.3 % |
| MINORITY INTEREST | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Long-term debt | 0.7 % | 4.3 % | 8.5 % | 8.0 % | 8.2 % | 8.1 % | 7.8 % |
| Provisions for pensions and similar obligations | 9.8 % | 5.1 % | 0.6 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other provisions | 17.4 % | 28.1 % | 25.7 % | 26.8 % | 28.8 % | 29.8 % | 28.9 % |
| Non-current liabilities | 27.9 % | 37.5 % | 34.8 % | 34.8 % | 37.1 % | 37.9 % | 36.8 % |
| short-term liabilities to banks | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Accounts payable | 15.8 % | 18.2 % | 20.0 % | 26.0 % | 30.2 % | 32.5 % | 32.2 % |
| Advance payments received on orders | 2.8 % | 4.7 % | 12.5 % | 8.5 % | 9.0 % | 9.1 % | 8.8 % |
| Other liabilities (incl. from lease and rental contracts) | 17.4 % | 12.2 % | 14.7 % | 10.2 % | 10.6 % | 10.7 % | 10.6 % |
| Deferred taxes | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Deferred income | 0.9 % | 0.9 % | 0.4 % | 0.3 % | 0.3 % | 0.3 % | 0.3 % |
| Current liabilities | 37.0 % | 36.0 % | 47.7 % | 45.0 % | 50.2 % | 52.7 % | 51.9 % |
| 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) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss | 8.6 | 9.5 | -7.9 | 8.5 | 10.8 | 16.4 | 16.9 |
| Depreciation of fixed assets (incl. leases) | 5.9 | 8.3 | 10.4 | 15.4 | 17.0 | 17.5 | 18.0 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 3.8 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | -9.8 | -11.5 | -31.2 | -68.2 | -49.6 | -11.3 | 0.0 |
| Cash flow from operations before changes in w/c | 4.7 | 10.0 | -28.2 | -44.3 | -21.8 | 22.6 | 34.9 |
| Increase/decrease in inventory | -0.8 | 66.1 | -14.6 | 61.5 | -5.7 | -7.8 | -2.1 |
| Increase/decrease in accounts receivable | 0.0 | 0.0 | 0.0 | 0.0 | -22.1 | -5.5 | -4.1 |
| Increase/decrease in accounts payable | -3.2 | -80.3 | 20.1 | -70.8 | 13.8 | 11.1 | 2.6 |
| Increase/decrease in other working capital positions | 0.0 | 0.0 | 0.0 | -0.9 | -4.0 | 0.0 | 0.0 |
| Increase/decrease in working capital | -4.0 | -14.2 | 5.5 | -10.2 | -18.1 | -2.3 | -3.6 |
| Cash flow from operating activities | 0.7 | -4.1 | -22.7 | -54.5 | -39.8 | 20.3 | 31.3 |
| CAPEX | 3.9 | 9.0 | 10.7 | 16.6 | 15.0 | 15.0 | 20.0 |
| Payments for acquisitions | 0.0 | 0.0 | 0.0 | -85.5 | -30.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.3 | 0.5 | 0.2 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 9.5 | 33.3 | 23.9 | 4.4 | 3.0 | 0.0 | 0.0 |
| Cash flow from investing activities | 5.6 | 24.0 | 12.7 | 73.0 | 18.0 | -15.0 | -20.0 |
| Cash flow before financing | 6.2 | 19.9 | -10.0 | 18.6 | -21.8 | 5.3 | 11.3 |
| Increase/decrease in debt position | 0.4 | 11.0 | 8.0 | 2.0 | 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 | 0.8 | 0.0 | 0.0 | 25.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.2 | 0.7 | 4.1 | 20.3 | 11.0 | 11.0 | 3.3 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.0 | -0.2 | 0.0 | -0.5 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.9 | 10.3 | 3.9 | 6.6 | -11.0 | -11.0 | -3.3 |
| Increase/decrease in liquid assets | 7.2 | 30.0 | -6.1 | 24.7 | -32.8 | -5.7 | 8.0 |
| Liquid assets at end of period | 21.2 | 51.2 | 45.1 | 69.8 | 37.0 | 31.3 | 39.3 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|------------------------|------------|------------|------------|------------|------------|------------|------------|
| 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) | 2011 | 2012 | 2013 | 2014 | 2015E | 2016E | 2017E |
|--------------------------------------|---------|----------|----------|----------|----------|--------|---------|
| P&L growth analysis | | | | | | | |
| Sales growth | 24.8 % | 89.1 % | 15.2 % | 86.8 % | 11.5 % | 9.4 % | 2.0 % |
| EBITDA growth | 6.8 % | 21.0 % | -73.6 % | 424.0 % | 4.4 % | 23.3 % | 7.3 % |
| EBIT growth | 16.0 % | 11.6 % | -132.1 % | -443.4 % | -1.4 % | 46.0 % | 10.7 % |
| EPS growth | 4.0 % | 10.1 % | -182.8 % | -193.7 % | 27.4 % | 51.5 % | 2.8 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 85.5 % | 92.6 % | 102.7 % | 95.0 % | 95.3 % | 94.7 % | 94.7 % |
| Sales per employee | 95.1 | 102.0 | 139.0 | 240.6 | n/a | n/a | n/a |
| EBITDA per employee | 11.0 | 7.6 | 2.4 | 11.5 | n/a | n/a | n/a |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 22.8 % | 26.2 % | 31.2 % | 18.4 % | 19.0 % | 18.2 % | 18.2 % |
| Inventory turnover (sales/inventory) | 4.6 | 4.0 | 4.2 | 6.9 | 7.3 | 7.4 | 7.4 |
| Trade debtors in days of sales | 94.4 | 124.2 | 140.8 | 99.0 | 100.0 | 94.0 | 94.0 |
| A/P turnover [(A/P*365)/sales] | 53.9 | 66.4 | 70.3 | 59.1 | 60.0 | 60.0 | 60.0 |
| Cash conversion cycle (days) | 153.6 | 179.3 | 167.9 | 89.3 | 84.6 | 71.7 | 71.8 |
| Cash flow analysis | | | | | | | |
| Free cash flow | -3.3 | -13.1 | -33.4 | -71.1 | -54.8 | 5.3 | 11.3 |
| Free cash flow/sales | -2.0 % | -4.4 % | -9.6 % | -11.0 % | -7.6 % | 0.7 % | 1.4 % |
| FCF / net profit | -37.8 % | -138.2 % | 424.9 % | -835.3 % | -505.6 % | 32.5 % | 66.7 % |
| Capex / depre | 67.2 % | 76.9 % | 103.5 % | 109.3 % | 88.2 % | 85.7 % | 111.1 % |
| Capex / maintenance capex | 0.0 % | 0.0 % | 101.7 % | 77.8 % | 94.1 % | 91.4 % | 88.9 % |
| Capex / sales | 2.5 % | n/a | n/a | n/a | n/a | n/a | n/a |
| Security | | | | | | | |
| Net debt | -20.7 | -39.5 | -19.2 | -42.0 | -4.7 | 0.9 | -7.0 |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt / equity | -0.4 | -0.5 | -0.3 | -0.5 | -0.1 | 0.0 | -0.2 |
| Interest cover | 12.4 | 12.9 | 0.0 | 6.2 | 7.3 | 10.6 | 9.6 |
| Dividend payout ratio | 8.2 % | 43.5 % | 100.0 % | 129.2 % | 101.4 % | 19.9 % | 20.8 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 1.7 | 1.6 | 2.0 | 2.9 | 3.7 | 4.2 | 4.1 |
| Operating assets turnover | 1.9 | 1.9 | 2.5 | 3.7 | 3.8 | 4.2 | 4.2 |
| Plant turnover | 4.5 | 6.4 | 11.0 | 14.2 | 16.1 | 18.3 | 19.5 |
| Inventory turnover (sales/inventory) | 4.6 | 4.0 | 4.2 | 6.9 | 7.3 | 7.4 | 7.4 |
| Returns | | | | | | | |
| ROCE | 15.4 % | 9.8 % | -2.5 % | 7.8 % | 7.3 % | 11.6 % | 12.8 % |
| ROE | 16.6 % | 11.9 % | -13.5 % | 10.4 % | 21.7 % | 43.6 % | 36.4 % |
| Other | | | | | | | |
| Interest paid / avg. debt | 130.3 % | 15.7 % | 8.8 % | 8.2 % | 6.5 % | 6.5 % | 8.0 % |
| No. employees (average) | 1674 | 2953 | 2496 | 2693 | 0 | 0 | 0 |
| Number of shares | 2.0 | 2.0 | 2.0 | 2.3 | 2.3 | 2.3 | 2.3 |
| DPS | 0.4 | 2.0 | 10.0 | 4.7 | 4.7 | 1.4 | 1.5 |
| EPS reported | 4.25 | 4.69 | -3.88 | 3.64 | 4.63 | 7.02 | 7.22 |
| Valuation ratios | | | | | | | |
| P/BV | 3.8 | 2.5 | 3.4 | 2.8 | 4.6 | 6.1 | 4.9 |
| EV/sales | 1.2 | 0.6 | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 |
| EV/EBITDA | 10.4 | 7.8 | 31.7 | 6.1 | 7.0 | 5.8 | 5.2 |
| EV/EBITA | 15.3 | 12.4 | -41.5 | 12.1 | 14.7 | 10.3 | 9.0 |
| EV/EBIT | 15.3 | 12.4 | -41.5 | 12.1 | 14.7 | 10.3 | 9.0 |
| EV/FCF | -59.0 | -13.3 | -5.6 | -2.6 | -4.1 | 43.2 | 19.7 |
| Adjusted FCF yield | 6.4 % | 7.3 % | -2.2 % | 7.3 % | 5.1 % | 7.2 % | 7.5 % |
| Dividend yield | 0.4 % | 2.1 % | 10.2 % | 4.8 % | 4.8 % | 1.4 % | 1.5 % |

Source: Company data, Hauck & Aufhäuser

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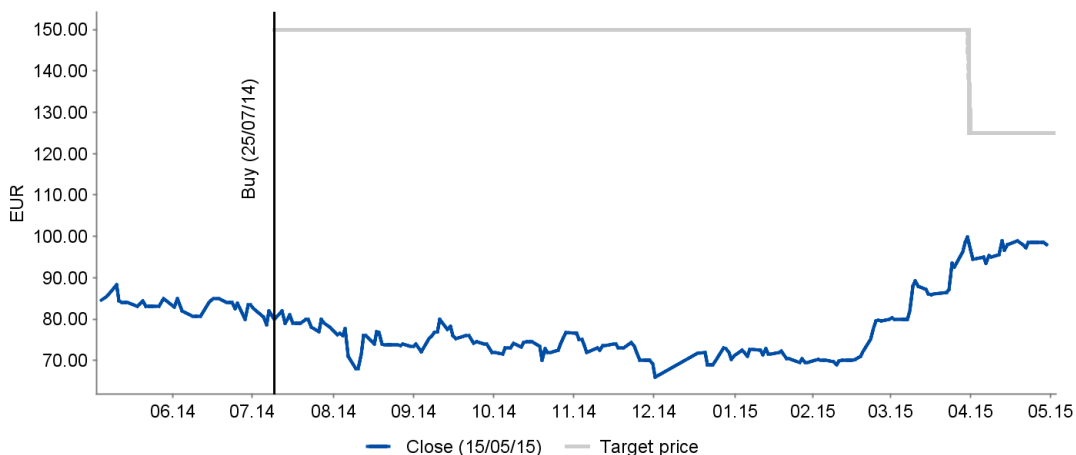
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| Company | Disclosure |
|------------|------------|
| mutares AG | 5, 7 |

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

**Price and Rating History
mutares AG as of 18/05/15**

Initiation coverage
24-March-14



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

| | | |
|-------------|---------|----------|
| Buy | 53.23 % | 100.00 % |
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