

**Buy** (old: Buy)

**Price target: EUR 18.00** (old: EUR 18.00)

<b>Price:</b>	EUR 11.00	<b>Next result:</b>	Q3'20 10.11.20
<b>Bloomberg:</b>	MUX GR	<b>Market cap:</b>	EUR 167.6 m
<b>Reuters:</b>	MUXG.BE	<b>Enterprise Value:</b>	EUR 458.2 m

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### CMD Feedback: A dividend play; chg. est.

At Mutares' CMD last week, management discussed its newly issued midterm guidance in detail. **Key takeaways:**

- By 2023E, management expects to reach € 3bn consolidated group sales thanks to growth at existing portfolio companies as well as acquisitions of additional/larger portfolio companies with sales of > € 100m p.a. Exits are included in the € 3bn sales figure, thus having an offsetting impact on sales growth. As we are more conservative in regards to exits, we arrive at > € 3bn sales by FY'22E already.
- In turn, dynamic group growth should yield higher revenues at holding level (€ 100m in 2023E vs € 40-50m in FY'20 according to management) as more consulting revenues and dividend payments from mature companies will be collected, **underpinning strong income streams from all portfolio stages**. This will feed through to the bottom-line, which provides the basis for Mutares' dividend payout of at least € 1 DPS p.a. In fact, management has announced a target profit of more than € 30m without exits (vs € 19m in FY'20E) or 1% of consolidated group revenues, **pointing towards a potential increase of the base dividend**.
- Additional proceeds from the sale of mature companies provides attractive upside to the base dividend**. Interestingly, management anticipates a holding profit of € 60m or 2% of consolidated group revenues including portfolio company sales. Considering a 75% cap on payouts, this should translate into a € 3 DPS in FY'23, **which currently implies an astonishing 27% dividend yield** should exits materialize.

**This is backed by an attractive pipeline** on both the acquisition and exit-side. Notably, management considers the **Covid-19 era as a 'once-in-a-lifetime' opportunity** for turnaround investors. In 2020, additional 2-4 acquisitions can be expected, totaling 11-13 buy-side transactions for the full year. Importantly, a company sale in FY'20 also seems likely. A potential exit candidate could be parts of STS, in our view. Going forward, more exits are feasible given that almost 40% of the portfolio firms have been in the portfolio for more than three years now.

**Action:** We include the Engineering Services Business line of Valmet Automotive, acquired in October (closing expected in Q4'20), into our estimates and raise our reported EBITDA estimate for FY'20 to account for a higher bargain purchase income thanks to Mutares' dynamic deal activity. Furthermore, we show Holding net profits in our estimates, which provide the basis for the dividend payout.

**Remains a BUY with an unchanged PT of € 18.00 based on SOTP.**

Y/E 31.12 (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Sales	650.1	899.7	865.1	1,015.9	1,831.9	2,809.3	3,369.8
Sales growth	-5 %	38 %	-4 %	17 %	80 %	53 %	20 %
EBITDA	50.5	67.1	49.1	79.2	147.7	89.6	102.8
EBIT	34.6	40.0	19.4	26.2	90.0	27.8	37.1
Net income*	5.5	17.6	20.1	22.5	18.7	30.9	40.4
Net debt	-11.5	5.2	-15.5	117.4	203.3	253.4	230.1
Net gearing	-9.6 %	3.1 %	-8.6 %	63.4 %	98.9 %	77.6 %	43.5 %
Net Debt/EBITDA	0.0	0.1	0.0	1.5	1.4	2.8	2.2
EPS pro forma	1.73	2.85	0.96	1.39	5.49	1.22	1.61
CPS	-3.18	-2.89	-2.68	-4.18	-7.46	-5.92	-3.59
DPS	0.35	1.00	1.00	1.00	1.00	1.00	1.00
Dividend yield	3.2 %	9.1 %	9.1 %	9.1 %	9.1 %	9.1 %	9.1 %
Gross profit margin	33.5 %	36.4 %	38.5 %	38.5 %	38.0 %	38.0 %	38.0 %
EBITDA margin	7.8 %	7.5 %	5.7 %	7.8 %	8.1 %	3.2 %	3.0 %
EBIT margin	5.3 %	4.4 %	2.2 %	2.6 %	4.9 %	1.0 %	1.1 %
ROCE	11.0 %	10.8 %	4.8 %	5.6 %	17.8 %	4.1 %	4.5 %
EV/sales	0.4	0.3	0.2	0.4	0.3	0.2	0.1
EV/EBITDA	5.3	4.1	4.1	4.7	3.1	5.7	4.7
EV/EBIT	7.7	6.9	10.3	14.2	5.1	18.3	13.1
PER	6.4	3.9	11.4	7.9	2.0	9.0	6.8
Adjusted FCF yield	13.5 %	23.0 %	11.6 %	9.0 %	22.3 %	6.5 %	8.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 26.10.2020 ; \*Holding profits



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 13.60 / 6.07

**Price/Book Ratio:** 0.9

**Relative performance (SDAX):**

3 months 10.2 %

6 months -13.4 %

12 months 0.1 %

### Changes in estimates

		Sales	EBIT	EPS
2020	old:	1,831.9	70.0	4.18
	Δ	-	28.6%	31.4%
2021	old:	2,809.3	27.8	1.22
	Δ	-	-	-
2022	old:	3,369.8	37.1	1.61
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 15.2

Authorised capital: (in € m) 7.0

Book value per share: (in €) 13.5

Ø trading volume: (12 months) 5,400

### Major shareholders:

Free Float 60.0 %

Robin Laik 29.0 %

Management 11.0 %

### Company description:

Mutares 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)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Net sales</b>	<b>650.1</b>	<b>899.7</b>	<b>865.1</b>	<b>1,015.9</b>	<b>1,831.9</b>	<b>2,809.3</b>	<b>3,369.8</b>
<i>Sales growth</i>	-4.9 %	38.4 %	-3.8 %	17.4 %	80.3 %	53.4 %	20.0 %
Increase/decrease in finished goods and work-in-process	-3.0	-4.1	0.1	-3.9	-9.2	-14.0	-16.8
<b>Total sales</b>	<b>647.1</b>	<b>895.6</b>	<b>865.2</b>	<b>1,012.0</b>	<b>1,822.7</b>	<b>2,795.2</b>	<b>3,353.0</b>
Other operating income	94.2	156.4	107.4	119.1	214.8	329.3	395.1
Material expenses	430.6	569.6	532.4	622.6	1,130.1	1,733.0	2,078.9
Personnel expenses	160.0	251.6	244.7	291.8	540.4	828.7	994.1
Other operating expenses	100.2	163.7	146.4	137.5	219.3	473.2	572.3
Total operating expenses	596.6	828.5	816.1	932.8	1,675.0	2,705.7	3,250.2
<b>EBITDA</b>	<b>50.5</b>	<b>67.1</b>	<b>49.1</b>	<b>79.2</b>	<b>147.7</b>	<b>89.6</b>	<b>102.8</b>
Depreciation	13.9	20.7	23.5	43.1	47.6	50.6	53.9
<b>EBITA</b>	<b>36.6</b>	<b>46.4</b>	<b>25.6</b>	<b>36.1</b>	<b>100.1</b>	<b>39.0</b>	<b>48.8</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	6.4	6.2	9.9	10.1	11.2	11.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>34.6</b>	<b>40.0</b>	<b>19.4</b>	<b>26.2</b>	<b>90.0</b>	<b>27.8</b>	<b>37.1</b>
Interest income	0.3	3.4	0.5	1.5	0.6	0.5	0.9
Interest expenses	6.4	7.9	5.1	11.0	11.9	12.6	13.5
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-6.1	-4.5	-4.6	-9.5	-11.3	-12.1	-12.6
<b>Recurring pretax income from continuing operations</b>	<b>28.5</b>	<b>35.5</b>	<b>14.8</b>	<b>16.7</b>	<b>78.7</b>	<b>15.7</b>	<b>24.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>28.5</b>	<b>35.5</b>	<b>14.8</b>	<b>16.7</b>	<b>78.7</b>	<b>15.7</b>	<b>24.5</b>
Taxes	2.1	-8.4	2.8	0.0	0.0	0.0	0.0
<b>Net income from continuing operations</b>	<b>26.4</b>	<b>43.9</b>	<b>12.0</b>	<b>16.7</b>	<b>78.7</b>	<b>15.7</b>	<b>24.5</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>5.5</b>	<b>17.6</b>	<b>20.1</b>	<b>22.5</b>	<b>18.7</b>	<b>30.9</b>	<b>40.4</b>
Minority interest	-0.4	-0.3	-2.7	-4.5	-5.0	-3.0	0.0
<b>Net profit (reported)</b>	<b>26.8</b>	<b>44.2</b>	<b>14.7</b>	<b>21.2</b>	<b>83.7</b>	<b>18.7</b>	<b>24.5</b>
Average number of shares	15.4	15.4	15.2	15.2	15.2	15.2	15.2
<b>EPS reported</b>	<b>1.73</b>	<b>2.85</b>	<b>0.96</b>	<b>1.39</b>	<b>5.49</b>	<b>1.22</b>	<b>1.61</b>

Profit and loss (common size)	2016	2017	2018	2019	2020E	2021E	2022E
<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	neg.	neg.	0.0 %	neg.	neg.	neg.	neg.
<b>Total sales</b>	<b>99.5 %</b>	<b>99.5 %</b>	<b>100.0 %</b>	<b>99.6 %</b>	<b>99.5 %</b>	<b>99.5 %</b>	<b>99.5 %</b>
Other operating income	14.5 %	17.4 %	12.4 %	11.7 %	11.7 %	11.7 %	11.7 %
Material expenses	66.2 %	63.3 %	61.5 %	61.3 %	61.7 %	61.7 %	61.7 %
Personnel expenses	24.6 %	28.0 %	28.3 %	28.7 %	29.5 %	29.5 %	29.5 %
Other operating expenses	15.4 %	18.2 %	16.9 %	13.5 %	12.0 %	16.8 %	17.0 %
Total operating expenses	91.8 %	92.1 %	94.3 %	91.8 %	91.4 %	96.3 %	96.5 %
<b>EBITDA</b>	<b>7.8 %</b>	<b>7.5 %</b>	<b>5.7 %</b>	<b>7.8 %</b>	<b>8.1 %</b>	<b>3.2 %</b>	<b>3.0 %</b>
Depreciation	2.1 %	2.3 %	2.7 %	4.2 %	2.6 %	1.8 %	1.6 %
<b>EBITA</b>	<b>5.6 %</b>	<b>5.2 %</b>	<b>3.0 %</b>	<b>3.6 %</b>	<b>5.5 %</b>	<b>1.4 %</b>	<b>1.4 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.3 %	0.7 %	0.7 %	1.0 %	0.6 %	0.4 %	0.4 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>5.3 %</b>	<b>4.4 %</b>	<b>2.2 %</b>	<b>2.6 %</b>	<b>4.9 %</b>	<b>1.0 %</b>	<b>1.1 %</b>
Interest income	0.0 %	0.4 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Interest expenses	1.0 %	0.9 %	0.6 %	1.1 %	0.7 %	0.5 %	0.4 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>4.4 %</b>	<b>3.9 %</b>	<b>1.7 %</b>	<b>1.6 %</b>	<b>4.3 %</b>	<b>0.6 %</b>	<b>0.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>4.4 %</b>	<b>3.9 %</b>	<b>1.7 %</b>	<b>1.6 %</b>	<b>4.3 %</b>	<b>0.6 %</b>	<b>0.7 %</b>
Tax rate	7.4 %	-23.7 %	18.9 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income from continuing operations</b>	<b>4.1 %</b>	<b>4.9 %</b>	<b>1.4 %</b>	<b>1.6 %</b>	<b>4.3 %</b>	<b>0.6 %</b>	<b>0.7 %</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>4.1 %</b>	<b>4.9 %</b>	<b>1.4 %</b>	<b>1.6 %</b>	<b>4.3 %</b>	<b>0.6 %</b>	<b>0.7 %</b>
Minority interest	neg.	neg.	neg.	neg.	neg.	neg.	0.0 %
<b>Net profit (reported)</b>	<b>4.1 %</b>	<b>4.9 %</b>	<b>1.7 %</b>	<b>2.1 %</b>	<b>4.6 %</b>	<b>0.7 %</b>	<b>0.7 %</b>

Source: Company data, Hauck & Aufhäuser ; \*Holding profits

Balance sheet (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Intangible assets</b>	<b>20.0</b>	<b>35.7</b>	<b>41.4</b>	<b>58.7</b>	<b>69.6</b>	<b>71.4</b>	<b>71.1</b>
Property, plant and equipment	110.9	170.6	133.3	296.2	348.2	450.2	585.4
Financial assets	7.8	5.7	16.9	16.6	16.6	16.6	16.6
<b>FIXED ASSETS</b>	<b>138.7</b>	<b>212.0</b>	<b>191.6</b>	<b>371.5</b>	<b>434.4</b>	<b>538.2</b>	<b>673.1</b>
Inventories	156.6	131.0	100.8	134.0	215.5	312.1	374.4
Accounts receivable	134.8	182.6	147.6	143.0	225.8	346.3	415.5
Other current assets	29.9	37.2	69.4	96.5	96.5	96.5	96.5
Liquid assets	69.5	98.9	108.1	79.7	51.4	70.2	133.1
Deferred taxes	2.7	11.1	13.3	23.8	23.8	23.8	23.8
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>393.5</b>	<b>460.8</b>	<b>439.2</b>	<b>477.0</b>	<b>613.0</b>	<b>849.0</b>	<b>1,043.3</b>
<b>TOTAL ASSETS</b>	<b>532.2</b>	<b>672.8</b>	<b>630.8</b>	<b>848.5</b>	<b>1,047.4</b>	<b>1,387.2</b>	<b>1,716.4</b>
SHAREHOLDERS EQUITY	119.3	166.4	180.7	185.3	205.5	326.6	528.7
MINORITY INTEREST	-1.0	-0.9	27.4	22.9	17.9	14.9	14.9
Long-term debt	58.0	104.1	92.6	197.1	254.7	323.7	363.2
Provisions for pensions and similar obligations	109.0	102.7	47.0	87.3	87.3	87.3	87.3
Other provisions	40.7	44.2	49.7	50.5	50.5	50.5	50.5
<b>Non-current liabilities</b>	<b>207.7</b>	<b>251.0</b>	<b>189.3</b>	<b>334.9</b>	<b>392.5</b>	<b>461.5</b>	<b>501.0</b>
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	94.0	122.2	111.9	159.9	286.1	438.7	526.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	102.5	124.7	115.1	130.4	130.4	130.4	130.4
Deferred taxes	9.7	9.4	6.4	15.1	15.1	15.1	15.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>206.2</b>	<b>256.3</b>	<b>233.4</b>	<b>305.4</b>	<b>431.6</b>	<b>584.2</b>	<b>671.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>532.2</b>	<b>672.8</b>	<b>630.8</b>	<b>848.5</b>	<b>1,047.4</b>	<b>1,387.2</b>	<b>1,716.4</b>

Balance sheet (common size)	2016	2017	2018	2019	2020E	2021E	2022E
<b>Intangible assets</b>	<b>3.8 %</b>	<b>5.3 %</b>	<b>6.6 %</b>	<b>6.9 %</b>	<b>6.6 %</b>	<b>5.1 %</b>	<b>4.1 %</b>
Property, plant and equipment	20.8 %	25.4 %	21.1 %	34.9 %	33.2 %	32.5 %	34.1 %
Financial assets	1.5 %	0.8 %	2.7 %	2.0 %	1.6 %	1.2 %	1.0 %
<b>FIXED ASSETS</b>	<b>26.1 %</b>	<b>31.5 %</b>	<b>30.4 %</b>	<b>43.8 %</b>	<b>41.5 %</b>	<b>38.8 %</b>	<b>39.2 %</b>
Inventories	29.4 %	19.5 %	16.0 %	15.8 %	20.6 %	22.5 %	21.8 %
Accounts receivable	25.3 %	27.1 %	23.4 %	16.9 %	21.6 %	25.0 %	24.2 %
Other current assets	5.6 %	5.5 %	11.0 %	11.4 %	9.2 %	7.0 %	5.6 %
Liquid assets	13.1 %	14.7 %	17.1 %	9.4 %	4.9 %	5.1 %	7.8 %
Deferred taxes	0.5 %	1.6 %	2.1 %	2.8 %	2.3 %	1.7 %	1.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>73.9 %</b>	<b>68.5 %</b>	<b>69.6 %</b>	<b>56.2 %</b>	<b>58.5 %</b>	<b>61.2 %</b>	<b>60.8 %</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	22.4 %	24.7 %	28.6 %	21.8 %	19.6 %	23.5 %	30.8 %
MINORITY INTEREST	neg.	neg.	4.3 %	2.7 %	1.7 %	1.1 %	0.9 %
Long-term debt	10.9 %	15.5 %	14.7 %	23.2 %	24.3 %	23.3 %	21.2 %
Provisions for pensions and similar obligations	20.5 %	15.3 %	7.5 %	10.3 %	8.3 %	6.3 %	5.1 %
Other provisions	7.6 %	6.6 %	7.9 %	6.0 %	4.8 %	3.6 %	2.9 %
<b>Non-current liabilities</b>	<b>39.0 %</b>	<b>37.3 %</b>	<b>30.0 %</b>	<b>39.5 %</b>	<b>37.5 %</b>	<b>33.3 %</b>	<b>29.2 %</b>
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	17.7 %	18.2 %	17.7 %	18.8 %	27.3 %	31.6 %	30.7 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	19.3 %	18.5 %	18.2 %	15.4 %	12.4 %	9.4 %	7.6 %
Deferred taxes	1.8 %	1.4 %	1.0 %	1.8 %	1.4 %	1.1 %	0.9 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>38.7 %</b>	<b>38.1 %</b>	<b>37.0 %</b>	<b>36.0 %</b>	<b>41.2 %</b>	<b>42.1 %</b>	<b>39.1 %</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)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit/loss	26.4	43.9	12.0	16.7	78.7	15.7	24.5
Depreciation of fixed assets (incl. leases)	13.9	20.7	23.5	43.1	47.6	50.6	53.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.0	6.4	6.2	9.9	10.1	11.2	11.8
Others	-59.0	-117.6	-85.1	-127.6	-220.0	-150.0	-145.0
Cash flow from operations before changes in w/c	-16.7	-46.6	-43.4	-57.9	-83.6	-72.5	-54.8
Increase/decrease in inventory	-44.5	34.3	13.0	20.1	13.4	21.6	31.2
Increase/decrease in accounts receivable	8.4	-1.7	39.0	34.4	14.3	22.6	34.6
Increase/decrease in accounts payable	18.7	-0.1	-31.2	-1.9	0.0	0.0	0.0
Increase/decrease in other working capital positions	0.0	-15.0	11.5	-5.4	0.0	0.0	0.0
Increase/decrease in working capital	-17.4	17.5	32.3	47.2	27.7	44.1	65.8
<b>Cash flow from operating activities</b>	<b>-34.1</b>	<b>-29.1</b>	<b>-11.1</b>	<b>-10.7</b>	<b>-55.9</b>	<b>-28.4</b>	<b>11.0</b>
CAPEX	15.0	25.3	23.7	31.4	10.0	10.0	10.0
Payments for acquisitions	-25.7	-27.4	-19.4	-32.6	-30.0	-40.0	-35.0
Financial investments	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	2.1	21.6	1.1	43.2	30.0	40.0	50.0
<b>Cash flow from investing activities</b>	<b>11.3</b>	<b>23.7</b>	<b>-3.2</b>	<b>44.4</b>	<b>50.0</b>	<b>70.0</b>	<b>75.0</b>
Cash flow before financing	-22.8	-5.4	-14.3	33.7	-5.9	15.2	15.2
Increase/decrease in debt position	22.8	7.5	0.1	-0.1	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	3.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	46.9	0.0	0.0	0.0	0.0
Dividends paid	9.3	5.4	15.2	15.2	15.2	15.2	15.2
Others	-2.4	32.6	-5.3	-47.1	-7.2	-7.5	-7.9
Effects of exchange rate changes on cash	0.0	0.1	0.0	0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>11.1</b>	<b>34.7</b>	<b>23.5</b>	<b>-62.4</b>	<b>-22.4</b>	<b>-22.8</b>	<b>-23.1</b>
Increase/decrease in liquid assets	-11.7	29.4	9.2	-28.4	-28.3	n/a	n/a
<b>Liquid assets at end of period</b>	<b>69.5</b>	<b>98.9</b>	<b>108.1</b>	<b>79.7</b>	<b>51.4</b>	<b>70.2</b>	<b>133.1</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Domestic	149.5	252.1	103.1	121.1	218.4	334.9	401.7
yoy change	67.8 %	68.6 %	-59.1 %	17.4 %	80.3 %	53.4 %	20.0 %
Rest of Europe	494.6	601.8	709.4	833.0	1,502.1	2,303.6	2,763.3
yoy change	-3.2 %	21.7 %	17.9 %	17.4 %	80.3 %	53.4 %	20.0 %
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	6.0	45.8	8.0	9.4	16.9	25.9	31.1
yoy change	-41.2 %	663.3 %	-82.6 %	17.4 %	80.3 %	53.4 %	20.0 %
<b>TTL</b>	<b>650.1</b>	<b>899.7</b>	<b>820.5</b>	<b>963.5</b>	<b>1,737.4</b>	<b>2,664.4</b>	<b>3,196.1</b>
yoy change	-4.9 %	38.4 %	-8.8 %	17.4 %	80.3 %	53.4 %	20.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
<b>P&amp;L growth analysis</b>							
Sales growth	-4.9 %	38.4 %	-3.8 %	17.4 %	80.3 %	53.4 %	20.0 %
EBITDA growth	26.7 %	32.9 %	-26.8 %	61.3 %	200.9 %	13.1 %	-30.4 %
EBIT growth	76.5 %	15.6 %	-51.5 %	35.1 %	364.0 %	5.9 %	-58.8 %
EPS growth	236.2 %	64.7 %	-66.1 %	44.2 %	469.4 %	-12.0 %	-70.7 %
<b>Efficiency</b>							
Total operating costs / sales	91.8 %	92.1 %	94.3 %	91.8 %	91.4 %	96.3 %	96.5 %
Sales per employee	203.2	193.9	169.5	181.0	296.7	455.0	545.8
EBITDA per employee	15.8	14.5	9.6	14.1	23.9	14.5	16.6
<b>Balance sheet analysis</b>							
Avg. working capital / sales	28.1 %	21.6 %	19.0 %	12.5 %	8.0 %	6.0 %	6.2 %
Inventory turnover (sales/inventory)	4.2	6.9	8.6	7.6	8.5	9.0	9.0
Trade debtors in days of sales	75.7	74.1	62.3	51.4	45.0	45.0	45.0
A/P turnover [(A/P*365)/sales]	52.8	49.6	47.2	57.5	57.0	57.0	57.0
Cash conversion cycle (days)	128.7	79.7	54.7	36.2	22.2	18.3	18.3
<b>Cash flow analysis</b>							
Free cash flow	-49.1	-54.4	-34.8	-42.1	-65.9	-38.4	1.0
Free cash flow/sales	-7.6 %	-6.0 %	-4.0 %	-4.1 %	-3.6 %	-1.4 %	0.0 %
FCF / net profit	neg.	neg.	neg.	neg.	neg.	neg.	4.3 %
Capex / depre	103.8 %	93.4 %	79.8 %	59.2 %	17.3 %	16.2 %	15.2 %
Capex / maintenance capex	94.7 %	140.7 %	52.5 %	139.2 %	117.1 %	221.0 %	268.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	-11.5	5.2	-15.5	117.4	203.3	253.4	230.1
Net Debt/EBITDA	0.0	0.1	0.0	1.5	1.4	2.8	2.2
Net debt / equity	neg.	0.0	neg.	0.6	1.0	0.8	0.4
Interest cover	5.4	5.1	3.8	2.4	7.6	2.2	2.7
Dividend payout ratio	20.2 %	34.5 %	103.6 %	71.9 %	18.2 %	81.7 %	62.2 %
<b>Asset utilisation</b>							
Capital employed turnover	2.0	2.2	2.2	1.9	3.0	3.5	3.2
Operating assets turnover	2.1	2.5	3.2	2.5	3.6	4.2	4.0
Plant turnover	5.9	5.3	6.5	3.4	5.3	6.2	5.8
Inventory turnover (sales/inventory)	4.2	6.9	8.6	7.6	8.5	9.0	9.0
<b>Returns</b>							
ROCE	11.0 %	10.8 %	4.8 %	5.6 %	17.8 %	4.1 %	4.5 %
ROE	22.5 %	26.6 %	8.1 %	11.4 %	40.7 %	5.7 %	4.6 %
<b>Other</b>							
Interest paid / avg. debt	13.8 %	9.7 %	5.2 %	7.6 %	6.9 %	4.9 %	4.4 %
No. employees (average)	3200	4639	5103	5613	6175	6175	6175
Number of shares	15.4	15.4	15.2	15.2	15.2	15.2	15.2
DPS	0.4	1.0	1.0	1.0	1.0	1.0	1.0
EPS reported	1.73	2.85	0.96	1.39	5.49	1.22	1.61
<b>Valuation ratios</b>							
P/BV	1.4	1.0	0.9	0.9	0.8	0.5	0.3
EV/sales	0.4	0.3	0.2	0.4	0.3	0.2	0.1
EV/EBITDA	5.3	4.1	4.1	4.7	3.1	5.7	4.7
EV/EBITA	7.3	5.9	7.8	10.3	4.6	13.0	9.9
EV/EBIT	7.7	6.9	10.3	14.2	5.1	18.3	13.1
EV/FCF	-5.4	-5.1	-5.7	-8.8	-7.0	-13.2	463.2
Adjusted FCF yield	13.5 %	23.0 %	11.6 %	9.0 %	22.3 %	6.5 %	8.2 %
Dividend yield	3.2 %	9.1 %	9.1 %	9.1 %	9.1 %	9.1 %	9.1 %

Source: Company data, Hauck & Aufhäuser

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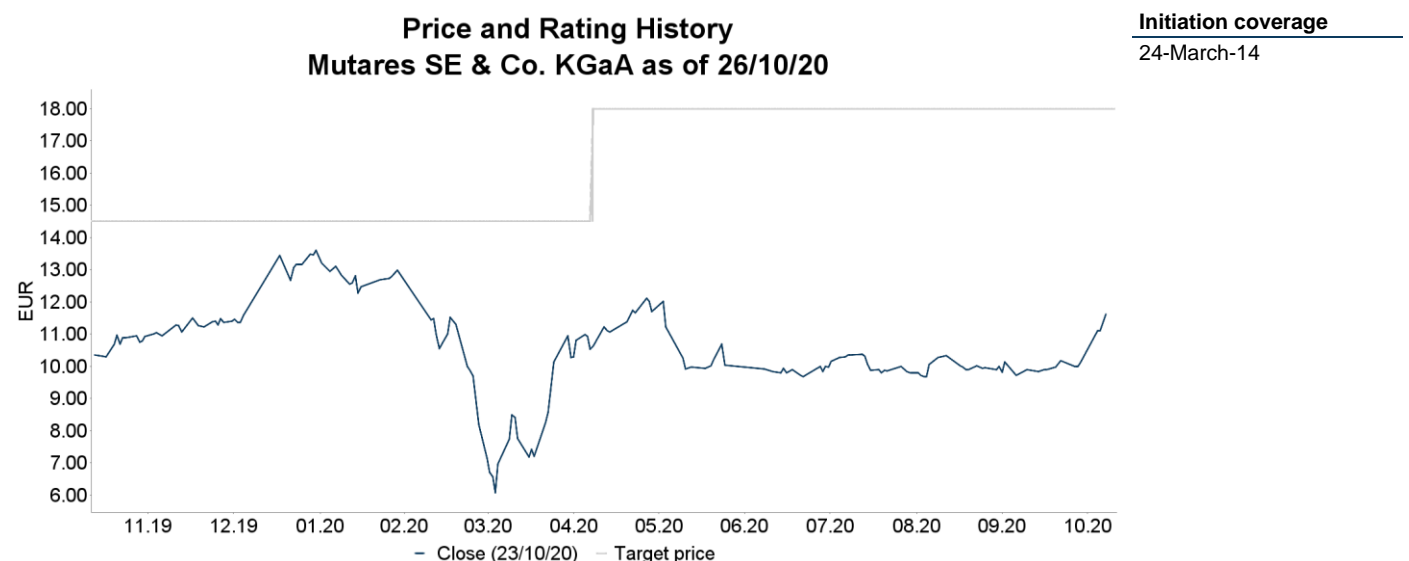
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Company	Disclosure
Mutares SE & Co. KGaA	2, 6, 8

**Historical target price and rating changes for Mutares SE & Co. KGaA in the last 12 months**



Company	Date	Analyst	Rating	Target price	Close
Mutares SE & Co. KGaA	12.08.2020	Köhler, Alina	Buy	EUR 18,00	EUR 10,00
	02.07.2020	Köhler, Alina	Buy	EUR 18,00	EUR 9,80
	15.05.2020	Köhler, Alina	Buy	EUR 18,00	EUR 11,70
	24.04.2020	Köhler, Alina	Buy	EUR 18,00	EUR 10,62

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