

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 82.00	<b>Next result:</b>	H1 30.09.14
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 183.2 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 86.8 m

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## Sensible acquisition in dairy packaging

This morning, Mutares announced the acquisition of A+F Automation + Fördertechnik GmbH, a German based specialist for dairy product filling and packaging. A+F was sold by the OYSTAR Group, a leading dairy product packaging conglomerate, as it is withdrawing from none core activities. **A+F generates revenues of around € 30m with an estimated negative EBITDA of € 4m**, in our view. We expect **mutares to have paid less than € 1m** for the company (details not disclosed) while it should have received a **dowry of around € 7m** (eH&A). The deal thus would be a typical mutares deal in which the dowry should provide for sufficient room to finance the turnaround.

**Being a non core activity for OYSTAR A+F, has been neglected in the past.** As a result it is currently suffering from a high degree of low margin orders and inadequate structures to control this. Furthermore, a much too narrow focus on milk (bumpiness of order intake), an inefficient procurement (limited scale) as well as an over engineered product design (limited modularisation) weigh on profitability.

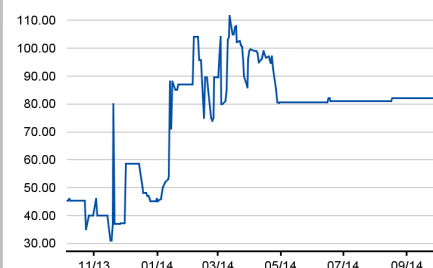
**Mutares thus aims to turn around the company within the next two years** by 1) increasing the modularisation of the product portfolio, 2) raising the outsourcing share with a focus on low cost countries, 3) establishing independent and more effective organisational structures to increase operational excellence and 4) expanding into related end markets (other than milk) in the dairy market. Interestingly, **A+F is already well known to mutares** as the company was a supplier to Hamba Filtech. CEO Dr. Geuer as well as COO Mr. Cornelius were responsible for the successful turnaround of Hamba Filtech prior to the foundation of mutares.

**Action:** We expect the closing of the transaction still in December 2014E and thus include the acquisition into our estimates from 2015E onwards. In addition, we incorporate a one-off tax provision which mutares booked in H1 2014 into our estimates which leads to a reduction of our 2014E EPS.

All in all, the **acquisition of a well known and established German engineering company greatly adds to the quality of mutares' existing portfolio.** In addition, it underscores mutares' ability to find and execute new deals. Moreover, given managements' strong industry expertise/experience, the targeted turnaround plan as well as financial leeway, the turnaround should be successful and provide a further exit candidate for the future. **BUY with a PT € 150** based on SOTP 2015E.

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	17.7	24.8
Net debt	-14.3	-20.7	-39.5	-19.2	-98.7	-92.5	-105.6
Net gearing	-34.3 %	-39.7 %	-49.4 %	-32.9 %	-117.4 %	-158.6 %	-155.3 %
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	7.55	10.58
CPS	-1.96	-2.56	-6.12	-16.54	1.30	-2.05	6.02
DPS	0.11	0.35	2.04	10.00	1.00	1.20	1.40
Dividend yield	0.1 %	0.4 %	2.6 %	12.8 %	1.3 %	1.5 %	1.8 %
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 %	9.9 %	14.7 %
EV/sales	1.2	1.0	0.4	0.3	0.1	0.1	0.1
EV/EBITDA	9.1	8.3	6.0	14.7	4.1	2.7	1.8
EV/EBIT	14.5	12.1	9.6	-19.2	10.8	4.4	2.6
PER	19.1	18.4	16.7	-20.2	37.5	10.4	7.4
Adjusted FCF yield	6.8 %	8.0 %	9.3 %	-2.7 %	3.8 %	13.8 %	21.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 17.10.2014



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 111.50 / 31.10

**Price/Book Ratio:** 2.3

**Relative performance (SDAX):**

3 months 14.5 %

6 months -8.2 %

12 months 68.2 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	693.2	8.1	2.86
	Δ	-0.6%	-0.9%	-27.1%
2015	old:	732.2	25.8	9.21
	Δ	3.1%	-17.6%	-18.0%
2016	old:	785.0	34.9	11.81
	Δ	2.8%	-10.2%	-10.4%

### 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.

**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	1.2	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	-0.5	-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>20.8</b>	<b>31.0</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>20.8</b>	<b>31.0</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>17.7</b>	<b>24.8</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>17.7</b>	<b>24.8</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>17.7</b>	<b>24.8</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>7.55</b>	<b>10.58</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 %	0.0 %
<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>2.8 %</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>2.8 %</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	121.0	134.1
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>395.3</b>	<b>422.8</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>448.2</b>	<b>473.9</b>
SHAREHOLDERS EQUITY	41.6	52.1	79.9	58.4	84.0	58.4	68.0
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>448.2</b>	<b>473.9</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 %	11.0 %	10.1 %
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>11.8 %</b>	<b>10.8 %</b>
Inventories	25.5 %	23.4 %	25.1 %	24.7 %	22.0 %	22.4 %	22.7 %
Accounts receivable	16.6 %	27.8 %	34.0 %	40.1 %	31.1 %	30.9 %	30.8 %
Other current assets	2.0 %	6.0 %	5.0 %	9.8 %	7.1 %	7.3 %	6.9 %
Liquid assets	14.8 %	14.6 %	17.4 %	14.3 %	27.6 %	27.0 %	28.3 %
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>88.2 %</b>	<b>89.2 %</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 %	13.0 %	14.4 %
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 %	6.4 %	6.0 %
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 %	25.9 %	25.8 %
<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>32.8 %</b>	<b>32.3 %</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 %	27.7 %	28.0 %
Advance payments received on orders	4.5 %	2.8 %	4.7 %	12.5 %	9.1 %	9.3 %	8.8 %
Other liabilities (incl. from lease and rental contracts)	9.8 %	17.4 %	12.2 %	14.7 %	16.0 %	16.8 %	16.2 %
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>54.2 %</b>	<b>53.4 %</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	17.7	24.8
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	-3.2	33.7
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>8.2</b>	<b>27.9</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	-3.8	15.9
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	2.3	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>-2.3</b>	<b>-2.8</b>
Increase/decrease in liquid assets	1.5	7.2	30.0	-6.1	82.1	-6.1	13.1
<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>121.0</b>	<b>134.1</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 %	261.6 %	40.2 %
<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	-3.8	15.9
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 %	-21.5 %	64.2 %
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	-92.5	-105.6
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	-1.6	-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 %	47.9 %	15.9 %	13.2 %
<b>Asset utilisation</b>							
Capital employed turnover	1.8	1.7	1.6	2.0	3.1	3.7	3.7
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 %	9.9 %	14.7 %
ROE	19.9 %	16.6 %	11.9 %	-13.5 %	5.8 %	30.3 %	36.4 %
<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	1.0	1.2	1.4
EPS reported	4.09	4.25	4.69	-3.88	2.09	7.55	10.58
<b>Valuation ratios</b>							
P/BV	3.8	3.0	2.0	2.7	2.2	3.1	2.7
EV/sales	1.2	1.0	0.4	0.3	0.1	0.1	0.1
EV/EBITDA	9.1	8.3	6.0	14.7	4.1	2.7	1.8
EV/EBITA	14.5	12.1	9.6	-19.2	10.8	4.4	2.6
EV/EBIT	14.5	12.1	9.6	-19.2	10.8	4.4	2.6
EV/FCF	-116.8	-46.8	-10.3	-2.6	20.9	-24.5	5.0
Adjusted FCF yield	6.8 %	8.0 %	9.3 %	-2.7 %	3.8 %	13.8 %	21.3 %
Dividend yield	0.1 %	0.4 %	2.6 %	12.8 %	1.3 %	1.5 %	1.8 %

Source: Company data, Hauck & Aufhäuser

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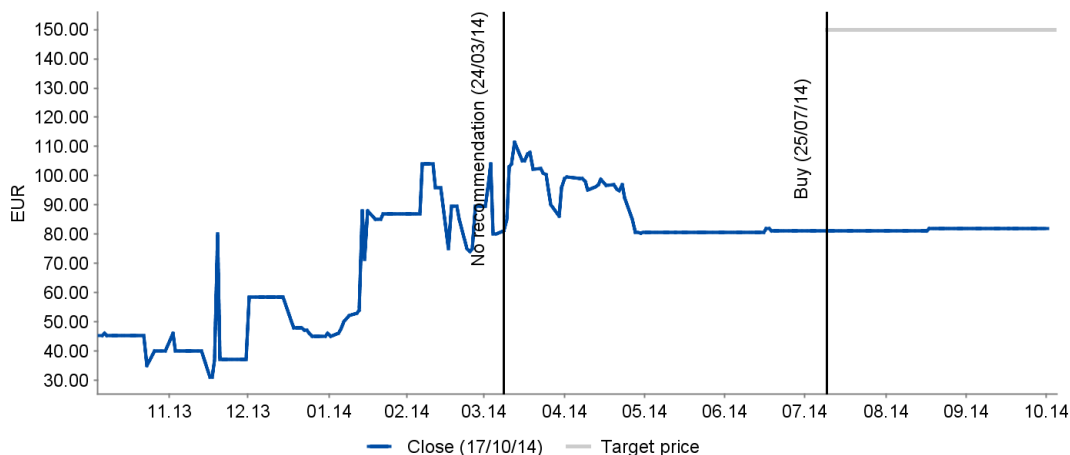
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Company	Disclosure
mutares AG	5, 7

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

**Price and Rating History  
mutares AG as of 20/10/14**

**Initiation coverage**  
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