

**Buy** (old: Buy)

**Price target: EUR 20.00** (old: EUR 20.00)

<b>Price:</b>	EUR 12.86	<b>Next result:</b>	Q3 08.11.16
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 198.5 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 263.3 m

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### Gaining critical mass at STS, attractive add-on, chg. in est.

Mutares recently made an **irrevocable offer for two French factories producing truck interior & exterior parts to the Mecaplast Group** (~€ 700m sales) which intends to focus on its passenger car business. This is an important add-on acquisition to STS Acoustics and sets the base to create a comprehensive truck supplier offering critical size, production footprint and product spectrum. Pending workers council negotiations, the transaction is expected to be signed and closed until the end of the year. Our estimates are hence changed to reflect the acquisition by 2017E.

**The factories generate sales of € 70m p.a. and should generate a high single digit EBITDA margin** (H&A: 6-7%) following its integration with STS. Moreover, the company has a **sound order backlog of € 600m providing visibility for several years** thanks to winning several new model series (model range lifetime up to 12 years).

**We expect mutares to pay € 9-10m for both factories on a debt-free basis.** The purchase price looks set to be financed by STS through its operating cashflow as well as some debt.

**Assuming a 6x EV/EBITDA multiple to be fair, this would imply a positive impact of >€ 1.0/share on mutares' NAV.** The transaction thus looks value accretive.

The acquisition thus is a **genuine add-on acquisition to STS and a major strategic milestone for the development of STS.** Key advantages are 1) a highly complementary product (interior & exterior parts for trucks next to STS thermal and acoustic trim parts), 2) complementary customers (Mecaplast Peugeot-Nissan, Honda vs STS Daimler, Volvo, etc.) allowing for notable cross-selling potential, 3) significant synergies in procurement, and 4) full integration into STS as no overhead is taken over.

Most importantly, this lifts the combined group's sales to >€ 200m spread over production sites in France, Italy and Poland with all major truck OEMs as key customers. Effectively **this makes STS a more integrated group with a much clearer value proposition to a potential buyer.**

The add-on acquisition is part of mutares' strategy to **focus on five target industry clusters and develop its holdings into relevant industry players** in order to 1) generate additional M&A opportunities and 2) make portfolio companies more attractive exit candidates.

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Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	301.2	347.0	648.1	683.8	688.1	771.8	787.2
Sales growth	89 %	15 %	87 %	6 %	1 %	12 %	2 %
EBITDA	22.4	5.9	30.9	39.9	24.3	34.1	38.8
EBIT	14.1	-4.5	15.5	19.6	9.3	17.1	20.9
Net income	9.5	-7.9	8.5	7.9	5.6	10.3	12.9
Net debt	-39.5	-19.2	-42.0	-46.1	-6.3	-1.8	-8.5
Net gearing	-49.4 %	-32.9 %	-51.5 %	-37.0 %	-10.0 %	-3.6 %	-19.5 %
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	0.36	0.67	0.84
CPS	-1.02	-2.76	-4.73	-3.90	-1.54	-0.04	0.63
DPS	0.34	1.67	0.78	0.60	0.25	0.25	0.25
Dividend yield	2.6 %	13.0 %	6.1 %	4.7 %	1.9 %	1.9 %	1.9 %
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 %	4.4 %	4.9 %
EBIT margin	4.7 %	-1.3 %	2.4 %	2.9 %	1.4 %	2.2 %	2.7 %
ROCE	9.8 %	-2.5 %	7.8 %	7.5 %	3.4 %	7.1 %	8.9 %
EV/sales	0.4	0.4	0.2	0.3	0.4	0.4	0.3
EV/EBITDA	5.9	23.5	4.5	5.5	10.8	7.9	6.8
EV/EBIT	9.4	-30.7	8.9	11.2	28.3	15.8	12.7
PER	16.5	-19.9	21.2	25.0	35.6	19.3	15.3
Adjusted FCF yield	9.5 %	-2.7 %	11.9 %	10.4 %	2.8 %	5.3 %	5.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 27.09.2016



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 19.50 / 11.80

**Price/Book Ratio:** 3.1

**Relative performance (SDAX):**

3 months -11.0 %

6 months -20.8 %

12 months -43.9 %

### Changes in estimates

		Sales	EBIT	EPS
2016	old:	688.1	9.3	0.37
	Δ	-	-	-
2017	old:	705.5	13.6	0.51
	Δ	9.4%	25.8%	30.5%
2018	old:	719.6	17.0	0.66
	Δ	9.4%	22.9%	26.0%

### Key share data:

Number of shares: (in m pcs) 15.4

Authorised capital: (in € m) 7.0

Book value per share: (in €) 4.1

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.

## mutares AG

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All in all, the **transaction underscores managements' commitment to develop and increase the attractiveness of mutares' portfolio**. Moreover, the recently announced reorganisation of mutares focussing on five target industries and implementing clear organisational structures is a vital step in professionalising the company's operations. **BUY** with a **PT of € 20** based on NAV.

**Financials**

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Net sales</b>	<b>301.2</b>	<b>347.0</b>	<b>648.1</b>	<b>683.8</b>	<b>688.1</b>	<b>771.8</b>	<b>787.2</b>
<i>Sales growth</i>	89.1 %	15.2 %	86.8 %	5.5 %	0.6 %	12.2 %	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
<b>Total sales</b>	<b>301.3</b>	<b>362.2</b>	<b>646.6</b>	<b>655.4</b>	<b>688.1</b>	<b>771.8</b>	<b>787.2</b>
Other operating income	52.8	40.2	74.7	92.8	55.1	61.7	63.0
Material expenses	138.7	210.3	417.1	437.3	437.0	490.1	499.9
Personnel expenses	90.1	106.5	156.7	151.9	158.3	173.6	173.2
Other operating expenses	103.0	79.7	116.6	119.0	123.6	135.6	138.4
Total operating expenses	279.0	356.3	615.7	615.5	663.8	737.6	748.4
<b>EBITDA</b>	<b>22.4</b>	<b>5.9</b>	<b>30.9</b>	<b>39.9</b>	<b>24.3</b>	<b>34.1</b>	<b>38.8</b>
Depreciation	8.3	10.4	15.4	20.3	15.0	17.0	17.9
<b>EBITA</b>	<b>14.1</b>	<b>-4.5</b>	<b>15.5</b>	<b>19.6</b>	<b>9.3</b>	<b>17.1</b>	<b>20.9</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>14.1</b>	<b>-4.5</b>	<b>15.5</b>	<b>19.6</b>	<b>9.3</b>	<b>17.1</b>	<b>20.9</b>
Interest income	0.2	1.0	0.1	0.2	0.4	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	-1.9	-2.4	-2.4
<b>Recurring pretax income from continuing operations</b>	<b>13.2</b>	<b>-6.0</b>	<b>13.1</b>	<b>11.9</b>	<b>7.4</b>	<b>14.7</b>	<b>18.5</b>
Extraordinary income/loss	-2.7	-0.2	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>10.5</b>	<b>-6.1</b>	<b>13.1</b>	<b>11.9</b>	<b>7.4</b>	<b>14.7</b>	<b>18.5</b>
Taxes	1.0	1.8	4.6	5.1	1.9	4.4	5.5
<b>Net income from continuing operations</b>	<b>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>6.8</b>	<b>5.6</b>	<b>10.3</b>	<b>12.9</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>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>6.8</b>	<b>5.6</b>	<b>10.3</b>	<b>12.9</b>
Minority interest	0.0	0.0	0.0	-1.1	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>9.5</b>	<b>-7.9</b>	<b>8.5</b>	<b>7.9</b>	<b>5.6</b>	<b>10.3</b>	<b>12.9</b>
Average number of shares	12.2	12.2	14.0	15.4	15.4	15.4	15.4
<b>EPS reported</b>	<b>0.78</b>	<b>-0.65</b>	<b>0.61</b>	<b>0.51</b>	<b>0.36</b>	<b>0.67</b>	<b>0.84</b>

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<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	0.0 %	4.4 %	-0.2 %	-4.2 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>104.4 %</b>	<b>99.8 %</b>	<b>95.8 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
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 %	17.6 %	17.6 %
Total operating expenses	92.6 %	102.7 %	95.0 %	90.0 %	96.5 %	95.6 %	95.1 %
<b>EBITDA</b>	<b>7.4 %</b>	<b>1.7 %</b>	<b>4.8 %</b>	<b>5.8 %</b>	<b>3.5 %</b>	<b>4.4 %</b>	<b>4.9 %</b>
Depreciation	2.7 %	3.0 %	2.4 %	3.0 %	2.2 %	2.2 %	2.3 %
<b>EBITA</b>	<b>4.7 %</b>	<b>-1.3 %</b>	<b>2.4 %</b>	<b>2.9 %</b>	<b>1.4 %</b>	<b>2.2 %</b>	<b>2.7 %</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>4.7 %</b>	<b>-1.3 %</b>	<b>2.4 %</b>	<b>2.9 %</b>	<b>1.4 %</b>	<b>2.2 %</b>	<b>2.7 %</b>
Interest income	0.1 %	0.3 %	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %
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 %
<b>Recurring pretax income from continuing operations</b>	<b>4.4 %</b>	<b>-1.7 %</b>	<b>2.0 %</b>	<b>1.7 %</b>	<b>1.1 %</b>	<b>1.9 %</b>	<b>2.3 %</b>
Extraordinary income/loss	-0.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.5 %</b>	<b>-1.8 %</b>	<b>2.0 %</b>	<b>1.7 %</b>	<b>1.1 %</b>	<b>1.9 %</b>	<b>2.3 %</b>
Tax rate	9.3 %	-28.8 %	35.1 %	43.0 %	25.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.0 %</b>	<b>0.8 %</b>	<b>1.3 %</b>	<b>1.6 %</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>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.0 %</b>	<b>0.8 %</b>	<b>1.3 %</b>	<b>1.6 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	-0.2 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>3.2 %</b>	<b>-2.3 %</b>	<b>1.3 %</b>	<b>1.2 %</b>	<b>0.8 %</b>	<b>1.3 %</b>	<b>1.6 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>4.0</b>	<b>2.3</b>	<b>8.9</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>
Property, plant and equipment	47.1	31.6	45.8	81.9	82.9	81.9	64.0
Financial assets	2.0	1.1	0.9	0.6	0.6	0.6	0.6
<b>FIXED ASSETS</b>	<b>53.1</b>	<b>35.0</b>	<b>55.6</b>	<b>87.5</b>	<b>88.5</b>	<b>87.5</b>	<b>69.7</b>
Inventories	75.7	82.5	93.9	112.1	90.5	98.3	100.3
Accounts receivable	102.5	133.9	175.8	143.2	169.7	173.4	176.8
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	41.4	36.9	43.6
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
<b>CURRENT ASSETS</b>	<b>248.2</b>	<b>299.0</b>	<b>347.4</b>	<b>339.2</b>	<b>304.5</b>	<b>311.5</b>	<b>323.5</b>
<b>TOTAL ASSETS</b>	<b>301.3</b>	<b>334.0</b>	<b>403.0</b>	<b>426.8</b>	<b>393.0</b>	<b>399.0</b>	<b>393.2</b>
SHAREHOLDERS EQUITY	79.9	58.4	81.5	124.7	63.2	51.3	43.4
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
<b>Non-current liabilities</b>	<b>113.0</b>	<b>116.3</b>	<b>140.2</b>	<b>176.3</b>	<b>183.3</b>	<b>186.8</b>	<b>186.8</b>
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	107.8	110.0
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
<b>Current liabilities</b>	<b>108.5</b>	<b>159.3</b>	<b>181.3</b>	<b>125.7</b>	<b>146.5</b>	<b>160.8</b>	<b>163.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>301.3</b>	<b>334.0</b>	<b>403.0</b>	<b>426.8</b>	<b>393.0</b>	<b>399.0</b>	<b>393.2</b>

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>1.3 %</b>	<b>0.7 %</b>	<b>2.2 %</b>	<b>1.2 %</b>	<b>1.3 %</b>	<b>1.3 %</b>	<b>1.3 %</b>
Property, plant and equipment	15.6 %	9.5 %	11.4 %	19.2 %	21.1 %	20.5 %	16.3 %
Financial assets	0.6 %	0.3 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
<b>FIXED ASSETS</b>	<b>17.6 %</b>	<b>10.5 %</b>	<b>13.8 %</b>	<b>20.5 %</b>	<b>22.5 %</b>	<b>21.9 %</b>	<b>17.7 %</b>
Inventories	25.1 %	24.7 %	23.3 %	26.3 %	23.0 %	24.6 %	25.5 %
Accounts receivable	34.0 %	40.1 %	43.6 %	33.6 %	43.2 %	43.5 %	45.0 %
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 %	10.5 %	9.3 %	11.1 %
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 %
<b>CURRENT ASSETS</b>	<b>82.4 %</b>	<b>89.5 %</b>	<b>86.2 %</b>	<b>79.5 %</b>	<b>77.5 %</b>	<b>78.1 %</b>	<b>82.3 %</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	26.5 %	17.5 %	20.2 %	29.2 %	16.1 %	12.9 %	11.0 %
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 %	8.9 %	8.8 %	8.9 %
Provisions for pensions and similar obligations	5.1 %	0.6 %	0.0 %	15.9 %	18.1 %	18.7 %	19.0 %
Other provisions	28.1 %	25.7 %	26.8 %	17.2 %	19.6 %	19.3 %	19.6 %
<b>Non-current liabilities</b>	<b>37.5 %</b>	<b>34.8 %</b>	<b>34.8 %</b>	<b>41.3 %</b>	<b>46.6 %</b>	<b>46.8 %</b>	<b>47.5 %</b>
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 %	24.0 %	27.0 %	28.0 %
Advance payments received on orders	4.7 %	12.5 %	8.5 %	2.8 %	3.3 %	3.2 %	3.3 %
Other liabilities (incl. from lease and rental contracts)	12.2 %	14.7 %	10.2 %	8.9 %	9.8 %	9.9 %	10.0 %
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 %
<b>Current liabilities</b>	<b>36.0 %</b>	<b>47.7 %</b>	<b>45.0 %</b>	<b>29.5 %</b>	<b>37.3 %</b>	<b>40.3 %</b>	<b>41.5 %</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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	9.5	-7.9	8.5	6.8	5.6	10.3	12.9
Depreciation of fixed assets (incl. leases)	8.3	10.4	15.4	20.3	15.0	17.0	17.9
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	-22.9	12.3	30.8
Increase/decrease in inventory	66.1	-14.6	61.5	95.1	21.5	-7.8	-2.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-26.5	-3.7	-3.5
Increase/decrease in accounts payable	-80.3	20.1	-70.8	-77.3	19.0	13.6	2.2
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	2.1	-3.3
<b>Cash flow from operating activities</b>	<b>-4.1</b>	<b>-22.7</b>	<b>-54.5</b>	<b>-45.3</b>	<b>-8.8</b>	<b>14.4</b>	<b>27.5</b>
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	3.0	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
<b>Cash flow from investing activities</b>	<b>24.0</b>	<b>12.7</b>	<b>73.0</b>	<b>34.5</b>	<b>-15.0</b>	<b>-15.0</b>	<b>-17.0</b>
Cash flow before financing	19.9	-10.0	18.6	-10.8	-23.8	-0.6	10.5
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
<b>Cash flow from financing activities</b>	<b>10.3</b>	<b>3.9</b>	<b>6.6</b>	<b>12.6</b>	<b>-9.3</b>	<b>-3.9</b>	<b>-3.9</b>
Increase/decrease in liquid assets	30.0	-6.1	24.7	4.7	-33.1	-4.5	6.6
<b>Liquid assets at end of period</b>	<b>51.2</b>	<b>45.1</b>	<b>69.8</b>	<b>74.5</b>	<b>41.4</b>	<b>36.9</b>	<b>43.6</b>

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
<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)	2012	2013	2014	2015	2016E	2017E	2018E
<b>P&amp;L growth analysis</b>							
Sales growth	89.1 %	15.2 %	86.8 %	5.5 %	0.6 %	12.2 %	2.0 %
EBITDA growth	21.0 %	-73.6 %	424.0 %	28.9 %	-39.0 %	40.5 %	13.5 %
EBIT growth	11.6 %	-132.1 %	-443.4 %	26.4 %	-52.5 %	84.2 %	22.0 %
EPS growth	10.1 %	-182.8 %	-193.7 %	-15.1 %	-29.8 %	84.5 %	25.6 %
<b>Efficiency</b>							
Total operating costs / sales	92.6 %	102.7 %	95.0 %	90.0 %	96.5 %	95.6 %	95.1 %
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
<b>Balance sheet analysis</b>							
Avg. working capital / sales	26.2 %	31.2 %	18.4 %	21.8 %	23.3 %	19.7 %	19.4 %
Inventory turnover (sales/inventory)	4.0	4.2	6.9	6.1	7.6	7.9	7.9
Trade debtors in days of sales	124.2	140.8	99.0	76.4	90.0	82.0	82.0
A/P turnover [(A/P*365)/sales]	66.4	70.3	59.1	40.2	50.0	51.0	51.0
Cash conversion cycle (days)	179.3	167.9	89.3	107.2	86.9	74.9	74.9
<b>Cash flow analysis</b>							
Free cash flow	-13.1	-33.4	-71.1	-55.1	-20.8	-0.6	10.5
Free cash flow/sales	-4.4 %	-9.6 %	-11.0 %	-8.1 %	-3.0 %	-0.1 %	1.3 %
FCF / net profit	-138.2 %	424.9 %	-835.3 %	-693.7 %	-373.8 %	-5.9 %	81.2 %
Capex / depre	76.9 %	103.5 %	109.3 %	48.7 %	80.0 %	88.2 %	95.2 %
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
<b>Security</b>							
Net debt	-39.5	-19.2	-42.0	-46.1	-6.3	-1.8	-8.5
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	-0.1	0.0	-0.2
Interest cover	12.9	0.0	6.2	2.5	4.1	6.1	7.4
Dividend payout ratio	43.5 %	100.0 %	129.2 %	116.6 %	69.2 %	37.5 %	29.9 %
<b>Asset utilisation</b>							
Capital employed turnover	1.6	2.0	2.9	2.3	2.8	3.2	3.4
Operating assets turnover	1.9	2.5	3.7	2.7	2.9	3.3	3.6
Plant turnover	6.4	11.0	14.2	8.4	8.3	9.4	12.3
Inventory turnover (sales/inventory)	4.0	4.2	6.9	6.1	7.6	7.9	7.9
<b>Returns</b>							
ROCE	9.8 %	-2.5 %	7.8 %	7.5 %	3.4 %	7.1 %	8.9 %
ROE	11.9 %	-13.5 %	10.4 %	6.4 %	8.8 %	20.0 %	29.8 %
<b>Other</b>							
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	0.36	0.67	0.84
<b>Valuation ratios</b>							
P/BV	2.0	2.7	2.2	1.6	3.1	3.9	4.6
EV/sales	0.4	0.4	0.2	0.3	0.4	0.4	0.3
EV/EBITDA	5.9	23.5	4.5	5.5	10.8	7.9	6.8
EV/EBITA	9.4	-30.7	8.9	11.2	28.3	15.8	12.7
EV/EBIT	9.4	-30.7	8.9	11.2	28.3	15.8	12.7
EV/FCF	-10.1	-4.1	-1.9	-4.0	-12.6	-444.2	25.2
Adjusted FCF yield	9.5 %	-2.7 %	11.9 %	10.4 %	2.8 %	5.3 %	5.6 %
Dividend yield	2.6 %	13.0 %	6.1 %	4.7 %	1.9 %	1.9 %	1.9 %

Source: Company data, Hauck & Aufhäuser

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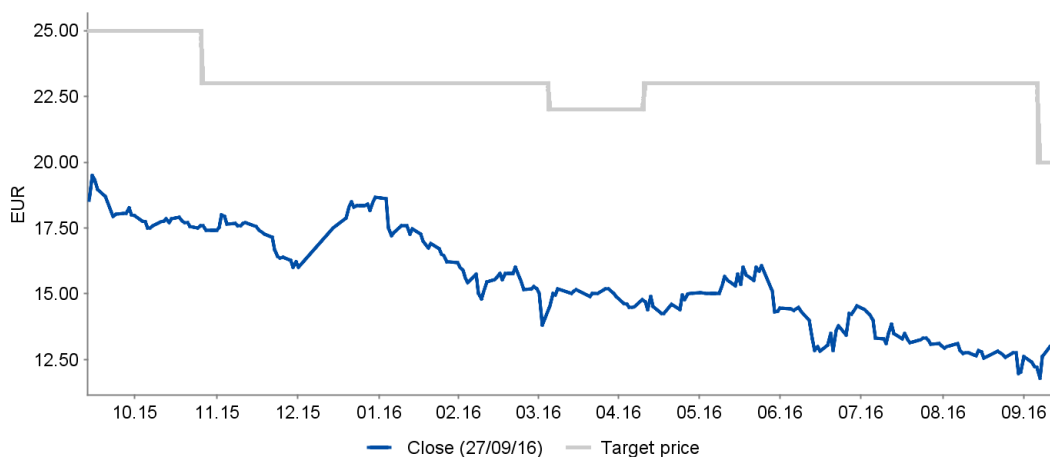
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Company	Disclosure
mutares AG	3

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

**Price and Rating History  
mutares AG as of 28/09/16**

**Initiation coverage**  
24-March-14



Company	Date	Analyst	Rating	Target price	Close
mutares AG	22.09.2016		Buy	EUR 20.00	-
	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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