

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 79.50	<b>Next result:</b>	H1 30.09.14
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 186.0 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 89.5 m

16-March-15

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### Strong year end expected driving healthy dividend

Following our recent discussion with the company, our impression is that mutares is operationally well on track. Hence, we feel comfortable with **our FY 2014E estimates which imply a sound H2 performance**. In addition, M&A activity looks set to become more dynamic going forward.

**Trading:** We expect mutares to post **strong H2 sales growth of almost 90% yoy to € 380m** which should be primarily driven by the consolidation of Pixmania, STS as well as a strong performance at Eupec. **EBITDA hence is seen to reach € 10m up from -€ 0.8m in H2 2013**, reflecting the sound operating performance across the portfolio:

- **Eupec:** Pipeline coating specialist Eupec should have **exceeded initial expectations in 2014E, growing to >€ 50m in FY sales while substantially increasing operating FY EBITDA to an expected € 10m**. Moreover, Eupec continues to thrive on strong order dynamics going into 2015E and boasts an order backlog with visibility well into 2016E. While the exit process continues to be protracted amid differing price expectations, we nevertheless expect Eupec to notably contribute to the cashflow of the holding (H&A: € 10m). This should allow for a healthy dividend payment to shareholders.
- **STS Acoustics:** Automotive supplier STS has been a very successful restructuring case so far. Key measures taken primarily were the consolidation of the production footprint and supply chain optimisation. As a result, we expect STS to have turned break-even on a cashflow basis already within one year since acquisition. STS hence is seen to reach € 115m in FY sales with a **quicker than expected improvement in operating FY EBITDA from € - 4m in 2013 (bought in 2013 from Autoneum) to a slightly positive result of ~ € 1m**.
- **Pixmania:** A busy Christmas season in Q4 should have allowed online retailer Pixmania to stabilise sales again in Q4 2014E following its deep restructuring throughout the year. Overall **EBITDA losses should have been reduced from € 38m before the takeover in 2013 to a run rate of only around € 10m**. Given the substantial amount of cash (H&A: >€ 50m) resulting from the original dowry of more than € 70m, the company seems well equipped to complete its restructuring going forward with **break-even expected in 2015/16E**. - continued -



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 111.50 / 66.00  
**Price/Book Ratio:** 2.2  
**Relative performance (SDAX):**  
3 months -6.7 %  
6 months -12.2 %  
12 months -33.0 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	688.9	8.0	2.09
	Δ	-	-	-
2015	old:	754.6	21.3	7.52
	Δ	-	-	-
2016	old:	807.0	31.3	10.56
	Δ	-	-	-

### Key share data:

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

### Major shareholders:

Founders 60.0 %  
Free Float 40.0 %

### Company description:

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

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	127.6	159.3	301.2	347.0	688.3	752.2	802.2
Sales growth	110 %	25 %	89 %	15 %	98 %	9 %	7 %
EBITDA	17.3	18.5	22.4	5.9	21.1	34.3	45.1
EBIT	10.9	12.6	14.1	-4.5	8.0	21.3	31.3
Net income	8.3	8.6	9.5	-7.9	4.9	17.6	24.7
Net debt	-14.3	-20.7	-39.5	-19.2	-98.8	-85.8	-99.2
Net gearing	-34.3 %	-39.7 %	-49.4 %	-32.9 %	-117.6 %	-167.3 %	-163.0 %
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	2.08	7.52	10.56
CPS	-1.96	-2.56	-6.12	-16.54	1.35	-1.98	6.15
DPS	0.11	0.35	2.04	10.00	4.00	1.20	1.40
Dividend yield	0.1 %	0.4 %	2.6 %	12.6 %	5.0 %	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 %	4.6 %	5.6 %
EBIT margin	8.5 %	7.9 %	4.7 %	-1.3 %	1.2 %	2.8 %	3.9 %
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	4.0 %	10.0 %	15.2 %
EV/sales	1.3	1.0	0.5	0.3	0.1	0.1	0.1
EV/EBITDA	9.3	8.4	6.1	15.2	4.2	3.0	2.0
EV/EBIT	14.7	12.3	9.7	-19.8	11.1	4.8	2.9
PER	19.4	18.7	17.0	-20.5	38.1	10.6	7.5
Adjusted FCF yield	6.7 %	7.9 %	9.2 %	-2.6 %	3.7 %	13.6 %	19.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 13.03.2015

- **GeesinkNorba:** mutares' waste collection truck specialist has seen a **strong rebound in order intakes since spring 2014E**, driven by 1) the re-entry of the German market and 2) extensive sales activities in Eastern Europe where the company gained further traction. Nevertheless, **2014E FY sales are expected to be slightly down to ~ € 83m** (2013: € 86m) on the back of the introduction of the Euro 6 norm in January 2014 (no specialty chassis available for 2-3 months). **FY operating EBITDA therefore is expected at around € 1m.**
- **Elastomer:** Automotive supplier Elastomer should have thrived on sound order dynamics driven by a better time to market as well as the opening of its new plant in Morocco, putting the company closer to its customers. **FY sales are therefore seen to increase by c. 10% yoy to € 23m while we expect the company to be profitable** despite significant investments and the ramp-up of production in Morocco. For 2015E, we expect up to 40% yoy sales growth to € 32m on the back of the full ramp-up of the Moroccan facility as well as the opening of an additional plant in Mexico. Profitability hence is likely to increase further amid economies of scale (H&A: € 2m EBITDA), rendering the company an attractive exit candidate in the mid term.

**Dividend:** We expect management to propose a **dividend of at least € 4.00 per share which would offer shareholders an attractive yield of 5%** and is payable in May 2015E. The dividend looks set to be largely financed by the strong operating performance of the portfolio companies and Eupec in particular.

**M&A outlook:** With regards to acquisitions, we expect **management to step up its activities notably with 2-3 transactions expected this year** (vs 1 in 2014). The recent opening of a French office in Paris moreover underlines that mutares is eager to further expand its activities in markets in which the company has been successful in the past. Talking to the company, the **M&A pipeline looks well filled with a number of potential larger targets with sales of > € 100m** (deal structure should as always be: low purchase price with healthy balance sheet) which in our view would be a clearly positive step.

On the exit side, our impression is that **a number of smaller divestments are likely going forward**. In our view, this could involve the "older" but relatively small companies such as CGVL, Suir, FTW, etc. While we expect overall **exit proceeds to be around € 5m, clearing up the portfolio and opening further space for new and larger acquisitions** should be positive news.

All in all, the operational performance of mutares is seen to remain sound driven by management's persistent restructuring efforts. On the back of **increasing M&A newsflow and given the prospects of sound dividend payments** going forward, the stock remains a **BUY** with a **PT of € 150** based on SOTP 2015E.

**Financials**

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>127.6</b>	<b>159.3</b>	<b>301.2</b>	<b>347.0</b>	<b>688.3</b>	<b>752.2</b>	<b>802.2</b>
<i>Sales growth</i>	110.2 %	24.8 %	89.1 %	15.2 %	98.3 %	9.3 %	6.6 %
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>688.3</b>	<b>752.2</b>	<b>802.2</b>
Other operating income	29.7	20.9	52.8	40.2	68.8	52.7	56.2
Material expenses	66.7	69.6	138.7	210.3	344.1	353.5	373.0
Personnel expenses	47.8	50.9	90.1	106.5	227.1	225.7	236.6
Other operating expenses	31.9	36.6	103.0	79.7	164.7	191.4	203.6
Total operating expenses	116.7	136.2	279.0	356.3	667.1	718.0	757.1
<b>EBITDA</b>	<b>17.3</b>	<b>18.5</b>	<b>22.4</b>	<b>5.9</b>	<b>21.1</b>	<b>34.3</b>	<b>45.1</b>
Depreciation	6.4	5.9	8.3	10.4	13.1	13.0	13.8
<b>EBITA</b>	<b>10.9</b>	<b>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>8.0</b>	<b>21.3</b>	<b>31.3</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>10.9</b>	<b>12.6</b>	<b>14.1</b>	<b>-4.5</b>	<b>8.0</b>	<b>21.3</b>	<b>31.3</b>
Interest income	0.4	0.1	0.2	1.0	2.5	1.1	1.3
Interest expenses	1.6	1.0	1.1	1.8	1.7	1.7	1.7
Other financial result	0.8	0.0	0.0	0.6	0.0	0.0	0.0
Financial result	-2.0	-0.9	-0.9	-1.4	0.8	-0.6	-0.4
<b>Recurring pretax income from continuing operations</b>	<b>8.9</b>	<b>11.7</b>	<b>13.2</b>	<b>-6.0</b>	<b>8.9</b>	<b>20.7</b>	<b>30.9</b>
Extraordinary income/loss	-1.0	-2.5	-2.7	-0.2	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>7.9</b>	<b>9.2</b>	<b>10.5</b>	<b>-6.1</b>	<b>8.9</b>	<b>20.7</b>	<b>30.9</b>
Taxes	-0.4	0.6	1.0	1.8	4.0	3.1	6.2
<b>Net income from continuing operations</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>-7.9</b>	<b>4.9</b>	<b>17.6</b>	<b>24.7</b>
Average number of shares	2.0	2.0	2.0	2.0	2.3	2.3	2.3
<b>EPS reported</b>	<b>4.09</b>	<b>4.25</b>	<b>4.69</b>	<b>-3.88</b>	<b>2.08</b>	<b>7.52</b>	<b>10.56</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	5.0 %	-2.9 %	0.0 %	4.4 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>105.0 %</b>	<b>97.1 %</b>	<b>100.0 %</b>	<b>104.4 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	23.3 %	13.1 %	17.5 %	11.6 %	10.0 %	7.0 %	7.0 %
Material expenses	52.3 %	43.7 %	46.0 %	60.6 %	50.0 %	47.0 %	46.5 %
Personnel expenses	37.5 %	32.0 %	29.9 %	30.7 %	33.0 %	30.0 %	29.5 %
Other operating expenses	25.0 %	23.0 %	34.2 %	23.0 %	23.9 %	25.4 %	25.4 %
Total operating expenses	91.5 %	85.5 %	92.6 %	102.7 %	96.9 %	95.4 %	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>4.6 %</b>	<b>5.6 %</b>
Depreciation	5.0 %	3.7 %	2.7 %	3.0 %	1.9 %	1.7 %	1.7 %
<b>EBITA</b>	<b>8.5 %</b>	<b>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>1.2 %</b>	<b>2.8 %</b>	<b>3.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>8.5 %</b>	<b>7.9 %</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>1.2 %</b>	<b>2.8 %</b>	<b>3.9 %</b>
Interest income	0.3 %	0.1 %	0.1 %	0.3 %	0.4 %	0.2 %	0.2 %
Interest expenses	1.2 %	0.6 %	0.4 %	0.5 %	0.2 %	0.2 %	0.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.6 %	-0.5 %	-0.3 %	-0.4 %	0.1 %	-0.1 %	-0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>7.0 %</b>	<b>7.4 %</b>	<b>4.4 %</b>	<b>-1.7 %</b>	<b>1.3 %</b>	<b>2.8 %</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	101.2	100.3	107.0
Accounts receivable	16.6	41.2	102.5	133.9	143.3	138.1	145.1
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	127.3	114.3	127.7
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>406.8</b>	<b>387.8</b>	<b>414.9</b>
<b>TOTAL ASSETS</b>	<b>100.3</b>	<b>148.4</b>	<b>301.3</b>	<b>334.0</b>	<b>460.8</b>	<b>440.7</b>	<b>466.0</b>
SHAREHOLDERS EQUITY	41.6	52.1	79.9	58.4	84.0	51.3	60.9
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.6	1.0	12.9	28.5	28.5	28.5	28.5
Provisions for pensions and similar obligations	13.4	14.6	15.4	2.1	2.3	2.4	2.5
Other provisions	14.7	25.8	84.6	85.7	110.7	116.3	122.0
<b>Non-current liabilities</b>	<b>28.6</b>	<b>41.4</b>	<b>113.0</b>	<b>116.3</b>	<b>141.5</b>	<b>147.1</b>	<b>153.0</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	13.7	23.5	54.8	66.9	118.1	123.7	131.9
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>235.2</b>	<b>242.3</b>	<b>252.1</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>460.8</b>	<b>440.7</b>	<b>466.0</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>4.1 %</b>	<b>3.2 %</b>	<b>1.3 %</b>	<b>0.7 %</b>	<b>0.5 %</b>	<b>0.5 %</b>	<b>0.5 %</b>
Property, plant and equipment	36.5 %	24.0 %	15.6 %	9.5 %	11.0 %	11.2 %	10.2 %
Financial assets	0.0 %	0.1 %	0.6 %	0.3 %	0.2 %	0.2 %	0.2 %
<b>FIXED ASSETS</b>	<b>40.6 %</b>	<b>27.3 %</b>	<b>17.6 %</b>	<b>10.5 %</b>	<b>11.7 %</b>	<b>12.0 %</b>	<b>11.0 %</b>
Inventories	25.5 %	23.4 %	25.1 %	24.7 %	22.0 %	22.8 %	23.0 %
Accounts receivable	16.6 %	27.8 %	34.0 %	40.1 %	31.1 %	31.3 %	31.1 %
Other current assets	2.0 %	6.0 %	5.0 %	9.8 %	7.1 %	7.4 %	7.0 %
Liquid assets	14.8 %	14.6 %	17.4 %	14.3 %	27.6 %	25.9 %	27.4 %
Deferred taxes	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.5 %	0.7 %	0.9 %	0.6 %	0.5 %	0.5 %	0.5 %
<b>CURRENT ASSETS</b>	<b>59.4 %</b>	<b>72.7 %</b>	<b>82.4 %</b>	<b>89.5 %</b>	<b>88.3 %</b>	<b>88.0 %</b>	<b>89.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	41.5 %	35.1 %	26.5 %	17.5 %	18.2 %	11.6 %	13.1 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	0.6 %	0.7 %	4.3 %	8.5 %	6.2 %	6.5 %	6.1 %
Provisions for pensions and similar obligations	13.3 %	9.8 %	5.1 %	0.6 %	0.5 %	0.5 %	0.5 %
Other provisions	14.6 %	17.4 %	28.1 %	25.7 %	24.0 %	26.4 %	26.2 %
<b>Non-current liabilities</b>	<b>28.5 %</b>	<b>27.9 %</b>	<b>37.5 %</b>	<b>34.8 %</b>	<b>30.7 %</b>	<b>33.4 %</b>	<b>32.8 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	13.6 %	15.8 %	18.2 %	20.0 %	25.6 %	28.1 %	28.3 %
Advance payments received on orders	4.5 %	2.8 %	4.7 %	12.5 %	9.1 %	9.5 %	9.0 %
Other liabilities (incl. from lease and rental contracts)	9.8 %	17.4 %	12.2 %	14.7 %	16.0 %	17.1 %	16.5 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	1.9 %	0.9 %	0.9 %	0.4 %	0.3 %	0.4 %	0.4 %
<b>Current liabilities</b>	<b>29.9 %</b>	<b>37.0 %</b>	<b>36.0 %</b>	<b>47.7 %</b>	<b>51.1 %</b>	<b>55.0 %</b>	<b>54.1 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	8.3	8.6	9.5	-7.9	4.9	17.6	24.7
Depreciation of fixed assets (incl. leases)	6.4	5.9	8.3	10.4	13.1	13.0	13.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	0.0	3.8	0.4	0.0	0.0	0.0
Others	-16.7	-9.8	-11.5	-31.2	-29.8	-33.9	-4.9
Cash flow from operations before changes in w/c	-1.2	4.7	10.0	-28.2	-11.8	-3.3	33.6
Increase/decrease in inventory	-4.3	-0.8	66.1	-14.6	11.2	0.9	-6.7
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	15.6	5.2	-7.0
Increase/decrease in accounts payable	8.7	-3.2	-80.3	20.1	1.3	5.5	8.2
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	28.1	11.7	-5.4
<b>Cash flow from operating activities</b>	<b>3.2</b>	<b>0.7</b>	<b>-4.1</b>	<b>-22.7</b>	<b>16.3</b>	<b>8.4</b>	<b>28.2</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	78.3	-3.6	16.2
Increase/decrease in debt position	0.0	0.4	11.0	8.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.8	0.0	0.0	24.2	0.0	0.0
Dividends paid	0.0	0.2	0.7	4.1	20.3	9.4	2.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	1.6	0.0	-0.2	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.9</b>	<b>10.3</b>	<b>3.9</b>	<b>3.9</b>	<b>-9.4</b>	<b>-2.8</b>
Increase/decrease in liquid assets	1.5	7.2	30.0	-6.1	82.2	-13.0	13.4
<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>127.3</b>	<b>114.3</b>	<b>127.7</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 %	98.3 %	9.3 %	6.6 %
EBITDA growth	115.5 %	6.8 %	21.0 %	-73.6 %	258.0 %	62.2 %	31.6 %
EBIT growth	79.1 %	16.0 %	11.6 %	-132.1 %	-277.9 %	164.8 %	47.2 %
EPS growth	104.2 %	4.0 %	10.1 %	-182.8 %	-153.7 %	260.8 %	40.3 %
<b>Efficiency</b>							
Total operating costs / sales	91.5 %	85.5 %	92.6 %	102.7 %	96.9 %	95.4 %	94.4 %
Sales per employee	88.3	95.1	102.0	139.0	255.6	n/a	n/a
EBITDA per employee	12.0	11.0	7.6	2.4	7.8	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	58.0	42.9	41.6
<b>Cash flow analysis</b>							
Free cash flow	-1.4	-3.3	-13.1	-33.4	4.3	-3.6	16.2
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 %	87.2 %	-20.6 %	65.6 %
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	-98.8	-85.8	-99.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.3	-0.4	-0.5	-0.3	-1.2	-1.7	-1.6
Interest cover	7.0	12.4	12.9	0.0	4.7	12.4	18.3
Dividend payout ratio	2.7 %	8.2 %	43.5 %	100.0 %	191.9 %	16.0 %	13.3 %
<b>Asset utilisation</b>							
Capital employed turnover	1.8	1.7	1.6	2.0	3.1	3.8	3.8
Operating assets turnover	2.1	1.9	1.9	2.5	5.1	6.1	6.4
Plant turnover	3.5	4.5	6.4	11.0	13.6	15.2	16.8
Inventory turnover (sales/inventory)	5.0	4.6	4.0	4.2	6.8	7.5	7.5
<b>Returns</b>							
ROCE	14.9 %	15.4 %	9.8 %	-2.5 %	4.0 %	10.0 %	15.2 %
ROE	19.9 %	16.6 %	11.9 %	-13.5 %	5.8 %	34.3 %	40.6 %
<b>Other</b>							
Interest paid / avg. debt	167.0 %	130.3 %	15.7 %	8.8 %	6.0 %	6.0 %	6.0 %
No. employees (average)	1445	1674	2953	2496	2693	0	0
Number of shares	2.0	2.0	2.0	2.0	2.3	2.3	2.3
DPS	0.1	0.4	2.0	10.0	4.0	1.2	1.4
EPS reported	4.09	4.25	4.69	-3.88	2.08	7.52	10.56
<b>Valuation ratios</b>							
P/BV	3.9	3.1	2.0	2.8	2.2	3.6	3.1
EV/sales	1.3	1.0	0.5	0.3	0.1	0.1	0.1
EV/EBITDA	9.3	8.4	6.1	15.2	4.2	3.0	2.0
EV/EBITA	14.7	12.3	9.7	-19.8	11.1	4.8	2.9
EV/EBIT	14.7	12.3	9.7	-19.8	11.1	4.8	2.9
EV/FCF	-118.6	-47.5	-10.4	-2.7	21.0	-28.3	5.5
Adjusted FCF yield	6.7 %	7.9 %	9.2 %	-2.6 %	3.7 %	13.6 %	19.7 %
Dividend yield	0.1 %	0.4 %	2.6 %	12.6 %	5.0 %	1.5 %	1.8 %

Source: Company data, Hauck & Aufhäuser

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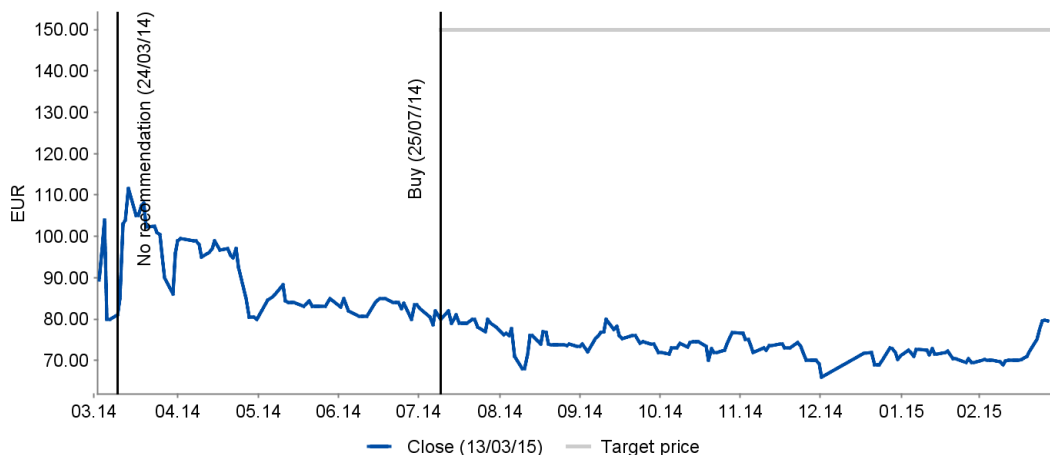
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Company	Disclosure
mutares AG	5, 7

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

**Price and Rating History  
mutares AG as of 16/03/15**

**Initiation coverage**  
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