

Buy (old: Buy)

Price target: EUR 20.00 (old: EUR 23.00)

Price:	EUR 12.21	Next result:	Q3 08.11.16
Bloomberg:	MUX GR	Market cap:	EUR 188.5 m
Reuters:	MUXG.BE	Enterprise Value:	EUR 243.3 m

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Mixed Q2, reorganisation to strengthen execution, chg in est. & PT

Mutares reported mixed Q2/H1 figures last week showing solid Q2 sales growth while EBITDA was down significantly due to a reorganisation of the business, lower contributions from Eupec as well as the consolidation of loss-making acquisitions. On the positive side, mutares made an **important step forward in professionalising its business** in order to increase the scalability of its business model and drive execution on its M&A pipeline.

Newflow on the sale of its pipeline was not provided. Since North Stream and Wasco have however committed to the location in Mukran (Germany), we expect **newsflow to come up soon.**

Figures: Q2 sales grew solidly by 11.3% yoy to € 158m which broadly met expectations (H&A: € 163m). This was primarily due to sound organic growth at STS Acoustics and Geesinknorba as well as the consolidation of Zanders and Norsilk (H&A: >€ 100m in FY). H1 sales remained flat yoy at € 311m which was largely due to the deconsolidation of Pixmania and Suir Pharma affecting Q1.

Q2 EBITDA was down to € -0.4m and thus below estimates (H&A: € 6m) amid 1) costs related to a major reorganisation of mutares' business (H&A: € 1-2m), 2) the consolidation of new (loss-making) companies (Zanders, Norsilk), and 3) weaker oil & gas related businesses such as Eupec and BSL. In addition, Pixmania had contributed with high badwill releases last year. H1 EBITDA thus was down 69% yoy to € 4.0m. **Management was however confident that H2 profitability should improve** notably thanks to efficiency gains at Zanders, Norsilk as well as Geesinknorba.

H1 net income (reported only on half year basis) was down to € -6.8m on the back of the lower EBITDA performance.

NAV: The NAV at the end of H1 stood at € 311m and thus was down by 12% from 31 December 15. This was primarily due to a lower value for Eupec/BSL (€ 74m vs € 92m) which continues to suffer from a reduction of investments in the pipeline sector. Moreover, a lower value for Grosbill as well as a lower cash position at the holding level should explain the rest.

While Q2 figures are rather mixed, management's efforts to reorganise and focus its operations is a positive move and should help to institutionalise and accelerate execution in operations as well as M&A.

- continued -

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	301.2	347.0	648.1	683.8	688.1	705.5	719.6
Sales growth	89 %	15 %	87 %	6 %	1 %	3 %	2 %
EBITDA	22.4	5.9	30.9	39.9	24.3	29.6	33.8
EBIT	14.1	-4.5	15.5	19.6	9.3	13.6	17.0
Net income	9.5	-7.9	8.5	7.9	5.7	7.9	10.3
Net debt	-39.5	-19.2	-42.0	-46.1	-16.4	-9.8	-12.8
Net gearing	-49.4 %	-32.9 %	-51.5 %	-37.0 %	-22.3 %	-16.6 %	-26.4 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.78	-0.65	0.61	0.51	0.37	0.51	0.66
CPS	-1.02	-2.76	-4.73	-3.90	-1.54	-0.17	0.45
DPS	0.34	1.67	0.78	0.60	0.25	0.25	0.25
Dividend yield	2.8 %	13.7 %	6.4 %	4.9 %	2.0 %	2.0 %	2.0 %
Gross profit margin	54.0 %	41.9 %	35.5 %	33.3 %	36.5 %	36.5 %	36.5 %
EBITDA margin	7.4 %	1.7 %	4.8 %	5.8 %	3.5 %	4.2 %	4.7 %
EBIT margin	4.7 %	-1.3 %	2.4 %	2.9 %	1.4 %	1.9 %	2.4 %
ROCE	9.8 %	-2.5 %	7.8 %	7.5 %	3.3 %	5.4 %	7.1 %
EV/sales	0.4	0.4	0.2	0.3	0.4	0.4	0.3
EV/EBITDA	5.6	21.9	4.2	5.3	10.0	8.6	7.4
EV/EBIT	8.8	-28.7	8.3	10.7	26.2	18.6	14.7
PER	15.6	-18.9	20.1	23.7	33.3	23.9	18.4
Adjusted FCF yield	10.0 %	-2.8 %	12.6 %	10.9 %	3.0 %	4.3 %	4.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.09.2016



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 19.50 / 11.97

Price/Book Ratio: 2.6

Relative performance (SDAX):

3 months -17.7 %

6 months -24.9 %

12 months -47.6 %

Changes in estimates

		Sales	EBIT	EPS
2016	old:	709.0	17.0	0.75
	Δ	-2.9%	-45.3%	-51.0%
2017	old:	728.5	19.4	0.78
	Δ	-3.2%	-29.8%	-34.6%
2018	old:	743.1	20.0	0.81
	Δ	-3.2%	-15.0%	-17.8%

Key share data:

Number of shares: (in m pcs) 15.4

Authorised capital: (in € m) 7.0

Book value per share: (in €) 4.7

Ø trading volume: (12 months) 5,400

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.

New setup: To achieve this, mutares has **refocused its business on five target industries to capitalise on its expertise** in these areas and is implementing clear hierarchies and responsibilities: 1) Automotive & Industrial (40% of NAV), 2) Construction & Infrastructure (24% of NAV), 3) Consumer Goods & Logistics (12% of NAV), 4) Engineering & Technology (12% of NAV), and 5) Wood & Paper (11% of NAV).

This is important firstly because apart from operational know-how and contacts in these industries, **mutares is increasingly perceived as a strategic investor/player** and less as a PE firm which helps to source (add-on) acquisitions and exit opportunities within these industries.

Secondly, mutares aims to **strengthen its portfolio companies through add-on acquisitions in order to achieve a critical size** and add new products, markets and footprint to make companies more attractive for strategic buyers.

Moving to new and larger offices to accommodate the growth of the company, mutares has divided its operations into M&A and operations and placed strong emphasis to **complement its team with highly specialised professionals**.

Action: We reduce our sales and EBIT estimates in order to reflect the weaker than expected development of Eupec and BSL as well as temporary one-off costs related to the reorganisation.

All in all, **while Q2 figures were disappointing re-focussing and strengthening mutares' organisation is a major step forward** in institutionalising its processes in operations and M&A. In addition, the sale of the Eupec plant is expected to be announced soon which should provide positive newsflow and attractive cash proceeds. **BUY** with a **new PT of € 20** (old: € 23) based on NAV.

mutares AG	Q2 16	Q2 16 est	Q2 15	yoy	Q1 16	qoq	H1 16	H1 15	yoy
Sales	157.8	163.0	141.7	11.4%	152.8	3.3%	310.6	311.6	-0.3%
EBITDA	-0.4	6.0	8.7	n.a.	4.4	n.a.	4.0	12.9	-68.7%
EBITDA margin	-0.2%	1.6%	6.2%	- 6.4 pp	2.9%	- 3.1 pp	1.3%	4.1%	- 2.8 pp
EBIT							-3.1	5.3	n.a.
EBIT margin							-1.0%	1.7%	- 2.7 pp
Net profit							-6.8	1.7	n.a.
Net margin							-2.2%	0.5%	- 2.7 pp

Source: company data, H&A

NAV overview	31 Jun 16	% of total
Eupec/BSL	74.1	24%
STS Acoustics	54.8	18%
Elastomer Solutions	41.6	13%
A+F	35.6	11%
GeesinkNorba	26.8	9%
Artmadis	24.3	8%
Zanders	15.8	5%
Norsilk (old Metsä Wood)	14.1	5%
Holding cash	23.8	8%
Total	310.9	100%

Source: Company data; Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Net sales	301.2	347.0	648.1	683.8	688.1	705.5	719.6
<i>Sales growth</i>	89.1 %	15.2 %	86.8 %	5.5 %	0.6 %	2.5 %	2.0 %
Increase/decrease in finished goods and work-in-process	0.1	15.2	-1.4	-28.5	0.0	0.0	0.0
Total sales	301.3	362.2	646.6	655.4	688.1	705.5	719.6
Other operating income	52.8	40.2	74.7	92.8	55.1	56.4	57.6
Material expenses	138.7	210.3	417.1	437.3	437.0	448.0	456.9
Personnel expenses	90.1	106.5	156.7	151.9	158.3	158.7	158.3
Other operating expenses	103.0	79.7	116.6	119.0	123.6	125.6	128.1
Total operating expenses	279.0	356.3	615.7	615.5	663.8	675.9	685.8
EBITDA	22.4	5.9	30.9	39.9	24.3	29.6	33.8
Depreciation	8.3	10.4	15.4	20.3	15.0	16.0	16.8
EBITA	14.1	-4.5	15.5	19.6	9.3	13.6	17.0
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	14.1	-4.5	15.5	19.6	9.3	13.6	17.0
Interest income	0.2	1.0	0.1	0.2	0.5	0.4	0.4
Interest expenses	1.1	1.8	2.5	7.9	2.3	2.8	2.8
Other financial result	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Financial result	-0.9	-1.4	-2.4	-7.7	-1.8	-2.4	-2.4
Recurring pretax income from continuing operations	13.2	-6.0	13.1	11.9	7.5	11.3	14.7
Extraordinary income/loss	-2.7	-0.2	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	10.5	-6.1	13.1	11.9	7.5	11.3	14.7
Taxes	1.0	1.8	4.6	5.1	1.9	3.4	4.4
Net income from continuing operations	9.5	-7.9	8.5	6.8	5.7	7.9	10.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	9.5	-7.9	8.5	6.8	5.7	7.9	10.3
Minority interest	0.0	0.0	0.0	-1.1	0.0	0.0	0.0
Net income (net of minority interest)	9.5	-7.9	8.5	7.9	5.7	7.9	10.3
Average number of shares	12.2	12.2	14.0	15.4	15.4	15.4	15.4
EPS reported	0.78	-0.65	0.61	0.51	0.37	0.51	0.66

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
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	0.0 %	4.4 %	-0.2 %	-4.2 %	0.0 %	0.0 %	0.0 %
Total sales	100.0 %	104.4 %	99.8 %	95.8 %	100.0 %	100.0 %	100.0 %
Other operating income	17.5 %	11.6 %	11.5 %	13.6 %	8.0 %	8.0 %	8.0 %
Material expenses	46.0 %	60.6 %	64.4 %	63.9 %	63.5 %	63.5 %	63.5 %
Personnel expenses	29.9 %	30.7 %	24.2 %	22.2 %	23.0 %	22.5 %	22.0 %
Other operating expenses	34.2 %	23.0 %	18.0 %	17.4 %	18.0 %	17.8 %	17.8 %
Total operating expenses	92.6 %	102.7 %	95.0 %	90.0 %	96.5 %	95.8 %	95.3 %
EBITDA	7.4 %	1.7 %	4.8 %	5.8 %	3.5 %	4.2 %	4.7 %
Depreciation	2.7 %	3.0 %	2.4 %	3.0 %	2.2 %	2.3 %	2.3 %
EBITA	4.7 %	-1.3 %	2.4 %	2.9 %	1.4 %	1.9 %	2.4 %
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	4.7 %	-1.3 %	2.4 %	2.9 %	1.4 %	1.9 %	2.4 %
Interest income	0.1 %	0.3 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.4 %	0.5 %	0.4 %	1.2 %	0.3 %	0.4 %	0.4 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-0.3 %	-0.4 %	-0.4 %	-1.1 %	-0.3 %	-0.3 %	-0.3 %
Recurring pretax income from continuing operations	4.4 %	-1.7 %	2.0 %	1.7 %	1.1 %	1.6 %	2.0 %
Extraordinary income/loss	-0.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	3.5 %	-1.8 %	2.0 %	1.7 %	1.1 %	1.6 %	2.0 %
Tax rate	9.3 %	-28.8 %	35.1 %	43.0 %	25.0 %	30.0 %	30.0 %
Net income from continuing operations	3.2 %	-2.3 %	1.3 %	1.0 %	0.8 %	1.1 %	1.4 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.2 %	-2.3 %	1.3 %	1.0 %	0.8 %	1.1 %	1.4 %
Minority interest	0.0 %	0.0 %	0.0 %	-0.2 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	3.2 %	-2.3 %	1.3 %	1.2 %	0.8 %	1.1 %	1.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Intangible assets	4.0	2.3	8.9	5.1	5.1	5.1	5.1
Property, plant and equipment	47.1	31.6	45.8	81.9	82.9	82.9	66.1
Financial assets	2.0	1.1	0.9	0.6	0.6	0.6	0.6
FIXED ASSETS	53.1	35.0	55.6	87.5	88.5	88.5	71.7
Inventories	75.7	82.5	93.9	112.1	90.5	91.0	92.9
Accounts receivable	102.5	133.9	175.8	143.2	169.7	168.2	171.5
Other current assets	15.0	32.8	0.0	0.1	0.1	0.1	0.1
Liquid assets	52.4	47.7	74.3	81.2	51.5	44.9	47.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	2.6	2.1	3.4	2.7	2.8	2.8	2.8
CURRENT ASSETS	248.2	299.0	347.4	339.2	314.5	306.9	315.1
TOTAL ASSETS	301.3	334.0	403.0	426.8	403.1	395.5	386.8
SHAREHOLDERS EQUITY	79.9	58.4	81.5	124.7	73.3	59.0	48.4
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	12.9	28.5	32.3	35.1	35.1	35.1	35.1
Provisions for pensions and similar obligations	15.4	2.1	0.0	67.8	71.2	74.7	74.7
Other provisions	84.6	85.7	107.9	73.5	77.0	77.0	77.0
Non-current liabilities	113.0	116.3	140.2	176.3	183.3	186.8	186.8
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	54.8	66.9	104.9	75.3	94.3	96.6	98.6
Advance payments received on orders	14.3	41.8	34.2	11.8	12.8	12.8	12.8
Other liabilities (incl. from lease and rental contracts)	36.8	49.2	41.0	37.9	38.6	39.4	39.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	2.6	1.5	1.2	0.7	0.8	0.8	0.8
Current liabilities	108.5	159.3	181.3	125.7	146.5	149.7	151.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	301.3	334.0	403.0	426.8	403.1	395.5	386.8

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
Intangible assets	1.3 %	0.7 %	2.2 %	1.2 %	1.3 %	1.3 %	1.3 %
Property, plant and equipment	15.6 %	9.5 %	11.4 %	19.2 %	20.6 %	21.0 %	17.1 %
Financial assets	0.6 %	0.3 %	0.2 %	0.1 %	0.1 %	0.1 %	0.2 %
FIXED ASSETS	17.6 %	10.5 %	13.8 %	20.5 %	22.0 %	22.4 %	18.5 %
Inventories	25.1 %	24.7 %	23.3 %	26.3 %	22.5 %	23.0 %	24.0 %
Accounts receivable	34.0 %	40.1 %	43.6 %	33.6 %	42.1 %	42.5 %	44.3 %
Other current assets	5.0 %	9.8 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Liquid assets	17.4 %	14.3 %	18.4 %	19.0 %	12.8 %	11.4 %	12.4 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.9 %	0.6 %	0.9 %	0.6 %	0.7 %	0.7 %	0.7 %
CURRENT ASSETS	82.4 %	89.5 %	86.2 %	79.5 %	78.0 %	77.6 %	81.5 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	26.5 %	17.5 %	20.2 %	29.2 %	18.2 %	14.9 %	12.5 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	4.3 %	8.5 %	8.0 %	8.2 %	8.7 %	8.9 %	9.1 %
Provisions for pensions and similar obligations	5.1 %	0.6 %	0.0 %	15.9 %	17.7 %	18.9 %	19.3 %
Other provisions	28.1 %	25.7 %	26.8 %	17.2 %	19.1 %	19.5 %	19.9 %
Non-current liabilities	37.5 %	34.8 %	34.8 %	41.3 %	45.5 %	47.2 %	48.3 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	18.2 %	20.0 %	26.0 %	17.6 %	23.4 %	24.4 %	25.5 %
Advance payments received on orders	4.7 %	12.5 %	8.5 %	2.8 %	3.2 %	3.2 %	3.3 %
Other liabilities (incl. from lease and rental contracts)	12.2 %	14.7 %	10.2 %	8.9 %	9.6 %	10.0 %	10.2 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	0.9 %	0.4 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
Current liabilities	36.0 %	47.7 %	45.0 %	29.5 %	36.3 %	37.8 %	39.2 %
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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	9.5	-7.9	8.5	6.8	5.7	7.9	10.3
Depreciation of fixed assets (incl. leases)	8.3	10.4	15.4	20.3	15.0	16.0	16.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.8	0.4	0.0	0.0	0.0	0.0	0.0
Others	-11.5	-31.2	-68.2	-100.6	-43.5	-15.0	0.0
Cash flow from operations before changes in w/c	10.0	-28.2	-44.3	-73.6	-22.8	8.9	27.1
Increase/decrease in inventory	66.1	-14.6	61.5	95.1	21.5	-0.5	-1.8
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-26.5	1.5	-3.4
Increase/decrease in accounts payable	-80.3	20.1	-70.8	-77.3	19.0	2.4	1.9
Increase/decrease in other working capital positions	0.0	0.0	-0.9	10.5	0.0	0.0	0.0
Increase/decrease in working capital	-14.2	5.5	-10.2	28.3	14.0	3.4	-3.3
Cash flow from operating activities	-4.1	-22.7	-54.5	-45.3	-8.8	12.3	23.8
CAPEX	9.0	10.7	16.6	9.8	12.0	15.0	17.0
Payments for acquisitions	0.0	0.0	-85.5	-50.9	-7.0	0.0	0.0
Financial investments	0.3	0.5	0.2	0.0	0.0	0.0	0.0
Income from asset disposals	33.3	23.9	4.4	-6.5	0.0	0.0	0.0
Cash flow from investing activities	24.0	12.7	73.0	34.5	-5.0	-15.0	-17.0
Cash flow before financing	19.9	-10.0	18.6	-10.8	-13.8	-2.7	6.8
Increase/decrease in debt position	11.0	8.0	2.0	0.6	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	0.0	25.0	24.6	0.0	0.0	0.0
Dividends paid	0.7	4.1	20.3	11.0	9.3	3.9	3.9
Others	0.0	0.0	0.0	-1.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.2	0.0	-0.5	2.8	0.0	0.0	0.0
Cash flow from financing activities	10.3	3.9	6.6	12.6	-9.3	-3.9	-3.9
Increase/decrease in liquid assets	30.0	-6.1	24.7	4.7	-23.0	-6.6	2.9
Liquid assets at end of period	51.2	45.1	69.8	74.5	51.5	44.9	47.9

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
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)	2012	2013	2014	2015	2016E	2017E	2018E
P&L growth analysis							
Sales growth	89.1 %	15.2 %	86.8 %	5.5 %	0.6 %	2.5 %	2.0 %
EBITDA growth	21.0 %	-73.6 %	424.0 %	28.9 %	-39.0 %	21.9 %	14.1 %
EBIT growth	11.6 %	-132.1 %	-443.4 %	26.4 %	-52.5 %	46.5 %	24.9 %
EPS growth	10.1 %	-182.8 %	-193.7 %	-15.1 %	-28.8 %	39.5 %	30.1 %
Efficiency							
Total operating costs / sales	92.6 %	102.7 %	95.0 %	90.0 %	96.5 %	95.8 %	95.3 %
Sales per employee	102.0	139.0	240.6	n/a	n/a	n/a	n/a
EBITDA per employee	7.6	2.4	11.5	n/a	n/a	n/a	n/a
Balance sheet analysis							
Avg. working capital / sales	26.2 %	31.2 %	18.4 %	21.8 %	23.3 %	21.5 %	21.0 %
Inventory turnover (sales/inventory)	4.0	4.2	6.9	6.1	7.6	7.8	7.8
Trade debtors in days of sales	124.2	140.8	99.0	76.4	90.0	87.0	87.0
A/P turnover [(A/P*365)/sales]	66.4	70.3	59.1	40.2	50.0	50.0	50.0
Cash conversion cycle (days)	179.3	167.9	89.3	107.2	86.9	82.4	82.4
Cash flow analysis							
Free cash flow	-13.1	-33.4	-71.1	-55.1	-20.8	-2.7	6.8
Free cash flow/sales	-4.4 %	-9.6 %	-11.0 %	-8.1 %	-3.0 %	-0.4 %	0.9 %
FCF / net profit	-138.2 %	424.9 %	-835.3 %	-693.7 %	-367.5 %	-34.2 %	66.4 %
Capex / depre	76.9 %	103.5 %	109.3 %	48.7 %	80.0 %	93.8 %	101.2 %
Capex / maintenance capex	0.0 %	101.7 %	100.0 %	106.7 %	106.7 %	106.7 %	0.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	-39.5	-19.2	-42.0	-46.1	-16.4	-9.8	-12.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.5	-0.3	-0.5	-0.4	-0.2	-0.2	-0.3
Interest cover	12.9	0.0	6.2	2.5	4.1	4.9	6.1
Dividend payout ratio	43.5 %	100.0 %	129.2 %	116.6 %	68.3 %	48.9 %	37.6 %
Asset utilisation							
Capital employed turnover	1.6	2.0	2.9	2.3	2.7	2.9	3.1
Operating assets turnover	1.9	2.5	3.7	2.7	2.9	3.0	3.3
Plant turnover	6.4	11.0	14.2	8.4	8.3	8.5	10.9
Inventory turnover (sales/inventory)	4.0	4.2	6.9	6.1	7.6	7.8	7.8
Returns							
ROCE	9.8 %	-2.5 %	7.8 %	7.5 %	3.3 %	5.4 %	7.1 %
ROE	11.9 %	-13.5 %	10.4 %	6.4 %	7.7 %	13.4 %	21.2 %
Other							
Interest paid / avg. debt	15.7 %	8.8 %	8.2 %	23.5 %	6.5 %	8.0 %	8.0 %
No. employees (average)	2953	2496	2693	0	0	0	0
Number of shares	12.2	12.2	14.0	15.4	15.4	15.4	15.4
DPS	0.3	1.7	0.8	0.6	0.3	0.3	0.3
EPS reported	0.78	-0.65	0.61	0.51	0.37	0.51	0.66
Valuation ratios							
P/BV	1.9	2.5	2.1	1.5	2.6	3.2	3.9
EV/sales	0.4	0.4	0.2	0.3	0.4	0.4	0.3
EV/EBITDA	5.6	21.9	4.2	5.3	10.0	8.6	7.4
EV/EBITA	8.8	-28.7	8.3	10.7	26.2	18.6	14.7
EV/EBIT	8.8	-28.7	8.3	10.7	26.2	18.6	14.7
EV/FCF	-9.5	-3.9	-1.8	-3.8	-11.7	-93.9	36.8
Adjusted FCF yield	10.0 %	-2.8 %	12.6 %	10.9 %	3.0 %	4.3 %	4.9 %
Dividend yield	2.8 %	13.7 %	6.4 %	4.9 %	2.0 %	2.0 %	2.0 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
mutares AG	3

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

**Price and Rating History
mutares AG as of 22/09/16**

Initiation coverage
24-March-14



Company	Date	Analyst	Rating	Target price	Close
mutares AG	26.05.2016		Buy	EUR 23.00	-
	11.05.2016		Buy	EUR 23.00	-
	26.04.2016		Buy	EUR 23.00	-
	22.03.2016		Buy	EUR 22.00	-
	11.11.2015		Buy	EUR 23.00	-

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