

## Mutares announced the fourth exit in 2021

*Mutares announced the intended exit of its three portfolio companies Eupec, TréfilUnion and Le Meusienne. For the sale of the three companies, which is expected to be closed in H2 2021, Mutares agreed on a put option with Prof. Dr. Frank Richter, entrepreneur and co-founder of Swiss Global Investment Group. Given the fact, that the portfolio companies are still in the realignment phase (Eupec and TréfilUnion) or in the optimization phase (Le Meusienne as part of Balcke Dürr), their profitability is likely to be rather low or negative. According to yesterday's press release, all three companies together generate total revenues of around EUR 80m, which corresponds to c.5% of FY 2020 group revenues. We do not consider any selling price and also do not expect any one-off gain from the exits. We consider the transaction as part of the ongoing reshuffling of the portfolio and a shift towards larger holdings. With a TP of EUR 30, we rate the shares a Buy.*

- ▶ Eupec: Supplier of coatings for oil and gas pipelines and with Mutares since 2012. In 2020, the company had been considered to be in its harvesting phase, but has suffered from the pandemic. Consequently, revenues in FY 2020 of EUR 10m were below prior year's level and operating earnings were negative.
- ▶ TréfilUnion: Manufacturer of iron wire and prestressing steel and with Mutares since 2019. Revenues and earnings in FY 2020 were hit hard by the pandemic. When the company was acquired in 2019, Mutares generated a bargain purchase in the amount of EUR 35m.
- ▶ Le Meusienne: Manufacturer of stainless-steel pipes and with Mutares since 2017. The portfolio company was integrated in Balcke-Dürr Group in 2019. Revenues in 2020 should have been at around EUR 50m. When the company was acquired, Mutares generated a bargain purchase of EUR 13m.

Zafer Rüzgar  
+49 69 58997 412, zafer.ruezgar@paretosec.com

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