



Buy (old: Buy)

Price target: EUR 18.00 (old: EUR 18.00)

Price: EUR 11.70 **Next result:** H1'20 11.08.20
Bloomberg: MUX GR **Market cap:** EUR 178.2 m
Reuters: MUXG.BE **Enterprise Value:** EUR 469.0 m

15-May-20

Alina Köhler
Analyst

alina.koehler@ha-ib.de

Tel.: +49 40 4506 342 3095

RS Feedback: Strategy execution is well on track

This week, we hosted a digital roadshow with CIO Johannes Laumann.

Importantly, Mutares continues to **deliver on its promises, ticking all the boxes:**

- Larger acquisition targets with sales of > €100m on average:** Recently, Mutares announced the acquisition of the specific sealing and fluid activities from Cooper Standard with sales of c. € 180m in FY'19, following a competitive bidding process. The acquisition should return a bargain purchase income of c € 60m; closing is expected in Q2'20. Importantly, while Covid-19 related transactions should largely take place starting in H2'20, and the overall M&A market is quiet at the moment, **Mutares' M&A pipeline is well filled.** In fact, the company is currently in the bidding process for larger transactions. NB: Mutares has hired 15 consultants in Q1'20, arriving at 64 consultants in total and hence eliminating concerns regarding capacity bottlenecks.
- Sensible exits:** After selling Balcke Dürr Polska, Mutares has initiated the selling process of Balcke Dürr Germany. With this, Mutares should achieve estimated sales proceeds of c. 11m (EV) or an EV/EBITDA multiple of 4-5x. Notably, following the closing and integration of add-on acquisition Ruuki in Q2'20, Donges is now completed. Importantly, this should further free up consulting capacities. The European player for steel construction achieves annualized sales of c. € 400m and should be sold for a 7x EV/EBITDA, yielding a triple-digit € m selling price.
- Portfolio streamlining:** Following the sale of BEXity's activities in the Czech Republic for an estimated 7.5x EV/EBITDA or € 0.5m, management intends to engage into **additional portfolio streamlining activities in the near term.** Potential candidates include Klann and Eupec, in our view.

Overall, this fully confirms that strategy execution is well on track. **Reiterate BUY with an unchanged PT of € 18.00, based on SOTP 2021E.**

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	37.5	79.7	97.5
EBIT	34.6	40.0	19.4	26.2	-20.2	17.9	31.8
Net income	26.8	44.2	14.7	21.2	-26.5	8.7	19.1
Net debt	-11.5	5.2	-15.5	117.4	203.5	263.6	245.6
Net gearing	-9.6 %	3.1 %	-8.6 %	63.4 %	118.1 %	93.0 %	51.2 %
Net Debt/EBITDA	0.0	0.1	0.0	1.5	5.4	3.3	2.5
EPS pro forma	1.73	2.85	0.96	1.39	-1.74	0.57	1.25
CPS	-3.18	-2.89	-2.68	-4.18	-7.47	-6.57	-3.94
DPS	0.35	1.00	1.00	1.00	1.00	1.00	1.00
Dividend yield	3.0 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %
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 %	2.0 %	2.8 %	2.9 %
EBIT margin	5.3 %	4.4 %	2.2 %	2.6 %	-1.1 %	0.6 %	0.9 %
ROCE	11.0 %	10.8 %	4.8 %	5.6 %	-4.1 %	2.7 %	4.0 %
EV/sales	0.4	0.3	0.2	0.4	0.3	0.2	0.2
EV/EBITDA	5.5	4.3	4.3	4.8	12.5	6.6	5.2
EV/EBIT	8.0	7.2	10.8	14.6	-23.2	29.6	16.1
PER	6.8	4.1	12.1	8.4	-6.7	20.4	9.3
Adjusted FCF yield	12.9 %	22.1 %	10.9 %	8.7 %	-3.5 %	4.2 %	6.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 14.05.2020



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 13.60 / 6.07

Price/Book Ratio: 1.1

Relative performance (SDAX):

3 months 12.6 %

6 months 24.5 %

12 months 9.3 %

Changes in estimates

		Sales	EBIT	EPS
2020	old:	1,831.9	-20.2	-1.74
	Δ	-	-	-
2021	old:	2,809.3	17.9	0.57
	Δ	-	-	-
2022	old:	3,369.8	31.8	1.25
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 15.2

Authorised capital: (in € m) 7.0

Book value per share: (in €) 11.3

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
Net sales	650.1	899.7	865.1	1,015.9	1,831.9	2,809.3	3,369.8
<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
Total sales	647.1	895.6	865.2	1,012.0	1,822.7	2,795.2	3,352.9
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	2,078.8
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	329.5	483.1	577.6
Total operating expenses	596.6	828.5	816.1	932.8	1,785.2	2,715.6	3,255.4
EBITDA	50.5	67.1	49.1	79.2	37.5	79.7	97.5
Depreciation	13.9	20.7	23.5	43.1	47.6	50.6	53.9
EBITA	36.6	46.4	25.6	36.1	-10.1	29.1	43.6
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
EBIT (inc revaluation net)	34.6	40.0	19.4	26.2	-20.2	17.9	31.8
Interest income	0.3	3.4	0.5	1.5	0.6	0.5	0.8
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	-12.7
Recurring pretax income from continuing operations	28.5	35.5	14.8	16.7	-31.5	5.7	19.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	28.5	35.5	14.8	16.7	-31.5	5.7	19.1
Taxes	2.1	-8.4	2.8	0.0	0.0	0.0	0.0
Net income from continuing operations	26.4	43.9	12.0	16.7	-31.5	5.7	19.1
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	26.4	43.9	12.0	16.7	-31.5	5.7	19.1
Minority interest	-0.4	-0.3	-2.7	-4.5	-5.0	-3.0	0.0
Net profit (reported)	26.8	44.2	14.7	21.2	-26.5	8.7	19.1
Average number of shares	15.4	15.4	15.2	15.2	15.2	15.2	15.2
EPS reported	1.73	2.85	0.96	1.39	-1.74	0.57	1.25

Profit and loss (common size)	2016	2017	2018	2019	2020E	2021E	2022E
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	neg.	neg.	0.0 %	neg.	neg.	neg.	neg.
Total sales	99.5 %	99.5 %	100.0 %	99.6 %	99.5 %	99.5 %	99.5 %
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 %	18.0 %	17.2 %	17.1 %
Total operating expenses	91.8 %	92.1 %	94.3 %	91.8 %	97.5 %	96.7 %	96.6 %
EBITDA	7.8 %	7.5 %	5.7 %	7.8 %	2.0 %	2.8 %	2.9 %
Depreciation	2.1 %	2.3 %	2.7 %	4.2 %	2.6 %	1.8 %	1.6 %
EBITA	5.6 %	5.2 %	3.0 %	3.6 %	neg.	1.0 %	1.3 %
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 %
EBIT (inc revaluation net)	5.3 %	4.4 %	2.2 %	2.6 %	neg.	0.6 %	0.9 %
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.
Recurring pretax income from continuing operations	4.4 %	3.9 %	1.7 %	1.6 %	neg.	0.2 %	0.6 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	4.4 %	3.9 %	1.7 %	1.6 %	neg.	0.2 %	0.6 %
Tax rate	7.4 %	-23.7 %	18.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income from continuing operations	4.1 %	4.9 %	1.4 %	1.6 %	neg.	0.2 %	0.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	4.1 %	4.9 %	1.4 %	1.6 %	neg.	0.2 %	0.6 %
Minority interest	neg.	neg.	neg.	neg.	neg.	neg.	0.0 %
Net profit (reported)	4.1 %	4.9 %	1.7 %	2.1 %	neg.	0.3 %	0.6 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	20.0	35.7	41.4	58.7	58.6	60.4	60.1
Property, plant and equipment	110.9	170.6	133.3	296.2	326.2	428.2	563.4
Financial assets	7.8	5.7	16.9	16.6	16.6	16.6	16.6
FIXED ASSETS	138.7	212.0	191.6	371.5	401.4	505.2	640.1
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	415.4
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	51.2	60.1	117.6
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
CURRENT ASSETS	393.5	460.8	439.2	477.0	612.8	838.9	1,027.8
TOTAL ASSETS	532.2	672.8	630.8	848.5	1,014.2	1,344.0	1,667.8
SHAREHOLDERS EQUITY	119.3	166.4	180.7	185.3	172.3	283.5	480.2
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
Non-current liabilities	207.7	251.0	189.3	334.9	392.5	461.5	501.0
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
Current liabilities	206.2	256.3	233.4	305.4	431.6	584.2	671.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	532.2	672.8	630.8	848.5	1,014.2	1,344.0	1,667.8

Balance sheet (common size)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	3.8 %	5.3 %	6.6 %	6.9 %	5.8 %	4.5 %	3.6 %
Property, plant and equipment	20.8 %	25.4 %	21.1 %	34.9 %	32.2 %	31.9 %	33.8 %
Financial assets	1.5 %	0.8 %	2.7 %	2.0 %	1.6 %	1.2 %	1.0 %
FIXED ASSETS	26.1 %	31.5 %	30.4 %	43.8 %	39.6 %	37.6 %	38.4 %
Inventories	29.4 %	19.5 %	16.0 %	15.8 %	21.2 %	23.2 %	22.4 %
Accounts receivable	25.3 %	27.1 %	23.4 %	16.9 %	22.3 %	25.8 %	24.9 %
Other current assets	5.6 %	5.5 %	11.0 %	11.4 %	9.5 %	7.2 %	5.8 %
Liquid assets	13.1 %	14.7 %	17.1 %	9.4 %	5.0 %	4.5 %	7.1 %
Deferred taxes	0.5 %	1.6 %	2.1 %	2.8 %	2.3 %	1.8 %	1.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	73.9 %	68.5 %	69.6 %	56.2 %	60.4 %	62.4 %	61.6 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	22.4 %	24.7 %	28.6 %	21.8 %	17.0 %	21.1 %	28.8 %
MINORITY INTEREST	neg.	neg.	4.3 %	2.7 %	1.8 %	1.1 %	0.9 %
Long-term debt	10.9 %	15.5 %	14.7 %	23.2 %	25.1 %	24.1 %	21.8 %
Provisions for pensions and similar obligations	20.5 %	15.3 %	7.5 %	10.3 %	8.6 %	6.5 %	5.2 %
Other provisions	7.6 %	6.6 %	7.9 %	6.0 %	5.0 %	3.8 %	3.0 %
Non-current liabilities	39.0 %	37.3 %	30.0 %	39.5 %	38.7 %	34.3 %	30.0 %
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 %	28.2 %	32.6 %	31.6 %
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 %	12.9 %	9.7 %	7.8 %
Deferred taxes	1.8 %	1.4 %	1.0 %	1.8 %	1.5 %	1.1 %	0.9 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	38.7 %	38.1 %	37.0 %	36.0 %	42.6 %	43.5 %	40.3 %
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)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit/loss	26.4	43.9	12.0	16.7	-31.5	5.7	19.1
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	-110.0	-150.0	-145.0
Cash flow from operations before changes in w/c	-16.7	-46.6	-43.4	-57.9	-83.8	-82.5	-60.2
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
Cash flow from operating activities	-34.1	-29.1	-11.1	-10.7	-56.1	-38.3	5.7
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
Cash flow from investing activities	11.3	23.7	-3.2	44.4	50.0	70.0	75.0
Cash flow before financing	-22.8	-5.4	-14.3	33.7	-6.1	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
Cash flow from financing activities	11.1	34.7	23.5	-62.4	-22.4	-22.8	-23.1
Increase/decrease in liquid assets	-11.7	29.4	9.2	-28.4	-28.5	n/a	n/a
Liquid assets at end of period	69.5	98.9	108.1	79.7	51.2	60.1	117.6

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	2,763.2
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 %
TTL	650.1	899.7	820.5	963.5	1,737.4	2,664.4	3,196.0
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
P&L growth analysis							
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 %	-23.6 %	0.6 %	159.8 %
EBIT growth	76.5 %	15.6 %	-51.5 %	35.1 %	-204.0 %	-31.8 %	-257.5 %
EPS growth	236.2 %	64.7 %	-66.1 %	44.2 %	-280.2 %	-58.9 %	-172.1 %
Efficiency							
Total operating costs / sales	91.8 %	92.1 %	94.3 %	91.8 %	97.5 %	96.7 %	96.6 %
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	6.1	12.9	15.8
Balance sheet analysis							
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
Cash flow analysis							
Free cash flow	-49.1	-54.4	-34.8	-42.1	-66.1	-48.3	-4.3
Free cash flow/sales	-7.6 %	-6.0 %	-4.0 %	-4.1 %	-3.6 %	-1.7 %	-0.1 %
FCF / net profit	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Capex / deprn	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
Security							
Net debt	-11.5	5.2	-15.5	117.4	203.5	263.6	245.6
Net Debt/EBITDA	0.0	0.1	0.0	1.5	5.4	3.3	2.5
Net debt / equity	neg.	0.0	neg.	0.6	1.2	0.9	0.5
Interest cover	5.4	5.1	3.8	2.4	0.0	1.4	2.4
Dividend payout ratio	20.2 %	34.5 %	103.6 %	71.9 %	100.0 %	174.7 %	79.8 %
Asset utilisation							
Capital employed turnover	2.0	2.2	2.2	1.9	3.1	3.7	3.4
Operating assets turnover	2.1	2.5	3.2	2.5	3.8	4.3	4.1
Plant turnover	5.9	5.3	6.5	3.4	5.6	6.6	6.0
Inventory turnover (sales/inventory)	4.2	6.9	8.6	7.6	8.5	9.0	9.0
Returns							
ROCE	11.0 %	10.8 %	4.8 %	5.6 %	-4.1 %	2.7 %	4.0 %
ROE	22.5 %	26.6 %	8.1 %	11.4 %	-15.4 %	3.1 %	4.0 %
Other							
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	-1.74	0.57	1.25
Valuation ratios							
P/BV	1.5	1.1	1.0	1.0	1.0	0.6	0.4
EV/sales	0.4	0.3	0.2	0.4	0.3	0.2	0.2
EV/EBITDA	5.5	4.3	4.3	4.8	12.5	6.6	5.2
EV/EBITA	7.6	6.2	8.2	10.6	-46.4	18.2	11.7
EV/EBIT	8.0	7.2	10.8	14.6	-23.2	29.6	16.1
EV/FCF	-5.7	-5.3	-6.0	-9.1	-7.1	-10.9	-117.8
Adjusted FCF yield	12.9 %	22.1 %	10.9 %	8.7 %	-3.5 %	4.2 %	6.6 %
Dividend yield	3.0 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %	8.5 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 85 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

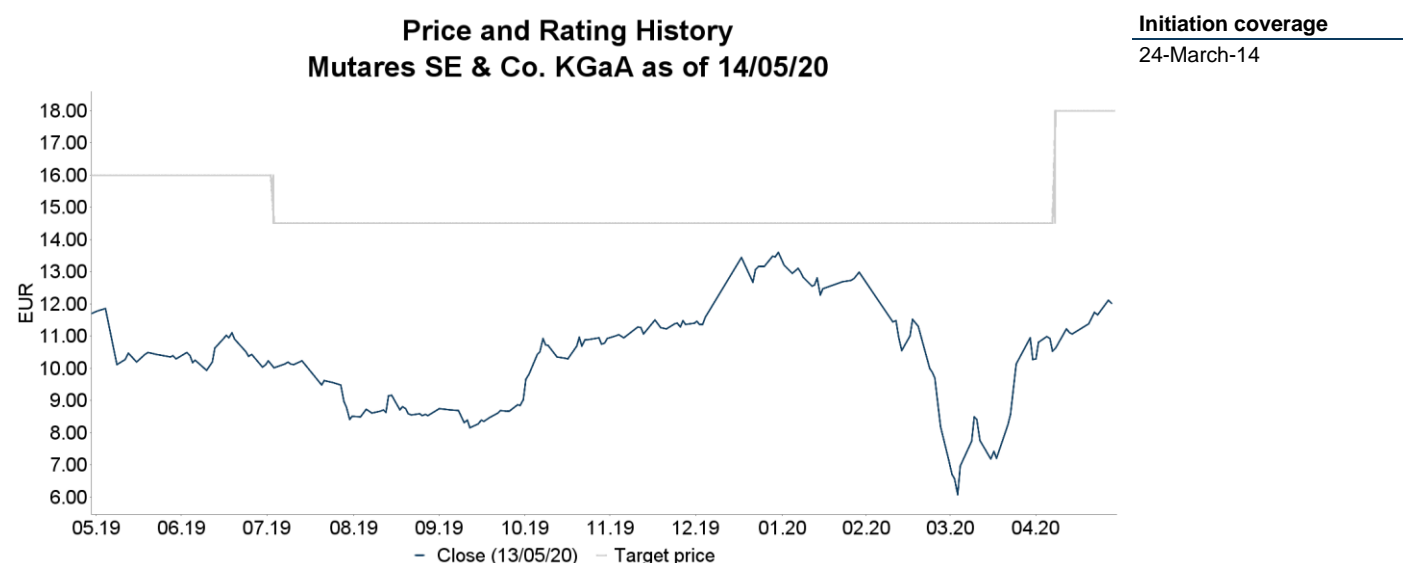
It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed 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 any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) 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) 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) 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 any other person belonging to the same group with that person 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 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	24.04.2020	Köhler, Alina	Buy	EUR 18,00	EUR 10,62
	22.07.2019	Köhler, Alina	Buy	EUR 14,50	EUR 10,02
	22.07.2019	Köhler, Alina	Buy	EUR 14,50	EUR 10,02

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

Buy	68.15 %	79.17 %
Sell	10.37 %	0.00 %
Hold	21.48 %	20.83 %

Date of publication creation: 15/05/2020 08:13 AM

Date of publication dissemination: 15/05/2020 08:14 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.com/en/investment-banking/equities#institutionalresearch>

Disclosures for U.S. persons only

This research report is a product of HAUCK & AUFHÄUSER PRIVATBANKIERS AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK & AUFHÄUSER PRIVATBANKIERS AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK & AUFHÄUSER PRIVATBANKIERS AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Contacts: Hauck & Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

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

Tel.: +49 (0) 40 414 3885 91
Fax: +49 (0) 40 414 3885 71
Email: research@ha-ib.de
www.ha-research.de

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

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

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

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

Alina Köhler
Analyst
Tel.: +49 40 450 6342 3095
E-Mail: alina.koehler@ha-ib.de

Catharina Claes
Analyst
Tel.: +49 40 450 6342 3092
E-Mail: catharina.claes@ha-ib.de

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

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

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Frederik Bitter
Analyst
Tel.: +49 40 450 6342 3091
E-Mail: frederik.bitter@ha-ib.de

Frederik Jarchow
Analyst
Tel.: +49 40 414 3885 76
E-Mail: frederik.jarchow@ha-ib.de

Julius Stinauer
Analyst
Tel.: +49 40 414 3885 84
E-Mail: julius.stinauer@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 450 6342 3096
E-Mail: simon.bentlage@ha-ib.de

Hauck & Aufhäuser Sales

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

Carlos Becke
Equity Sales
Tel.: +44 203 9473 245
E-Mail: carlos.becke@ha-ib.de

Markus Scharhag
Equity Sales
Tel.: +49 89 23 93 2813
E-Mail: markus.scharhag@ha-ib.de

Christian Schwenkenbecher
Equity Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Christian Bybjerg
Equity Sales
Tel.: +49 414 3885 74
E-Mail: christian.bybjerg@ha-ib.de

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

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

Imogen Voorspuy
Equity Junior Sales
Tel.: +44 203 9473 244
E-Mail: imogen.voorspuy@ha-ib.de

Hauck & Aufhäuser Sales Trading

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

Tel.: +49 40 414 3885 78
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.com
www.hauck-aufhaeuser.com

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

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

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

Alexander Hanisch
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: alexander.hanisch@hauck-aufhaeuser.com

Carolin Heidrich
Middle-Office
Tel.: +49 176 10 59 41 52
E-Mail: carolin.heidrich@hauck-aufhaeuser.com