

11-November-15

**Buy** (old: Buy)

**Price target: EUR 23.00** (old: EUR 25.00)

<b>Price:</b>	EUR 17.58	<b>Next result:</b>	Q4 15.04.16
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 271.4 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 235.1 m

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### Strong Q3 figures driven by organic growth & operative turnaround

Mutares released a Q3 trading statement yesterday, showing sound organic growth of major portfolio companies as well as a solid profitability.

mutares AG	Q3 15	Q3 15 est	Q3 14	yoy	Q2 15	qoq	9M 15	9M 14	yoy
<b>Sales</b>	<b>163.7</b>	<b>169.0</b>	<b>141.0</b>	16.1%	<b>141.7</b>	15.5%	<b>475.3</b>	<b>448.5</b>	6.0%
<b>EBITDA</b>	<b>6.3</b>	<b>5.7</b>	<b>0.6</b>	877.7%	<b>8.7</b>	-28.0%	<b>19.2</b>	<b>11.0</b>	74.5%
EBITDA margin	3.8%	3.4%	0.5%	+ 3.4 pp	6.2%	- 2.3 pp	4.0%	2.5%	+ 1.6 pp

Source: company data, H&A

**Q3 sales grew strongly by 16.1% yoy to € 164m which met estimates (H&A: € 169m).** This which was especially driven by very strong organic growth of >20% yoy of mutares' key holdings Eupec, STS Acoustics, Elastomer and Geesinknorba. This more than compensated the effects from the fade-out of non-consumer electronic sales at Pixmania which is currently being integrated into Grosbill. **Organic sales growth should thus have been sound at 5% yoy and was driven by all companies** except Pixmania. Moreover, consolidation effects related to the acquisition of A+F, Zanders, BSL and Grosbill had a positive effect while Suir Pharma and CGVL were deconsolidated.

**Q3 EBITDA came in at € 6.3m and exceeded expectations (H&A: € 5.7m).** The very sound improvement from € 0.6m last year was primarily driven by economies of scale across the group as well as cost savings out of successful restructurings. Key profitability drivers were Eupec, STS Acoustics and Elastomer while Geesinknorba and A+F showed particularly good effects from the turnaround.

**Q3 operating EBITDA came in at approximately € 1.5m** and was impacted by the consolidation of the high number of newly acquired turnaround companies such as Zanders, Grosbill and BSL. Nevertheless, this was more than compensated by the remaining portfolio underlying the balanced nature of mutares' portfolio. Badwill releases of c. € 14m largely compensated for restructuring costs of approx. € 9m.

**Action:** Estimates now reflect the recent capital increase of 1.4m shares which explains the dilution of our PT as well as EPS estimates.

All in all, **Q3 figures are highly encouraging and show that mutares' portfolio is very well on track.** Moreover transaction activity looks set to remain dynamic which should provide for **further positive newsflow going forward.** The stock is a clear **BUY** with a **PT of € 23** based on NAV (€ 22/share based on SOTP 2016E).

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	159.3	301.2	347.0	648.1	726.7	902.8	925.9
Sales growth	25 %	89 %	15 %	87 %	12 %	24 %	3 %
EBITDA	18.5	22.4	5.9	30.9	29.6	40.5	42.6
EBIT	12.6	14.1	-4.5	15.5	12.2	22.1	24.1
Net income	8.6	9.5	-7.9	8.5	8.6	15.4	15.5
Net debt	-20.7	-39.5	-19.2	-42.0	-36.3	-20.8	-23.7
Net gearing	-39.7 %	-49.4 %	-32.9 %	-51.5 %	-33.5 %	-24.4 %	-28.9 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.71	0.78	-0.65	0.61	0.56	1.00	1.00
CPS	-0.43	-1.02	-2.76	-4.73	-4.19	-0.31	0.44
DPS	0.06	0.34	1.67	0.78	0.70	0.25	0.25
Dividend yield	0.3 %	1.9 %	9.5 %	4.5 %	4.0 %	1.4 %	1.4 %
Gross profit margin	55.0 %	54.0 %	41.9 %	35.5 %	36.0 %	36.5 %	36.5 %
EBITDA margin	11.6 %	7.4 %	1.7 %	4.8 %	4.1 %	4.5 %	4.6 %
EBIT margin	7.9 %	4.7 %	-1.3 %	2.4 %	1.7 %	2.4 %	2.6 %
ROCE	15.4 %	9.8 %	-2.5 %	7.8 %	5.1 %	9.0 %	10.3 %
EV/sales	1.3	0.6	0.6	0.3	0.3	0.3	0.3
EV/EBITDA	11.2	8.5	34.7	6.6	8.0	6.2	5.8
EV/EBIT	16.5	13.5	-45.4	13.2	19.3	11.4	10.3
PER	24.8	22.5	-27.2	29.0	31.6	17.6	17.6
Adjusted FCF yield	5.9 %	6.8 %	-2.0 %	8.3 %	4.8 %	7.4 %	7.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 10.11.2015



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	21.54 / 11.00
<b>Price/Book Ratio:</b>	2.5
<b>Relative performance (SDAX):</b>	
3 months	-12.8 %
6 months	4.3 %
12 months	13.9 %

### Changes in estimates

		Sales	EBIT	EPS
<b>2015</b>	<i>old:</i>	726.7	12.2	0.60
	Δ	-	-	-7.5%
<b>2016</b>	<i>old:</i>	902.8	22.1	1.09
	Δ	-	-	-8.8%
<b>2017</b>	<i>old:</i>	925.9	24.1	1.10
	Δ	-	-	-8.8%

### Key share data:

Number of shares: (in m pcs)	15.4
Authorised capital: (in € m)	7.0
Book value per share: (in €)	7.0
Ø trading volume: (12 months)	5,400

### Major shareholders:

Founders	55.0 %
Free Float	45.0 %

### 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
<b>Net sales</b>	<b>159.3</b>	<b>301.2</b>	<b>347.0</b>	<b>648.1</b>	<b>726.7</b>	<b>902.8</b>	<b>925.9</b>
<i>Sales growth</i>	24.8 %	89.1 %	15.2 %	86.8 %	12.1 %	24.2 %	2.6 %
Increase/decrease in finished goods and work-in-process	-4.6	0.1	15.2	-1.4	0.0	0.0	0.0
<b>Total sales</b>	<b>154.7</b>	<b>301.3</b>	<b>362.2</b>	<b>646.6</b>	<b>726.7</b>	<b>902.8</b>	<b>925.9</b>
Other operating income	20.9	52.8	40.2	74.7	58.1	72.2	74.1
Material expenses	69.6	138.7	210.3	417.1	465.1	573.3	587.9
Personnel expenses	50.9	90.1	106.5	156.7	167.1	207.7	208.3
Other operating expenses	36.6	103.0	79.7	116.6	123.1	153.6	161.1
Total operating expenses	136.2	279.0	356.3	615.7	697.2	862.4	883.3
<b>EBITDA</b>	<b>18.5</b>	<b>22.4</b>	<b>5.9</b>	<b>30.9</b>	<b>29.6</b>	<b>40.5</b>	<b>42.6</b>
Depreciation	5.9	8.3	10.4	15.4	17.4	18.4	18.5
<b>EBITA</b>	<b>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>15.5</b>	<b>12.2</b>	<b>22.1</b>	<b>24.1</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>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>15.5</b>	<b>12.2</b>	<b>22.1</b>	<b>24.1</b>
Interest income	0.1	0.2	1.0	0.1	0.7	0.5	0.6
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	-1.4	-1.6	-2.0
<b>Recurring pretax income from continuing operations</b>	<b>11.7</b>	<b>13.2</b>	<b>-6.0</b>	<b>13.1</b>	<b>10.7</b>	<b>20.5</b>	<b>22.1</b>
Extraordinary income/loss	-2.5	-2.7	-0.2	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>9.2</b>	<b>10.5</b>	<b>-6.1</b>	<b>13.1</b>	<b>10.7</b>	<b>20.5</b>	<b>22.1</b>
Taxes	0.6	1.0	1.8	4.6	2.1	5.1	6.6
<b>Net income from continuing operations</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>8.6</b>	<b>15.4</b>	<b>15.5</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>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>8.6</b>	<b>15.4</b>	<b>15.5</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>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>8.6</b>	<b>15.4</b>	<b>15.5</b>
Average number of shares	12.2	12.2	12.2	14.0	15.4	15.4	15.4
<b>EPS reported</b>	<b>0.71</b>	<b>0.78</b>	<b>-0.65</b>	<b>0.61</b>	<b>0.56</b>	<b>1.00</b>	<b>1.00</b>

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<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	-2.9 %	0.0 %	4.4 %	-0.2 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>97.1 %</b>	<b>100.0 %</b>	<b>104.4 %</b>	<b>99.8 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	13.1 %	17.5 %	11.6 %	11.5 %	8.0 %	8.0 %	8.0 %
Material expenses	43.7 %	46.0 %	60.6 %	64.4 %	64.0 %	63.5 %	63.5 %
Personnel expenses	32.0 %	29.9 %	30.7 %	24.2 %	23.0 %	23.0 %	22.5 %
Other operating expenses	23.0 %	34.2 %	23.0 %	18.0 %	16.9 %	17.0 %	17.4 %
Total operating expenses	85.5 %	92.6 %	102.7 %	95.0 %	95.9 %	95.5 %	95.4 %
<b>EBITDA</b>	<b>11.6 %</b>	<b>7.4 %</b>	<b>1.7 %</b>	<b>4.8 %</b>	<b>4.1 %</b>	<b>4.5 %</b>	<b>4.6 %</b>
Depreciation	3.7 %	2.7 %	3.0 %	2.4 %	2.4 %	2.0 %	2.0 %
<b>EBITA</b>	<b>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>2.4 %</b>	<b>1.7 %</b>	<b>2.4 %</b>	<b>2.6 %</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>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>2.4 %</b>	<b>1.7 %</b>	<b>2.4 %</b>	<b>2.6 %</b>
Interest income	0.1 %	0.1 %	0.3 %	0.0 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.6 %	0.4 %	0.5 %	0.4 %	0.3 %	0.2 %	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 %	-0.2 %
<b>Recurring pretax income from continuing operations</b>	<b>7.4 %</b>	<b>4.4 %</b>	<b>-1.7 %</b>	<b>2.0 %</b>	<b>1.5 %</b>	<b>2.3 %</b>	<b>2.4 %</b>
Extraordinary income/loss	-1.6 %	-0.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>5.8 %</b>	<b>3.5 %</b>	<b>-1.8 %</b>	<b>2.0 %</b>	<b>1.5 %</b>	<b>2.3 %</b>	<b>2.4 %</b>
Tax rate	6.6 %	9.3 %	-28.8 %	35.1 %	20.0 %	25.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>	<b>1.7 %</b>	<b>1.7 %</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>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>	<b>1.7 %</b>	<b>1.7 %</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>5.4 %</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>	<b>1.7 %</b>	<b>1.7 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>4.7</b>	<b>4.0</b>	<b>2.3</b>	<b>8.9</b>	<b>8.9</b>	<b>8.9</b>	<b>8.9</b>
Property, plant and equipment	35.7	47.1	31.6	45.8	64.4	62.0	59.5
Financial assets	0.1	2.0	1.1	0.9	0.9	0.9	0.9
<b>FIXED ASSETS</b>	<b>40.5</b>	<b>53.1</b>	<b>35.0</b>	<b>55.6</b>	<b>74.2</b>	<b>71.8</b>	<b>69.3</b>
Inventories	34.8	75.7	82.5	93.9	100.2	118.8	121.8
Accounts receivable	41.2	102.5	133.9	175.8	185.2	217.7	215.6
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	68.6	53.0	55.9
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
<b>CURRENT ASSETS</b>	<b>107.9</b>	<b>248.2</b>	<b>299.0</b>	<b>347.4</b>	<b>357.6</b>	<b>393.2</b>	<b>397.1</b>
<b>TOTAL ASSETS</b>	<b>148.4</b>	<b>301.3</b>	<b>334.0</b>	<b>403.0</b>	<b>431.8</b>	<b>465.0</b>	<b>466.4</b>
SHAREHOLDERS EQUITY	52.1	79.9	58.4	81.5	108.3	85.1	81.8
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
<b>Non-current liabilities</b>	<b>41.4</b>	<b>113.0</b>	<b>116.3</b>	<b>140.2</b>	<b>145.6</b>	<b>151.2</b>	<b>151.2</b>
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	99.6	148.4	152.2
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
<b>Current liabilities</b>	<b>54.9</b>	<b>108.5</b>	<b>159.3</b>	<b>181.3</b>	<b>177.9</b>	<b>228.7</b>	<b>233.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>148.4</b>	<b>301.3</b>	<b>334.0</b>	<b>403.0</b>	<b>431.8</b>	<b>465.0</b>	<b>466.4</b>

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>3.2 %</b>	<b>1.3 %</b>	<b>0.7 %</b>	<b>2.2 %</b>	<b>2.1 %</b>	<b>1.9 %</b>	<b>1.9 %</b>
Property, plant and equipment	24.0 %	15.6 %	9.5 %	11.4 %	14.9 %	13.3 %	12.8 %
Financial assets	0.1 %	0.6 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
<b>FIXED ASSETS</b>	<b>27.3 %</b>	<b>17.6 %</b>	<b>10.5 %</b>	<b>13.8 %</b>	<b>17.2 %</b>	<b>15.4 %</b>	<b>14.9 %</b>
Inventories	23.4 %	25.1 %	24.7 %	23.3 %	23.2 %	25.5 %	26.1 %
Accounts receivable	27.8 %	34.0 %	40.1 %	43.6 %	42.9 %	46.8 %	46.2 %
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 %	15.9 %	11.4 %	12.0 %
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 %	0.8 %	0.8 %	0.8 %
<b>CURRENT ASSETS</b>	<b>72.7 %</b>	<b>82.4 %</b>	<b>89.5 %</b>	<b>86.2 %</b>	<b>82.8 %</b>	<b>84.6 %</b>	<b>85.1 %</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	35.1 %	26.5 %	17.5 %	20.2 %	25.1 %	18.3 %	17.5 %
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 %	7.5 %	6.9 %	6.9 %
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 %	26.2 %	25.6 %	25.5 %
<b>Non-current liabilities</b>	<b>27.9 %</b>	<b>37.5 %</b>	<b>34.8 %</b>	<b>34.8 %</b>	<b>33.7 %</b>	<b>32.5 %</b>	<b>32.4 %</b>
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 %	23.1 %	31.9 %	32.6 %
Advance payments received on orders	2.8 %	4.7 %	12.5 %	8.5 %	8.2 %	7.8 %	7.8 %
Other liabilities (incl. from lease and rental contracts)	17.4 %	12.2 %	14.7 %	10.2 %	9.7 %	9.2 %	9.3 %
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 %
<b>Current liabilities</b>	<b>37.0 %</b>	<b>36.0 %</b>	<b>47.7 %</b>	<b>45.0 %</b>	<b>41.2 %</b>	<b>49.2 %</b>	<b>50.0 %</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)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	8.6	9.5	-7.9	8.5	8.6	15.4	15.5
Depreciation of fixed assets (incl. leases)	5.9	8.3	10.4	15.4	17.4	18.4	18.5
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	-64.6	-21.3	-15.0
Cash flow from operations before changes in w/c	4.7	10.0	-28.2	-44.3	-38.6	12.4	19.0
Increase/decrease in inventory	-0.8	66.1	-14.6	61.5	-6.3	-18.6	-3.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-9.4	-32.5	2.1
Increase/decrease in accounts payable	-3.2	-80.3	20.1	-70.8	-5.4	48.9	3.8
Increase/decrease in other working capital positions	0.0	0.0	0.0	-0.9	10.0	0.0	0.0
Increase/decrease in working capital	-4.0	-14.2	5.5	-10.2	-11.1	-2.2	2.8
<b>Cash flow from operating activities</b>	<b>0.7</b>	<b>-4.1</b>	<b>-22.7</b>	<b>-54.5</b>	<b>-49.7</b>	<b>10.2</b>	<b>21.8</b>
CAPEX	3.9	9.0	10.7	16.6	15.0	15.0	15.0
Payments for acquisitions	0.0	0.0	0.0	-85.5	-47.0	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
<b>Cash flow from investing activities</b>	<b>5.6</b>	<b>24.0</b>	<b>12.7</b>	<b>73.0</b>	<b>35.0</b>	<b>-15.0</b>	<b>-15.0</b>
Cash flow before financing	6.2	19.9	-10.0	18.6	-14.7	-4.8	6.8
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	24.5	0.0	0.0
Dividends paid	0.2	0.7	4.1	20.3	11.0	10.8	3.9
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
<b>Cash flow from financing activities</b>	<b>0.9</b>	<b>10.3</b>	<b>3.9</b>	<b>6.6</b>	<b>13.5</b>	<b>-10.8</b>	<b>-3.9</b>
Increase/decrease in liquid assets	7.2	30.0	-6.1	24.7	-1.2	-15.6	2.9
<b>Liquid assets at end of period</b>	<b>21.2</b>	<b>51.2</b>	<b>45.1</b>	<b>69.8</b>	<b>68.6</b>	<b>53.0</b>	<b>55.9</b>

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
<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)	2011	2012	2013	2014	2015E	2016E	2017E
<b>P&amp;L growth analysis</b>							
Sales growth	24.8 %	89.1 %	15.2 %	86.8 %	12.1 %	24.2 %	2.6 %
EBITDA growth	6.8 %	21.0 %	-73.6 %	424.0 %	-4.5 %	37.0 %	5.3 %
EBIT growth	16.0 %	11.6 %	-132.1 %	-443.4 %	-21.6 %	81.6 %	9.2 %
EPS growth	4.0 %	10.1 %	-182.8 %	-193.7 %	-8.2 %	79.0 %	0.5 %
<b>Efficiency</b>							
Total operating costs / sales	85.5 %	92.6 %	102.7 %	95.0 %	95.9 %	95.5 %	95.4 %
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
<b>Balance sheet analysis</b>							
Avg. working capital / sales	22.8 %	26.2 %	31.2 %	18.4 %	19.3 %	16.7 %	16.2 %
Inventory turnover (sales/inventory)	4.6	4.0	4.2	6.9	7.3	7.6	7.6
Trade debtors in days of sales	94.4	124.2	140.8	99.0	93.0	88.0	85.0
A/P turnover [(A/P*365)/sales]	53.9	66.4	70.3	59.1	50.0	60.0	60.0
Cash conversion cycle (days)	153.6	179.3	167.9	89.3	93.5	69.1	66.1
<b>Cash flow analysis</b>							
Free cash flow	-3.3	-13.1	-33.4	-71.1	-64.7	-4.8	6.8
Free cash flow/sales	-2.0 %	-4.4 %	-9.6 %	-11.0 %	-8.9 %	-0.5 %	0.7 %
FCF / net profit	-37.8 %	-138.2 %	424.9 %	-835.3 %	-753.3 %	-30.9 %	43.8 %
Capex / depre	67.2 %	76.9 %	103.5 %	109.3 %	86.2 %	81.5 %	81.1 %
Capex / maintenance capex	0.0 %	0.0 %	101.7 %	100.0 %	106.7 %	106.7 %	106.7 %
Capex / sales	2.5 %	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-20.7	-39.5	-19.2	-42.0	-36.3	-20.8	-23.7
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	-0.3	-0.2	-0.3
Interest cover	12.4	12.9	0.0	6.2	5.8	10.5	9.3
Dividend payout ratio	8.2 %	43.5 %	100.0 %	129.2 %	125.8 %	25.1 %	25.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.7	1.6	2.0	2.9	2.9	3.8	4.0
Operating assets turnover	1.9	1.9	2.5	3.7	3.4	4.2	4.4
Plant turnover	4.5	6.4	11.0	14.2	11.3	14.6	15.6
Inventory turnover (sales/inventory)	4.6	4.0	4.2	6.9	7.3	7.6	7.6
<b>Returns</b>							
ROCE	15.4 %	9.8 %	-2.5 %	7.8 %	5.1 %	9.0 %	10.3 %
ROE	16.6 %	11.9 %	-13.5 %	10.4 %	7.9 %	18.1 %	18.9 %
<b>Other</b>							
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	12.2	12.2	12.2	14.0	15.4	15.4	15.4
DPS	0.1	0.3	1.7	0.8	0.7	0.3	0.3
EPS reported	0.71	0.78	-0.65	0.61	0.56	1.00	1.00
<b>Valuation ratios</b>							
P/BV	4.1	2.7	3.7	3.0	2.5	3.2	3.3
EV/sales	1.3	0.6	0.6	0.3	0.3	0.3	0.3
EV/EBITDA	11.2	8.5	34.7	6.6	8.0	6.2	5.8
EV/EBITA	16.5	13.5	-45.4	13.2	19.3	11.4	10.3
EV/EBIT	16.5	13.5	-45.4	13.2	19.3	11.4	10.3
EV/FCF	-63.6	-14.5	-6.1	-2.9	-3.6	-52.7	36.6
Adjusted FCF yield	5.9 %	6.8 %	-2.0 %	8.3 %	4.8 %	7.4 %	7.5 %
Dividend yield	0.3 %	1.9 %	9.5 %	4.5 %	4.0 %	1.4 %	1.4 %

Source: Company data, Hauck & Aufhäuser

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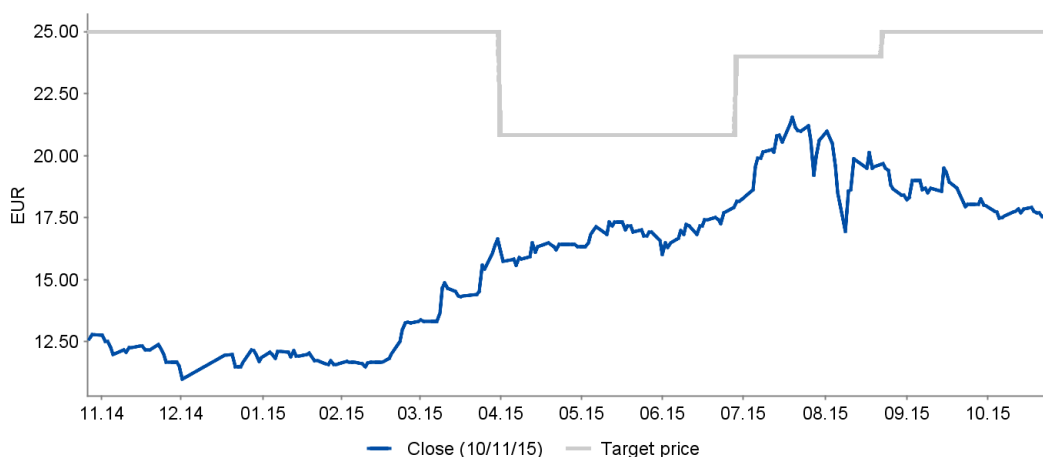
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Company	Disclosure
mutares AG	3, 5

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

**Price and Rating History  
mutares AG as of 11/11/15**

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