

Buy (old: Buy)

Price target: EUR 20.00 (old: EUR 20.00)

Price:	EUR 13.83	Next result:	tba
Bloomberg:	MUX GR	Market cap:	EUR 213.5 m
Reuters:	MUXG.BE	Enterprise Value:	EUR 290.3 m

05-July-17

Torben Teichler
Analyst

torben.teichler@ha-research.de
Tel.: +49 40 414 3885 74

STS closes milestone acquisition

Mutares announced that it has just **closed the acquisition of Plastic Omnium (PO)** for the STS Group. The combination of both businesses is a major strategic milestone for STS as it establishes the company as a one-stop shop around thermal and acoustic solutions for trucks.

Moreover, the transaction is an **important step to build an integrated and geographically diversified truck group**; hence making the asset more attractive for a future exit.

The **combined STS group will generate around € 400m in sales and an EBITDA of ~€ 20m** while PO generates € 170m in sales (€ 200m in 2015 but one contract will be carved out) and seems soundly profitable at a ~5% EBITDA margin.

The **purchase price for PO should be around € 15-20m** which looks set to be financed by STS. Given some pension liabilities, we expect an attractive EV/EBITDA multiple of 4-5x.

PO's key products are outer truck cabin components (e.g. structural parts, spoilers, front-end modules) which fit very well with the existing acoustic & thermal insulation materials as well as interior trim part solutions of STS & Mecaplast.

Importantly, the acquired unit provides an extended plant footprint in China, the US and Germany which gives the combined group **much better access to customers and diversifies it into new geographies**. This looks set to drive cross-selling and synergies in procurement which bode well for solid and profitable organic growth going forward.

All in all, the transaction is a good step in building a **dedicated specialist for truck cabin components with a geographically diversified footprint and enough critical mass** to be a relevant player in this segment. We expect mutares to continue to consolidate the market which should provide for positive newsflow going forward.

While an exit of STS is rather likely in the mid-term as PO is currently being integrated, **potential short-term exit candidates are A+F, Elastomer as well as Artmadis** which could come with proceeds of >€ 15m each. On the back of that and **trading at a 30% discount to NAV**, the stock remains a **BUY** with a **PT of € 20** based on NAV.

Y/E 31.12 (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Sales	347.0	648.1	683.8	647.6	958.8	1,014.7	982.7
Sales growth	15 %	87 %	6 %	-5 %	48 %	6 %	-3 %
EBITDA	5.9	30.9	39.9	20.7	40.1	43.3	43.2
EBIT	-4.5	15.5	19.6	4.5	23.1	25.1	24.2
Net income	-7.9	8.5	7.9	-5.3	13.2	14.6	13.8
Net debt	-19.2	-42.0	-46.1	-19.9	4.0	12.4	-7.7
Net gearing	-32.9 %	-51.5 %	-37.0 %	-17.8 %	2.7 %	9.3 %	-6.1 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.1	0.3	0.0
EPS pro forma	-0.65	0.61	0.51	-0.34	0.85	0.95	0.89
CPS	-2.76	-4.73	-3.90	-3.50	-1.88	0.15	1.43
DPS	1.67	0.78	0.60	0.35	0.90	0.25	0.25
Dividend yield	12.1 %	5.7 %	4.3 %	2.5 %	6.5 %	1.8 %	1.8 %
Gross profit margin	41.9 %	35.5 %	33.3 %	34.6 %	36.5 %	36.5 %	100.0 %
EBITDA margin	1.7 %	4.8 %	5.8 %	3.2 %	4.2 %	4.3 %	4.4 %
EBIT margin	-1.3 %	2.4 %	2.9 %	0.7 %	2.4 %	2.5 %	2.5 %
ROCE	-2.5 %	7.8 %	7.5 %	1.4 %	6.7 %	6.9 %	6.9 %
EV/sales	0.4	0.2	0.3	0.4	0.3	0.3	0.3
EV/EBITDA	25.8	4.9	5.9	12.8	7.2	6.9	6.5
EV/EBIT	-33.7	9.8	12.0	59.3	12.6	11.9	11.5
PER	-21.4	22.8	26.9	-40.5	16.2	14.6	15.5
Adjusted FCF yield	-2.5 %	10.9 %	9.7 %	1.8 %	6.8 %	6.6 %	6.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 04.07.2017



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	15.50 / 10.90
Price/Book Ratio:	1.5
Relative performance (SDAX):	
3 months	-6.6 %
6 months	3.4 %
12 months	-24.1 %

Changes in estimates

		Sales	EBIT	EPS
2017	old:	958.8	23.1	0.85
	Δ	-	-	-
2018	old:	1,014.7	25.1	0.95
	Δ	-	-	-
2019	old:	982.7	24.2	0.89
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	15.4
Authorised capital: (in € m)	7.0
Book value per share: (in €)	9.5
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.

Financials

Profit and loss (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Net sales	347.0	648.1	683.8	647.6	958.8	1,014.7	982.7
<i>Sales growth</i>	15.2 %	86.8 %	5.5 %	-5.3 %	48.1 %	5.8 %	-3.2 %
Increase/decrease in finished goods and work-in-process	15.2	-1.4	-28.5	5.0	0.0	0.0	0.0
Total sales	362.2	646.6	655.4	652.6	958.8	1,014.7	982.7
Other operating income	40.2	74.7	92.8	69.2	76.7	81.2	78.6
Material expenses	210.3	417.1	437.3	426.7	608.9	644.3	0.0
Personnel expenses	106.5	156.7	151.9	157.2	215.7	223.2	216.2
Other operating expenses	79.7	116.6	119.0	117.1	170.9	185.0	179.2
Total operating expenses	356.3	615.7	615.5	631.9	918.8	971.4	316.7
EBITDA	5.9	30.9	39.9	20.7	40.1	43.3	43.2
Depreciation	10.4	15.4	20.3	16.3	17.0	18.2	19.0
EBITA	-4.5	15.5	19.6	4.5	23.1	25.1	24.2
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	-4.5	15.5	19.6	4.5	23.1	25.1	24.2
Interest income	1.0	0.1	0.2	0.1	0.6	0.6	0.3
Interest expenses	1.8	2.5	7.9	5.4	4.8	4.8	4.8
Other financial result	0.6	0.0	0.0	1.5	0.0	0.0	0.0
Financial result	-1.4	-2.4	-7.7	-6.8	-4.2	-4.2	-4.5
Recurring pretax income from continuing operations	-6.0	13.1	11.9	-2.3	18.9	20.9	19.7
Extraordinary income/loss	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.1	13.1	11.9	-2.3	18.9	20.9	19.7
Taxes	1.8	4.6	5.1	3.0	5.7	6.3	5.9
Net income from continuing operations	-7.9	8.5	6.8	-5.3	13.2	14.6	13.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-7.9	8.5	6.8	-5.3	13.2	14.6	13.8
Minority interest	0.0	0.0	-1.1	-0.1	0.0	0.0	0.0
Net income (net of minority interest)	-7.9	8.5	7.9	-5.3	13.2	14.6	13.8
Average number of shares	12.2	14.0	15.4	15.4	15.4	15.4	15.4
EPS reported	-0.65	0.61	0.51	-0.34	0.85	0.95	0.89

Profit and loss (common size)	2013	2014	2015	2016	2017E	2018E	2019E
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	4.4 %	-0.2 %	-4.2 %	0.8 %	0.0 %	0.0 %	0.0 %
Total sales	104.4 %	99.8 %	95.8 %	100.8 %	100.0 %	100.0 %	100.0 %
Other operating income	11.6 %	11.5 %	13.6 %	10.7 %	8.0 %	8.0 %	8.0 %
Material expenses	60.6 %	64.4 %	63.9 %	65.9 %	63.5 %	63.5 %	0.0 %
Personnel expenses	30.7 %	24.2 %	22.2 %	24.3 %	22.5 %	22.0 %	22.0 %
Other operating expenses	23.0 %	18.0 %	17.4 %	18.1 %	17.8 %	18.2 %	18.2 %
Total operating expenses	102.7 %	95.0 %	90.0 %	97.6 %	95.8 %	95.7 %	32.2 %
EBITDA	1.7 %	4.8 %	5.8 %	3.2 %	4.2 %	4.3 %	4.4 %
Depreciation	3.0 %	2.4 %	3.0 %	2.5 %	1.8 %	1.8 %	1.9 %
EBITA	-1.3 %	2.4 %	2.9 %	0.7 %	2.4 %	2.5 %	2.5 %
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	-1.3 %	2.4 %	2.9 %	0.7 %	2.4 %	2.5 %	2.5 %
Interest income	0.3 %	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.0 %
Interest expenses	0.5 %	0.4 %	1.2 %	0.8 %	0.5 %	0.5 %	0.5 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-0.4 %	-0.4 %	-1.1 %	-1.1 %	-0.4 %	-0.4 %	-0.5 %
Recurring pretax income from continuing operations	-1.7 %	2.0 %	1.7 %	-0.4 %	2.0 %	2.1 %	2.0 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	-1.8 %	2.0 %	1.7 %	-0.4 %	2.0 %	2.1 %	2.0 %
Tax rate	-28.8 %	35.1 %	43.0 %	-131.5 %	30.0 %	30.0 %	30.0 %
Net income from continuing operations	-2.3 %	1.3 %	1.0 %	-0.8 %	1.4 %	1.4 %	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	-2.3 %	1.3 %	1.0 %	-0.8 %	1.4 %	1.4 %	1.4 %
Minority interest	0.0 %	0.0 %	-0.2 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	-2.3 %	1.3 %	1.2 %	-0.8 %	1.4 %	1.4 %	1.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Intangible assets	2.3	8.9	5.1	6.7	6.7	6.7	6.7
Property, plant and equipment	31.6	45.8	81.9	110.1	109.1	90.9	71.9
Financial assets	1.1	0.9	0.6	0.8	0.8	0.8	0.8
FIXED ASSETS	35.0	55.6	87.5	117.6	116.6	98.5	79.5
Inventories	82.5	93.9	112.1	111.0	154.7	163.7	158.5
Accounts receivable	133.9	175.8	143.2	170.7	223.3	236.3	228.8
Other current assets	32.8	0.0	0.1	0.0	0.0	0.0	0.0
Liquid assets	47.7	74.3	81.2	69.6	56.0	47.6	67.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	2.1	3.4	2.7	4.1	4.1	4.1	4.1
CURRENT ASSETS	299.0	347.4	339.2	355.5	438.1	451.7	459.2
TOTAL ASSETS	334.0	403.0	426.8	473.1	554.8	550.1	538.7
SHAREHOLDERS EQUITY	58.4	81.5	124.7	111.9	146.2	133.9	126.9
MINORITY INTEREST	0.0	0.0	0.0	0.5	0.5	0.5	0.5
Long-term debt	28.5	32.3	35.1	49.7	60.0	60.0	60.0
Provisions for pensions and similar obligations	2.1	0.0	67.8	72.9	72.9	72.9	72.9
Other provisions	85.7	107.9	73.5	89.0	89.0	89.0	89.0
Non-current liabilities	116.3	140.2	176.3	211.5	221.8	221.8	221.8
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	66.9	104.9	75.3	94.4	131.3	139.0	134.6
Advance payments received on orders	41.8	34.2	11.8	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	49.2	41.0	37.9	53.4	53.4	53.4	53.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	1.5	1.2	0.7	1.4	1.4	1.4	1.4
Current liabilities	159.3	181.3	125.7	149.2	186.1	193.8	189.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	334.0	403.0	426.8	473.1	554.8	550.1	538.7

Balance sheet (common size)	2013	2014	2015	2016	2017E	2018E	2019E
Intangible assets	0.7 %	2.2 %	1.2 %	1.4 %	1.2 %	1.2 %	1.2 %
Property, plant and equipment	9.5 %	11.4 %	19.2 %	23.3 %	19.7 %	16.5 %	13.4 %
Financial assets	0.3 %	0.2 %	0.1 %	0.2 %	0.2 %	0.2 %	0.2 %
FIXED ASSETS	10.5 %	13.8 %	20.5 %	24.9 %	21.0 %	17.9 %	14.7 %
Inventories	24.7 %	23.3 %	26.3 %	23.5 %	27.9 %	29.7 %	29.4 %
Accounts receivable	40.1 %	43.6 %	33.6 %	36.1 %	40.3 %	43.0 %	42.5 %
Other current assets	9.8 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Liquid assets	14.3 %	18.4 %	19.0 %	14.7 %	10.1 %	8.6 %	12.6 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.6 %	0.9 %	0.6 %	0.9 %	0.7 %	0.7 %	0.8 %
CURRENT ASSETS	89.5 %	86.2 %	79.5 %	75.1 %	79.0 %	82.1 %	85.3 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	17.5 %	20.2 %	29.2 %	23.6 %	26.4 %	24.3 %	23.6 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Long-term debt	8.5 %	8.0 %	8.2 %	10.5 %	10.8 %	10.9 %	11.1 %
Provisions for pensions and similar obligations	0.6 %	0.0 %	15.9 %	15.4 %	13.1 %	13.2 %	13.5 %
Other provisions	25.7 %	26.8 %	17.2 %	18.8 %	16.0 %	16.2 %	16.5 %
Non-current liabilities	34.8 %	34.8 %	41.3 %	44.7 %	40.0 %	40.3 %	41.2 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	20.0 %	26.0 %	17.6 %	19.9 %	23.7 %	25.3 %	25.0 %
Advance payments received on orders	12.5 %	8.5 %	2.8 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	14.7 %	10.2 %	8.9 %	11.3 %	9.6 %	9.7 %	9.9 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	0.4 %	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %
Current liabilities	47.7 %	45.0 %	29.5 %	31.5 %	33.6 %	35.2 %	35.2 %
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)	2013	2014	2015	2016	2017E	2018E	2019E
Net profit/loss	-7.9	8.5	6.8	-5.3	13.2	14.6	13.8
Depreciation of fixed assets (incl. leases)	10.4	15.4	20.3	17.8	17.0	18.2	19.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Others	-31.2	-68.2	-100.6	-70.3	-20.0	0.0	0.0
Cash flow from operations before changes in w/c	-28.2	-44.3	-73.6	-57.9	10.2	32.8	32.8
Increase/decrease in inventory	-14.6	61.5	95.1	11.6	-43.7	-9.0	5.2
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	-52.6	-13.0	7.5
Increase/decrease in accounts payable	20.1	-70.8	-77.3	1.1	37.0	7.6	-4.4
Increase/decrease in other working capital positions	0.0	-0.9	10.5	6.3	35.0	2.0	0.0
Increase/decrease in working capital	5.5	-10.2	28.3	18.9	-24.3	-12.4	8.2
Cash flow from operating activities	-22.7	-54.5	-45.3	-39.0	-14.1	20.4	41.0
CAPEX	10.7	16.6	9.8	18.1	15.0	15.0	17.0
Payments for acquisitions	0.0	-85.5	-50.9	-33.2	0.0	0.0	0.0
Financial investments	0.5	0.2	0.0	1.4	0.0	0.0	0.0
Income from asset disposals	23.9	4.4	-6.5	10.4	19.5	0.0	0.0
Cash flow from investing activities	12.7	73.0	34.5	24.2	4.5	-15.0	-17.0
Cash flow before financing	-10.0	18.6	-10.8	-14.9	-9.6	5.4	24.0
Increase/decrease in debt position	8.0	2.0	0.6	12.3	10.3	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	25.0	24.6	0.0	0.0	0.0	0.0
Dividends paid	4.1	20.3	11.0	9.3	5.4	13.9	3.9
Others	0.0	0.0	-1.5	-1.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.5	2.8	-0.8	0.0	0.0	0.0
Cash flow from financing activities	3.9	6.6	12.6	1.9	4.9	-13.9	-3.9
Increase/decrease in liquid assets	-6.1	24.7	4.7	-13.8	-4.7	-8.5	20.2
Liquid assets at end of period	45.1	69.8	74.5	60.7	56.0	47.6	67.7

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
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)	2013	2014	2015	2016	2017E	2018E	2019E
P&L growth analysis							
Sales growth	15.2 %	86.8 %	5.5 %	-5.3 %	48.1 %	5.8 %	-3.2 %
EBITDA growth	-73.6 %	424.0 %	28.9 %	-48.0 %	93.3 %	8.0 %	-0.3 %
EBIT growth	-132.1 %	-443.4 %	26.4 %	-77.1 %	414.0 %	8.7 %	-3.7 %
EPS growth	-182.8 %	-193.7 %	-15.1 %	-166.4 %	-350.2 %	10.6 %	-5.5 %
Efficiency							
Total operating costs / sales	102.7 %	95.0 %	90.0 %	97.6 %	95.8 %	95.7 %	32.2 %
Sales per employee	139.0	240.6	n/a	n/a	n/a	n/a	n/a
EBITDA per employee	2.4	11.5	n/a	n/a	n/a	n/a	n/a
Balance sheet analysis							
Avg. working capital / sales	31.2 %	18.4 %	21.8 %	27.4 %	22.6 %	25.0 %	26.1 %
Inventory turnover (sales/inventory)	4.2	6.9	6.1	5.8	6.2	6.2	6.2
Trade debtors in days of sales	140.8	99.0	76.4	96.2	85.0	85.0	85.0
A/P turnover [(A/P*365)/sales]	70.3	59.1	40.2	53.2	50.0	50.0	50.0
Cash conversion cycle (days)	167.9	89.3	107.2	110.4	99.0	99.0	n/a
Cash flow analysis							
Free cash flow	-33.4	-71.1	-55.1	-57.1	-29.1	5.4	24.0
Free cash flow/sales	-9.6 %	-11.0 %	-8.1 %	-8.8 %	-3.0 %	0.5 %	2.4 %
FCF / net profit	424.9 %	-835.3 %	-693.7 %	1083.3 %	-220.4 %	37.2 %	174.2 %
Capex / deprec	103.5 %	109.3 %	48.7 %	109.8 %	88.2 %	82.5 %	89.5 %
Capex / maintenance capex	101.7 %	100.0 %	106.7 %	106.7 %	106.7 %	0.0 %	0.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	-19.2	-42.0	-46.1	-19.9	4.0	12.4	-7.7
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.1	0.3	0.0
Net debt / equity	-0.3	-0.5	-0.4	-0.2	0.0	0.1	-0.1
Interest cover	0.0	6.2	2.5	0.8	4.8	5.2	5.0
Dividend payout ratio	100.0 %	129.2 %	116.6 %	100.0 %	105.3 %	26.4 %	28.0 %
Asset utilisation							
Capital employed turnover	2.0	2.9	2.3	2.0	2.6	2.8	2.8
Operating assets turnover	2.5	3.7	2.7	2.2	2.7	2.9	3.0
Plant turnover	11.0	14.2	8.4	5.9	8.8	11.2	13.7
Inventory turnover (sales/inventory)	4.2	6.9	6.1	5.8	6.2	6.2	6.2
Returns							
ROCE	-2.5 %	7.8 %	7.5 %	1.4 %	6.7 %	6.9 %	6.9 %
ROE	-13.5 %	10.4 %	6.4 %	-4.7 %	9.0 %	10.9 %	10.9 %
Other							
Interest paid / avg. debt	8.8 %	8.2 %	23.5 %	12.8 %	8.8 %	8.0 %	8.0 %
No. employees (average)	2496	2693	0	0	0	0	0
Number of shares	12.2	14.0	15.4	15.4	15.4	15.4	15.4
DPS	1.7	0.8	0.6	0.4	0.9	0.3	0.3
EPS reported	-0.65	0.61	0.51	-0.34	0.85	0.95	0.89
Valuation ratios							
P/BV	2.9	2.4	1.7	1.9	1.5	1.6	1.7
EV/sales	0.4	0.2	0.3	0.4	0.3	0.3	0.3
EV/EBITDA	25.8	4.9	5.9	12.8	7.2	6.9	6.5
EV/EBITA	-33.7	9.8	12.0	59.3	12.6	11.9	11.5
EV/EBIT	-33.7	9.8	12.0	59.3	12.6	11.9	11.5
EV/FCF	-4.6	-2.1	-4.3	-4.7	-10.0	55.0	11.6
Adjusted FCF yield	-2.5 %	10.9 %	9.7 %	1.8 %	6.8 %	6.6 %	6.7 %
Dividend yield	12.1 %	5.7 %	4.3 %	2.5 %	6.5 %	1.8 %	1.8 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 34b of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 34b of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

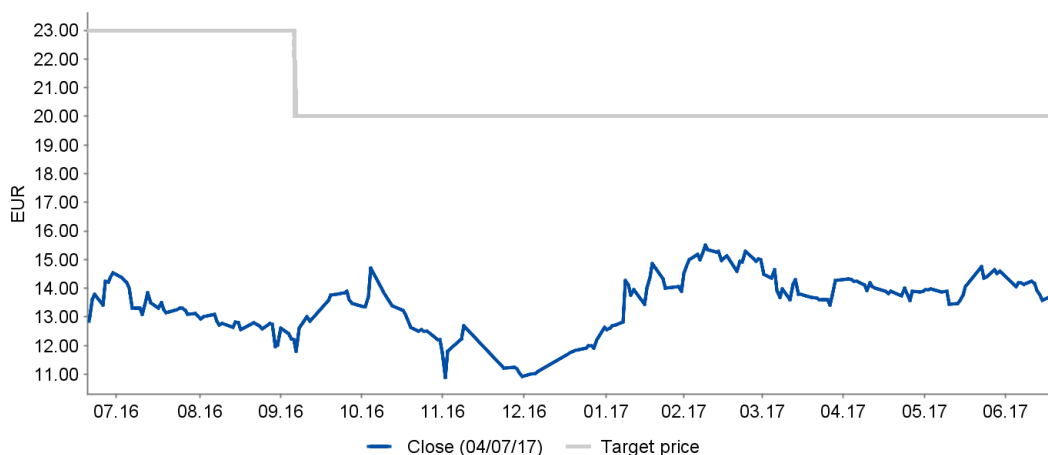
Conflicts of interest that existed at the time when this research report was published:

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 05/07/17**

Initiation coverage
24-March-14



Company	Date	Analyst	Rating	Target price	Close
mutares AG	09.05.2017	Teichler, Torben	Buy	EUR 20.00	EUR 14.00
	13.04.2017	Teichler, Torben	Buy	EUR 20.00	EUR 14.28
	16.02.2017	Teichler, Torben	Buy	EUR 20.00	EUR 14.80
	19.12.2016	Teichler, Torben	Buy	EUR 20.00	EUR 11.00
	21.11.2016	Teichler, Torben	Buy	EUR 20.00	EUR 11.80
	28.09.2016	Teichler, Torben	Buy	EUR 20.00	EUR 12.86

22.09.2016 Teichler, Torben Buy EUR 20.00 EUR 11.80

Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	54.23 %	92.86 %
Sell	13.38 %	0.00 %
Hold	32.39 %	7.14 %

Date of publication creation: 05/07/2017 08:48 AM

Date of publication dissemination: 05/07/2017 09:34 AM

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:
https://www.hauck-aufhaeuser.de/page/UVV_InstitutResearch

Contacts: Hauck&Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 93
Fax: +49 (0) 40 414 3885 71
Email: info@ha-research.de
www.ha-research.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-research.de

Tim Wunderlich, CFA
Head of Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-research.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-research.de

Lars Dannenberg
Analyst
Tel.: +49 40 414 3885 92
E-Mail: lars.dannenberg@ha-research.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-research.de

Pierre Gröning
Analyst
Tel.: +49 40 450 6342 30 92
E-Mail: pierre.groening@ha-research.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-research.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-research.de

Torben Teichler
Analyst
Tel.: +49 40 414 3885 74
E-Mail: torben.teichler@ha-research.de

Hauck & Aufhäuser Sales

Oliver Anderson
Sales
Tel.: +44 207 408 1100
E-Mail: oliver.anderson@ha-research.de

Christian Schwenkenbecher
Analyst
Tel.: +49 40 414 3885 76
E-Mail: christian.schwenkenbecher@ha-research.de

Toby Woods
Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-research.de

Christian Alisch
Sales
Tel.: +49 40 414 3885 99
E-Mail: christian.alisch@ha-research.de

Vincent Bischoff
Sales
Tel.: +49 40 414 3885 88
E-Mail: vincent.bischoff@ha-research.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Georgina Harrold
Sales
Tel.: +49 69 2161 1299
E-Mail: georgina.harrold@hauck-aufhaeuser.de

Jan Neynaber
Sales
Tel.: +49 69 2161 1268
E-Mail: jan.neynaber@hauck-aufhaeuser.de

Marco Schumann
Sales
Tel.: +49 69 2161 1250
E-Mail: marco.schumann@hauck-aufhaeuser.de

JPP Eurosecurities Inc.
Sales North America
Quinn Raftery
Tel.: +1 231 649 4998
E-Mail: quinn.raftery@haa-na.com

Alexander Lachmann
Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-research.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 75
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading
Tel.: +49 40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Joseph Kaselak
Trading
Tel.: +49 40 450 6342 3093
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

Christian von Schuler
Trading
Tel.: +49 40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.de

Fin Schaffer
Trading
Tel.: +49 40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.de

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E-Mail: kathleen.jonas@hauck-aufhaeuser.de

Carolin Weber
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.de