

Strong growth in Q2 – guidance increased

Mutares reports results for Q2 2021, which show a strong growth. However, it should be mentioned, that the prior year's quarter was heavily impacted by the COVID-19 pandemic and therefore a comparability is rather low. As expected, group revenues of EUR 600m (PAsE: EUR 556m) were influenced by transactions, from both acquisitions and divestments (STS exit in Automotive segment). The organic revenue development stands at +19% yoy (Q1 2021: +2.1% yoy). Adj. EBITDA improved slightly but was still negative at EUR -4.9m (Q2 2020: EUR -6.3m), mainly related to the newly acquired companies, which are usually loss making. The portfolio companies in the harvesting phase have improved their adj. EBITDA to EUR 11m from EUR 5m in the prior year's quarter. The reported EBITDA of EUR 358m (Q2 2020: EUR 2.5m) has benefitted very strongly from acquisition-related one-time gains and exit gains, particularly from Nexive. As expected, the figures are massively influenced by transactions. According to the management, transaction activities are expected to accelerate further. For this purpose, Mutares considers a capital increase with subscription rights. With a TP of EUR 30, we rate the shares a Buy.

Mutares SE - Review Q2 2021

EUR m	Actual			PAsE		PAsE		
	Q2 2021	Q2 2020	% yoy	Q2 2021e	Delta	2021e	2022e	2023e
Revenues	600.1	304.8	96.9%	556.4	7.9%	2,761	3,026	3,056
Automotive & Mobility	166.0	91.6	81.2%	116.8	42%	853	870	879
Engineering & Technology	235.7	135.7	73.7%	245.3	-4%	963	1,040	1,050
Goods & Services	198.5	77.6	155.8%	194.4	2%	945	1,116	1,127
EBITDA	357.7	2.5	nm	70.6	406.6%	288	116	117
EBITDA margin	59.6%	0.8%	nm	12.7%	4692 BP	10.4%	3.8%	3.8%
Adjusted EBITDA	-4.9	-6.3	nm	1.6	nm	43	116	117
Adjusted EBITDA margin	neg.	neg.	nm	0.3%	nm	1.6%	3.8%	3.8%
Automotive & Mobility	0.6	-10.5	nm	2.9	-79.1%	13	30	31
Engineering & Technology	-6.1	4.8	nm	7.0	-187.1%	40	52	53
Goods & Services	-0.8	1.6	nm	-8.3	-90.3%	-10	33	34

Source: Mutares SE, Pareto Securities Research

Guidance increased

- ▶ For FY 2021e, Mutares now targets a significant increase in revenues to at least EUR 2.4bn (prev. at least EUR 2.2bn). The mid-term revenue target is now increased to at least EUR 5bn (prev. EUR 3bn).
- ▶ Given the favourable market environment, the management also expects a further increase in its transaction activities. For the financing of the further growth, Mutares is considering a capital increase.

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