

Buy (old: Buy)

Price target: EUR 24.00 (old: EUR 20.83)

Price: EUR 17.90 **Next result:** Q2 17.09.15
Bloomberg: MUX GR **Market cap:** EUR 251.3 m
Reuters: MUXG.BE **Enterprise Value:** EUR 234.7 m

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Taking the next level at the capital markets, chg. in est. & PT

Following mutares' sound operating performance and latest M&A activity, the company is aiming to enter the next level at the capital markets through a **dedicated focus on intensified investor relations activity, operational excellence as well as exits**. As we consolidate some of the latest acquisitions & exits and roll valuation to SOTP 2016E (old: 2015E) to adequately reflect the value potential going forward, we derive a **new PT of € 24** (old: € 21).

Investor relations: Following mutares' re-IPO last year, the company is taking another step in establishing itself at the capital markets:

- § **NAV calculation:** Starting in September, **mutares looks set to regularly publish its NAV on a company level** which is a major milestone and looks set to significantly increase transparency and insight into the operating development as well as the exit potential of the portfolio.
- § **Conference calls:** Updating investors about current developments on a regular basis through **conference calls, starting with Q2 results**, looks set to improve interaction with investors and provides insights into current developments.
- § **Bonus shares:** Following the sound share price development of >50% since the beginning of the year, pushing the company's market cap to >€ 250m, mutares issued bonus shares at ratio of 1:5 last Friday in order to increase the liquidity of the share. Supported by the sound market cap development, **this looks set to additionally increase the attractiveness of the stock**.

Exit potential: In addition, the **exit potential for mutares looks substantial** as the planned new North Stream project increase chances of an exit at Eupec and STS Acoustics is developing into the exit stage. **Total exit proceeds over the next 2-3 years thus should be around € 70-160m** providing investors with a significant return:

- § **Eupec:** The chances for a successful exit from Eupec, mutares' oil & gas pipeline coating specialist, substantially increased as Gazprom and its partners recently signed LOIs for the **construction of two additional North Stream pipeline strings**, connecting Russia and Germany through the Baltic Sea by 2020E (hence project start likely in 2016/17E). Given Eupec's excellent track record in the last project, chances are that Eupec is going to receive the order with an estimated sales volume of >€ 600m for Eupec alone. The project thus **would imply an additional NPV of € 3.6 per share and thus substantial upside for investors** (15% EBITDA margin, 30% tax rate, 10% WACC, lifetime 4 years). - *continued* -

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	159.3	301.2	347.0	648.1	721.7	882.8	905.5
Sales growth	25 %	89 %	15 %	87 %	11 %	22 %	3 %
EBITDA	18.5	22.4	5.9	30.9	29.4	38.9	41.0
EBIT	12.6	14.1	-4.5	15.5	12.4	21.4	23.3
Net income	8.6	9.5	-7.9	8.5	8.6	14.8	14.8
Net debt	-20.7	-39.5	-19.2	-42.0	-16.6	-15.7	-15.7
Net gearing	-39.7 %	-49.4 %	-32.9 %	-51.5 %	-20.3 %	-27.2 %	-26.5 %
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	0.61	1.06	1.06
CPS	-0.43	-1.02	-2.76	-4.73	-4.13	0.72	0.23
DPS	0.06	0.34	1.67	0.78	0.78	0.23	0.25
Dividend yield	0.3 %	1.9 %	9.3 %	4.4 %	4.4 %	1.3 %	1.4 %
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 %	4.1 %	4.4 %	4.5 %
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 %	5.5 %	9.8 %	11.1 %
EV/sales	1.3	0.6	0.6	0.3	0.3	0.3	0.3
EV/EBITDA	11.5	8.7	35.5	6.8	8.0	6.1	5.7
EV/EBIT	16.8	13.8	-46.4	13.5	19.0	11.0	10.1
PER	25.2	22.9	-27.7	29.5	29.2	17.0	17.0
Adjusted FCF yield	5.8 %	6.6 %	-2.0 %	8.1 %	4.7 %	7.3 %	7.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 13.07.2015



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 17.90 / 11.00
Price/Book Ratio: 3.1
Relative performance (SDAX):
3 months 8.5 %
6 months 26.4 %
12 months 14.0 %

Changes in estimates

		Sales	EBIT	EPS
2015	old:	722.4	15.3	4.63
	Δ	-0.1%	-19.2%	-86.8%
2016	old:	789.9	22.3	7.02
	Δ	11.8%	-4.2%	-85.0%
2017	old:	805.7	24.7	7.22
	Δ	12.4%	-5.8%	-85.4%

Key share data:

Number of shares: (in m pcs) 14.0
Authorised capital: (in € m) 0.0
Book value per share: (in €) 5.8
Ø trading volume: (12 months) 560

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.

The prospects of the new North Stream project thus look set to **substantially increase the attractiveness of the business and would provide the buyer with a backlog of several years**. Already today, Eupec generates an EBITDA of around € 10m which should allow for exit proceeds of € 30-50m even without the potential North Stream opportunity.

- § **Additional bonus:** Most importantly however, **mutares owns the only factory at the Baltic Sea to realise such a project**. Thus even in case a competitor would receive the order, the project would have to go through this facility. The facility was originally built for ~€ 80m and is in mutares books at € 1 currently. A sale of the facility thus has become very likely and **alone could bring proceeds between € 20-60m, providing additional upside of € 2.9 per share at the mid point**. Although mutares seeks to sell Eupec including the facility, a separate sale remains a possibility.
- § **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, STS turned break-even on a cashflow basis already within one year since acquisition and is seen to reach € 120m in FY sales with a **quicker than expected improvement in operating FY EBITDA from € - 4m in 2013** (bought in 2013 from Autoneum) **to ~ € 4m in 2015E**. On the back of the successful turnaround as well as ongoing sound operating dynamics, we expect the company to become an **attractive exit candidate in the next two year with expected proceeds of € 20-50m**.

Acquisitions: Following already three acquisitions this year, **M&A momentum looks set to remain sound with at least 1-2 acquisitions still expected this year**.

On the back of this, **mutares is gradually approaching an annualised sales level of € 1bn** (today ~€ 850m of annualised sales) which should provide for a diversified and well balanced portfolio with companies at different stages of their lifecycle.

Action: 2016/17E sales estimates are increased by 12% while EBIT estimates are reduced by 19% for 2015E and 4-5% in 2016/17E on the back of 1) the deconsolidation of Suir Pharma by mid 2015E (sold in June 2015; ~€ 20m sales & slightly positive EBITDA), 2) the consolidation of online retailer Grossbill (~€ 100m sales p.a., ~€ 3m EBITDA loss) as well as 3) the consolidation of wood processing specialist Metsä Wood France (~€ 35m sales p.a., slightly negative EBITDA). Moreover, mutares looks set to receive € 15-20m of cash in order to finance the restructuring of both companies. In addition, the recent issuance of bonus shares at a ratio of 1:5 has been incorporated, explaining most of the EPS change. The potential of the North Stream project is not yet reflected in our estimates.

All in all, **mutares is increasingly becoming an established player at the capital market**. Given the sound mid-term exit potential, dynamic acquisition activity as well as an increased focus on capital markets communication, **newsflow looks set to remain sound going forward**. The stock thus is a clear **BUY** with a new **PT of € 24** (old: € 21) based on SOTP 2016E (old: 2015E) which does not yet account for the significant upside potential stemming from the North Stream project (€ 3.6 per share in case of project win; € 2.9 per share in case of factory sale).

Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Net sales	159.3	301.2	347.0	648.1	721.7	882.8	905.5
<i>Sales growth</i>	24.8 %	89.1 %	15.2 %	86.8 %	11.4 %	22.3 %	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
Total sales	154.7	301.3	362.2	646.6	721.7	882.8	905.5
Other operating income	20.9	52.8	40.2	74.7	57.7	61.8	63.4
Material expenses	69.6	138.7	210.3	417.1	454.7	410.5	421.1
Personnel expenses	50.9	90.1	106.5	156.7	166.0	260.4	267.1
Other operating expenses	36.6	103.0	79.7	116.6	129.4	234.8	239.7
Total operating expenses	136.2	279.0	356.3	615.7	692.4	844.0	864.5
EBITDA	18.5	22.4	5.9	30.9	29.4	38.9	41.0
Depreciation	5.9	8.3	10.4	15.4	17.0	17.5	17.7
EBITA	12.6	14.1	-4.5	15.5	12.4	21.4	23.3
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	12.4	21.4	23.3
Interest income	0.1	0.2	1.0	0.1	0.5	0.5	0.5
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	-1.6	-1.6	-2.1
Recurring pretax income from continuing operations	11.7	13.2	-6.0	13.1	10.7	19.8	21.2
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	10.7	19.8	21.2
Taxes	0.6	1.0	1.8	4.6	2.1	4.9	6.4
Net income from continuing operations	8.6	9.5	-7.9	8.5	8.6	14.8	14.8
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	8.6	14.8	14.8
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	8.6	14.8	14.8
Average number of shares	12.2	12.2	12.2	14.0	14.0	14.0	14.0
EPS reported	0.71	0.78	-0.65	0.61	0.61	1.06	1.06

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 %	0.0 %	0.0 %	0.0 %
Total sales	97.1 %	100.0 %	104.4 %	99.8 %	100.0 %	100.0 %	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 %	63.0 %	46.5 %	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 %	17.9 %	26.6 %	26.5 %
Total operating expenses	85.5 %	92.6 %	102.7 %	95.0 %	95.9 %	95.6 %	95.5 %
EBITDA	11.6 %	7.4 %	1.7 %	4.8 %	4.1 %	4.4 %	4.5 %
Depreciation	3.7 %	2.7 %	3.0 %	2.4 %	2.4 %	2.0 %	2.0 %
EBITA	7.9 %	4.7 %	-1.3 %	2.4 %	1.7 %	2.4 %	2.6 %
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 %	1.7 %	2.4 %	2.6 %
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 %
Recurring pretax income from continuing operations	7.4 %	4.4 %	-1.7 %	2.0 %	1.5 %	2.2 %	2.3 %
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 %	1.5 %	2.2 %	2.3 %
Tax rate	6.6 %	9.3 %	-28.8 %	35.1 %	20.0 %	25.0 %	30.0 %
Net income from continuing operations	5.4 %	3.2 %	-2.3 %	1.3 %	1.2 %	1.7 %	1.6 %
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 %	1.2 %	1.7 %	1.6 %
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 %	1.2 %	1.7 %	1.6 %

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	64.8	63.3	61.6
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	74.6	73.1	71.4
Inventories	34.8	75.7	82.5	93.9	99.5	116.2	119.1
Accounts receivable	41.2	102.5	133.9	175.8	178.0	193.5	198.5
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	48.9	48.0	48.0
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	330.0	361.4	369.3
TOTAL ASSETS	148.4	301.3	334.0	403.0	404.6	434.4	440.7
SHAREHOLDERS EQUITY	52.1	79.9	58.4	81.5	81.8	57.8	59.5
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	98.9	145.1	148.8
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	177.2	225.4	230.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	148.4	301.3	334.0	403.0	404.6	434.4	440.7

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
Intangible assets	3.2 %	1.3 %	0.7 %	2.2 %	2.2 %	2.1 %	2.0 %
Property, plant and equipment	24.0 %	15.6 %	9.5 %	11.4 %	16.0 %	14.6 %	14.0 %
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 %	18.4 %	16.8 %	16.2 %
Inventories	23.4 %	25.1 %	24.7 %	23.3 %	24.6 %	26.7 %	27.0 %
Accounts receivable	27.8 %	34.0 %	40.1 %	43.6 %	44.0 %	44.5 %	45.0 %
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 %	12.1 %	11.0 %	10.9 %
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 %	0.8 %	0.8 %
CURRENT ASSETS	72.7 %	82.4 %	89.5 %	86.2 %	81.6 %	83.2 %	83.8 %
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 %	20.2 %	13.3 %	13.5 %
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 %	8.0 %	7.4 %	7.3 %
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 %	28.0 %	27.4 %	27.0 %
Non-current liabilities	27.9 %	37.5 %	34.8 %	34.8 %	36.0 %	34.8 %	34.3 %
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 %	24.4 %	33.4 %	33.8 %
Advance payments received on orders	2.8 %	4.7 %	12.5 %	8.5 %	8.7 %	8.4 %	8.2 %
Other liabilities (incl. from lease and rental contracts)	17.4 %	12.2 %	14.7 %	10.2 %	10.3 %	9.8 %	9.9 %
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 %	43.8 %	51.9 %	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)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	8.6	9.5	-7.9	8.5	8.6	14.8	14.8
Depreciation of fixed assets (incl. leases)	5.9	8.3	10.4	15.4	17.0	17.5	17.7
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	-10.0
Cash flow from operations before changes in w/c	4.7	10.0	-28.2	-44.3	-39.0	11.0	22.5
Increase/decrease in inventory	-0.8	66.1	-14.6	61.5	-5.7	-16.6	-3.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-2.2	-15.5	-5.0
Increase/decrease in accounts payable	-3.2	-80.3	20.1	-70.8	-6.1	46.3	3.7
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	-3.9	14.1	-4.2
Cash flow from operating activities	0.7	-4.1	-22.7	-54.5	-42.9	25.1	18.3
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	-45.0	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	33.0	-15.0	-15.0
Cash flow before financing	6.2	19.9	-10.0	18.6	-9.9	10.1	3.3
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	-20.9	-0.9	0.0
Liquid assets at end of period	21.2	51.2	45.1	69.8	48.9	48.0	48.0

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 %	11.4 %	22.3 %	2.6 %
EBITDA growth	6.8 %	21.0 %	-73.6 %	424.0 %	-5.1 %	32.4 %	5.4 %
EBIT growth	16.0 %	11.6 %	-132.1 %	-443.4 %	-20.3 %	73.0 %	8.9 %
EPS growth	4.0 %	10.1 %	-182.8 %	-193.7 %	1.0 %	72.4 %	0.0 %
Efficiency							
Total operating costs / sales	85.5 %	92.6 %	102.7 %	95.0 %	95.9 %	95.6 %	95.5 %
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 %	15.4 %	14.4 %
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	90.0	80.0	80.0
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	90.5	54.3	54.3
Cash flow analysis							
Free cash flow	-3.3	-13.1	-33.4	-71.1	-57.9	10.1	3.3
Free cash flow/sales	-2.0 %	-4.4 %	-9.6 %	-11.0 %	-8.0 %	1.1 %	0.4 %
FCF / net profit	-37.8 %	-138.2 %	424.9 %	-835.3 %	-673.8 %	68.1 %	22.3 %
Capex / depre	67.2 %	76.9 %	103.5 %	109.3 %	88.2 %	85.7 %	84.7 %
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
Security							
Net debt	-20.7	-39.5	-19.2	-42.0	-16.6	-15.7	-15.7
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	-0.2	-0.3	-0.3
Interest cover	12.4	12.9	0.0	6.2	5.9	10.2	9.0
Dividend payout ratio	8.2 %	43.5 %	100.0 %	129.2 %	128.0 %	22.1 %	23.7 %
Asset utilisation							
Capital employed turnover	1.7	1.6	2.0	2.9	3.2	4.2	4.3
Operating assets turnover	1.9	1.9	2.5	3.7	3.5	4.6	4.7
Plant turnover	4.5	6.4	11.0	14.2	11.1	14.0	14.7
Inventory turnover (sales/inventory)	4.6	4.0	4.2	6.9	7.3	7.6	7.6
Returns							
ROCE	15.4 %	9.8 %	-2.5 %	7.8 %	5.5 %	9.8 %	11.1 %
ROE	16.6 %	11.9 %	-13.5 %	10.4 %	10.5 %	25.6 %	24.9 %
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	12.2	12.2	12.2	14.0	14.0	14.0	14.0
DPS	0.1	0.3	1.7	0.8	0.8	0.2	0.3
EPS reported	0.71	0.78	-0.65	0.61	0.61	1.06	1.06
Valuation ratios							
P/BV	4.2	2.7	3.7	3.1	3.1	4.3	4.2
EV/sales	1.3	0.6	0.6	0.3	0.3	0.3	0.3
EV/EBITDA	11.5	8.7	35.5	6.8	8.0	6.1	5.7
EV/EBITA	16.8	13.8	-46.4	13.5	19.0	11.0	10.1
EV/EBIT	16.8	13.8	-46.4	13.5	19.0	11.0	10.1
EV/FCF	-64.8	-14.8	-6.3	-2.9	-4.1	23.4	71.4
Adjusted FCF yield	5.8 %	6.6 %	-2.0 %	8.1 %	4.7 %	7.3 %	7.3 %
Dividend yield	0.3 %	1.9 %	9.3 %	4.4 %	4.4 %	1.3 %	1.4 %

Source: Company data, Hauck & Aufhäuser

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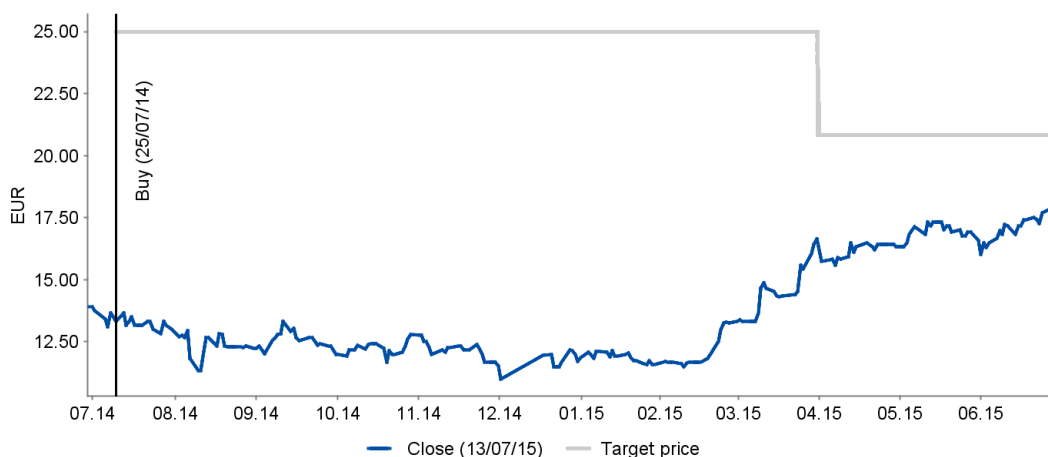
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Company	Disclosure
mutares AG	5

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

**Price and Rating History
mutares AG as of 14/07/15**

Initiation coverage
24-March-14



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