

Buy (old: Buy)

Price target: EUR 18.00 (Reinitiation)

| | | | |
|-------------------|-----------|--------------------------|----------------|
| Price: | EUR 10.62 | Next result: | Q1'20 14.05.20 |
| Bloomberg: | MUX GR | Market cap: | EUR 161.8 m |
| Reuters: | MUXG.BE | Enterprise Value: | EUR 452.6 m |

24-April-20

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Sharpening the toolbox – Reinitiate with BUY

It is time to take a fresh look at Mutares, which remains **strongly positioned as a hands-on turnaround investor for distressed European SMEs** despite Covid-19 uncertainties. **Key reasons:**

- **Early beneficiary of the crisis:** In fact, Mutares' strong **restructuring know-how** should be in high demand as the number of troubled companies increases due to the Covid-19 spurred economic crisis. Importantly, Mutares usually receives money for taking on and turning around distressed SMEs in so-called 'one-euro-deals', keeping its financial risks in check.
- **Fine-tuned strategy:** With a new CIO on board, Mutares looks set to follow a more structured approach. As a result, expect **cash return on invested capital of 5-10x from lower levels in the past, sensible portfolio streamlining and larger platform acquisitions** (i.e. > 100m sales on average) such as recently acquired Nexive with sales of > € 200m p.a. (closing exp. in Q3'20).

The well-filled acquisition pipeline should fuel dynamic growth of 50% p.a. on average (CAGR 19-22E) **lifting Mutares' annualized sales to > € 2.5bn by 2022E, post earmarked exits**. As such, the company should show up on the radar of renowned holding companies allowing it to purchase larger spin-offs and benefit from greater value creation potential.

Reassuringly, portfolio company Balcke-Dürr has just sold Balcke-Dürr Polska achieving a 12x return on invested capital (eH&A) well above the targeted 5-10x AND in the middle of the pandemic. Considering their maturity and/or resilience, further potential exit candidates include the remaining parts of Rothemühle, Gemini, Klann and EUPEC for an estimated > € 35m amount in transaction value.

That said, **Mutares has sufficient liquidity to support ailing portfolio companies AND return money to investors:** Mutares intends to pay out a sustainable dividend of € 1.00 per share p.a, which should be fully financed out of dividends paid by profitable portfolio companies. In fact, successful exits could provide upside to the base dividend and should lead to **eye-opening dividend yields of > 9%**.

The Mutares investment case combines cheap purchases, operational turnaround know-how, value-accretive exit potentials and attractive cash-outs. **BUY with a 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 | 3.3 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % |
| 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 | 0.2 | 0.2 | 0.1 |
| EV/EBITDA | 5.2 | 4.0 | 3.9 | 4.6 | 12.1 | 6.4 | 5.1 |
| EV/EBIT | 7.6 | 6.7 | 10.0 | 14.0 | -22.4 | 28.7 | 15.6 |
| PER | 6.1 | 3.7 | 11.0 | 7.6 | -6.1 | 18.6 | 8.5 |
| Adjusted FCF yield | 13.8 % | 23.5 % | 12.0 % | 9.2 % | -3.6 % | 4.3 % | 6.9 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 23.04.2020



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 13.60 / 6.07

Price/Book Ratio: 0.9

Relative performance (SDAX):

3 months 2.7 %

6 months 10.6 %

12 months 6.9 %

Changes in estimates

| | Sales | EBIT | EPS |
|------|-------|------|-----|
| 2020 | old: | | |
| | Δ | | |
| 2021 | old: | | |
| | Δ | | |
| 2022 | old: | | |
| | 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) 49,100

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.

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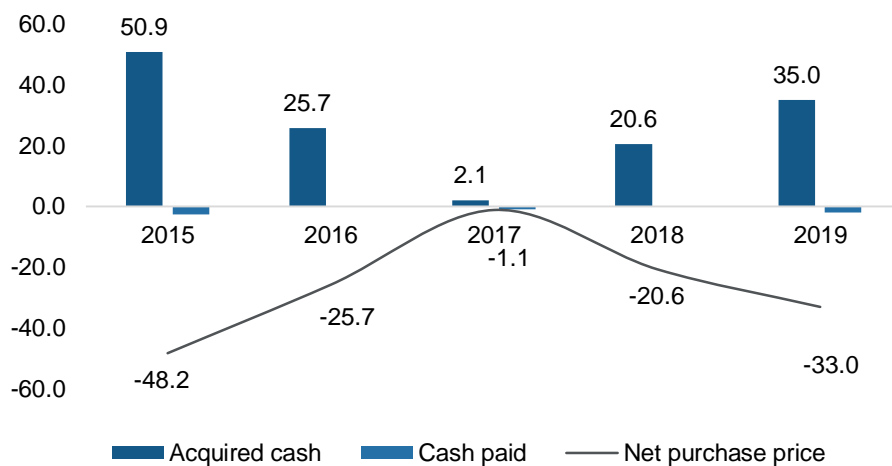
The business model explained

As a listed German turnaround investor, Mutares targets European companies with significant optimization potential. Key investment criteria include:

- Mid-sized companies / business units with revenues between € 50-500m. Corporate spin-offs account for c. 90% of Mutares' transactions. Succession plans, insolvencies or other situations explain the remainder.
- Distressed P+Ls: Mutares targets loss-making or breakeven companies, which bear significant operational improvement potential.
- Strong balance sheets: High-quality fixed assets and high working capital allow for quick liquidity improvements.

Typically, Mutares is able to achieve very low and often negative purchase prices to cover initial losses resulting in bargain purchase income. Direct equity injections by the holding amount to less than € 10m further limiting financial risks. Invested capital can include granted guarantees and other off-balance sheet items.

Historical acquisition prices in €m



Source: Company data

Out of 4,000 opportunities seen in the market per year, Mutares screens c. 400 companies in more detail. Approximately 150 offers are made of which 25 enter a due diligence process. Eventually, up to 10 attractive acquisitions are executed p.a.

The company competes mainly against other turnaround investors (c. 70% of deals) including Aurelius and Melrose as well as strategic buyers.

M&A pipeline



Source: Company data

Following a successful takeover, the acquired company immediately enters a comprehensive heavy-duty restructuring process, which takes approximately 6-18 months. The turnaround is then fine-tuned with a series of organic and inorganic growth measures. **Note:** Mutares recently issued a € 50m senior secured floating rate bond with a 4-year maturity and interest at 3-month EURIBOR plus a margin of 600 basis points to provide quick financing to its portfolio companies for timely add-on acquisitions.

Mutares is able to generate a high return on investment through:

- **Exits:** The key driver behind Mutares' success is the value accretive sale of parts of the portfolio after a successful turnaround especially as many portfolio firms have started to enter the stage for sale. For example, STS was partially sold (65% stake remains with Mutares) through an IPO in 2018 yielding a 5x cash return on invested money for the sale of 35% of the shares. More recently, portfolio company Balcke-Dürr sold Balcke-Dürr Polska to strategic buyer Wallstein Group **achieving an estimated 12x return on invested capital.**
- **Dividends:** During the stabilization phase, profitable companies pay performance-based dividends, which should return c. € 5-15m p.a. depending on the maturity of the portfolio.
- **Consulting fees:** During the restructuring phase, portfolio companies pay consulting fees in line with industry standards yielding revenues of c. € 20m+ p.a. and net cash of € 5m+ in the holding after covering all of Mutares' fixed costs.

Overall, **Mutares targets a 5-10x return on its invested capital on average.** In the past, Mutares achieved a return on invested capital of 2.2x.

The **return of 5.6x on Mutares' 'vintage portfolio'**, i.e. companies that have been part of the portfolio for 12 months or longer, through dividends, consulting fees or partial exits AND the exit of Balcke-Dürr Polska already provide confidence in Mutares' sharpened investment strategy.

Return on invested capital

| Category (Values in EURm except return multiples) | # | Investments (Initial + holding period) | Net proceeds (Consulting, dividends and (partial) exits) | Return on invested capital ⁽²⁾ (x) |
|---|-----------|---|--|--|
| Past investments | 20 | 39.8 | 88.2 | 2.2x |
| Current portfolio | | | | |
| Vintage portfolio⁽¹⁾ | 8 | 16.5 | 92.8 | 5.6x |
| Portfolio outlook | 14 | 20.9 | 100-200 | 5-10x |

5.6x

- Return multiple of 5.6x already realised on Vintage portfolio **without full exits**
- Substantial return improvement versus exited investments underline Mutares' ability to learn from past experience and improve investment & turnaround approach

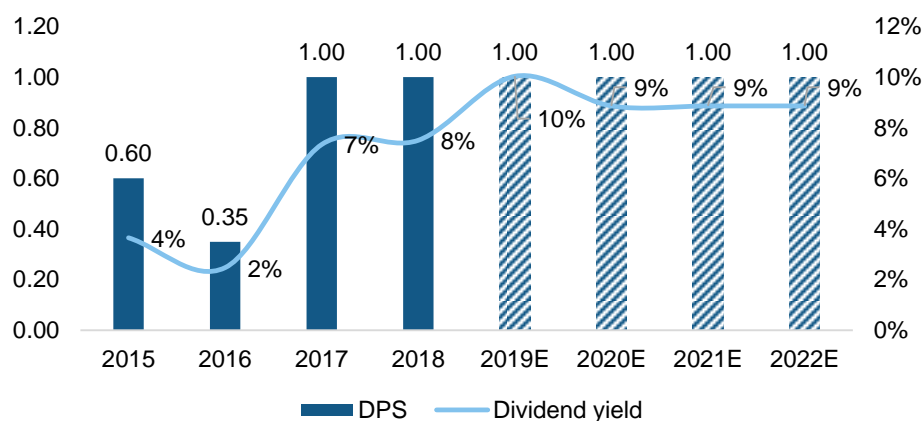
5-10x

- Return multiple target led by the upgraded investment strategy
- Profitable holding period is targeted with superior returns to Shareholders; leading position in Private Equity Industry

Source: Company data

The cash in the holding is fully available for investments into future growth as well as dividends. **Management intends to pay out a sustainable dividend of € 1.00 per share**, while additional participation dividends from successful exits could provide further upside.

Dividend yield based on historical share prices and DPS in €



Source: Company data, MarketMap, Hauck & Aufhäuser estimates

Management holds c. 40% of total shares, which underpins its commitment to set the dynamic growth path forth.

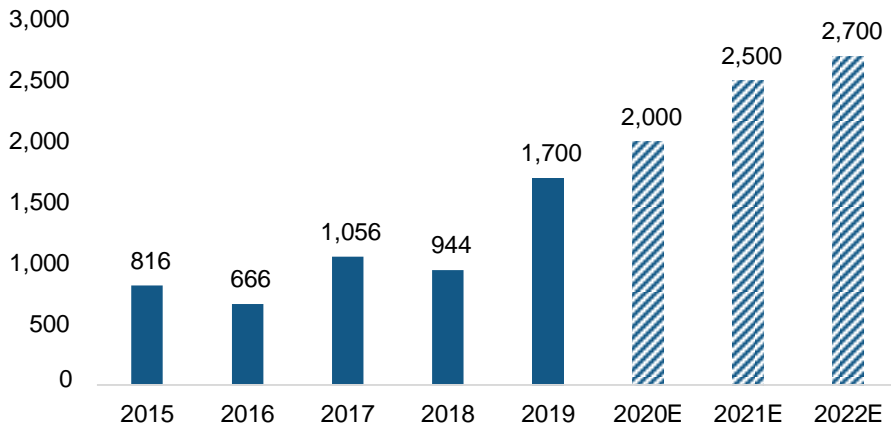
| | Automotive & Mobility | Engineering & Technology | Goods & Services | Group |
|--|---|--|--|----------------|
| Company | Elastomer Solutions, STS, Plati, KICO, PRIMOTECS | Balcke Dürr, Donges Group, Gemini, Eupec | keeper, cenpa, KLANN, Trefil Union, BEXity, Nexive | 15 |
| Headcount | | | | 6,505 |
| Sales distribution by region (2019) | <ul style="list-style-type: none"> Germany France Italy Europe other Rest of world | | | |
| Sales FY'19 (€ m) | 450.4 | 482.0 | 83.5 | 1,015.9 |
| Sales share | 44% | 47% | 8% | |
| EBITDA FY'19 (€ m) | 13.6 | -3.8 | 79.5 | 79.2 |
| EBITDA-margin | 3% | -1% | 95% | 7.8% |

Source: Company data

Portfolio: Striding towards € 3bn annualized sales

Founded in 2008, the company today holds a **portfolio of 15 companies with annualized sales of c. € 1.7bn**. By 2024E, management expects to reach € 3bn sales thanks to growth at existing portfolio companies as well as acquisitions of additional/larger portfolio companies.

Annualized sales in €m



Source: Company data; Hauck & Aufhäuser estimates

The portfolio is split into three segments namely Automotive & Mobility, Engineering & Technology and Goods & Services reflecting Mutares' broad areas of expertise.

Portfolio

| Automotive & Mobility | Engineering & Technology | Goods & Services |
|--|---|---|
| <p>Acquired in 2009 from Diehl Group Rubber grommets</p> | <p>Acquired in 2016 from SPX Group Energy efficiency & filters</p> | <p>Acquired in 2016 from Sonoco Group Industry & hygienic coreboard</p> |
| <p>Acquired in 2013 from Autoneum Group Tier1 supplier of truck composites</p> | <p>Acquired in 2017 from Mitsubishi-Hitachi Construction, roofs & engineering</p> | <p>Acquired in 2019 from Wrede Holding Household plastic goods</p> |
| <p>Acquired in 2019 from Deren Group Cable trees & harnesses</p> | <p>Acquired in 2018 from Knorr Bremse MRO services for rolling stock</p> | <p>Acquired in 2011 from Huber Group High-end metal packaging</p> |
| <p>Acquired in 2019 from a family Safety, locking, joining systems</p> | <p>Acquired in 2012 from Korindo Group Coatings for oil & gas pipelines</p> | <p>Acquired in 2019 from ArcelorMittal Steel wire applications</p> |
| <p>Acquired in 2019 from Tekfor Group Precision machine parts</p> | | <p>Acquired in 2019 from Austrian Railways Transport & cargo services</p> |
| | | <p>Acquired in 2020 from PostNL Mail & parcel provider</p> |

1) Majority shareholder with > 60%; 2) Transaction signed; 3) Closing expected in Q2/2020

Source: Company data

Recent purchases include an 80% stake in Nexive (closing expected in Q3'20), platform acquisition PRIMOTECS (ex Tekfor), add-on acquisition Loterios and add-on acquisition keeper tableware (ex Metsä Tissue).

1. Nexive (closing expected in Q3'20)

Mutares and PostNL have signed an agreement on the acquisition of an 80% stake in the business of Nexive. Nexive is the second largest mail and parcel delivery company in Italy, and currently fully owned by PostNL. Importantly, within its mail business (75% of total sales) Nexive focuses on the delivery of official documents such as driver's licenses etc., which is a stable market in the otherwise declining mail business.

In 2019, Nexive should have generated sales of c. € 230m and losses of c. € 10m EBITDA (eH&A). To cover initial losses, PostNL committed to a cash contribution, which should lead to an estimated bargain purchase income of c. € 50m.

Nexive shows great potential for profitable growth thanks to the increased focus on the growing e-commerce market reflected in new service offerings such as track & trace and the expansion of its own parcel network. In 2019, Nexive has achieved double-digit sales growth in its parcel delivery business (c. 15% of total sales), underpinning the attractiveness of the offering. At the same time, we expect Nexive to reduce the number of Italian households the company provides mail services to (currently c. 80% of total households) in remote Italian villages, which should lift margins considerably.

Thus, Nexive should be able to achieve EBITDA margins of 5% in the midterm resulting in attractive valuation multiples in the range of 6-9x EV/EBITDA.

What's more: The 20% stake PostNL intends to keep underpins the company's confidence in Nexive's turnaround. Also, we expect PostNL and Nexive to benefit from cross-selling synergies.

2. PRIMOTECS (ex Tekfor; closing: 04.02.2020)

Mutares acquired the Italian business of Tekfor Group, a manufacturer of automotive components for use in electric, hybrid (combined c. 80% of sales) and conventional (c. 20% of total sales) powertrains with expected sales of c. € 110m in 2020E.

In our view, this should be a typical Mutares deal i.e. we expect the company to have paid a symbolic price and received cash resulting in a mid-double digit €m bargain purchase income in Q1'20.

The company should be slightly profitable (i.e. low single-digit EBITDA margin) and upside potential is seen in the scale back of components for combustion engines as well as efficiency improvements of operations including potential headcount reductions, as the business is currently undermanaged. EBITDA margins of c. 6-8% should thus be achievable in the midterm, in our view. Following a successful transformation, we expect Mutares to sell the company for c. 5-6x EV/EBITDA.

3. Loterios (closing: 05.02.2020)

In light of its buy and build strategy, portfolio company Balcke Dürr, which produces solutions for energy efficiency and emission reduction, acquired Italian-based Loterios, a manufacturer for pressure equipment (pressure vessels, tanks, heat exchangers, reactors etc.) made from special materials such as Titanium. The Italian company has generated revenues of c. € 17m in 2019 and should be profitable (5-6% EBITDA margin; eH&A), i.e. roughly in line with Balcke Dürr's margins. Thanks to synergy effects through cross-selling opportunities from a broader product portfolio and combined customer bases as well as gains in production efficiency, the acquisition should be slightly earnings-accretive, in our view.

Additionally to the positive bottom-line contribution, we expect Balcke Dürr to have paid a symbolic price for Loterios, thus achieving a single-digit € m bargain purchase income.

4. Keeper tableware (ex Metsä Tissue; closing: 02.03.2020)

Keeper group, a supplier of plastic household products, bought the German napkin business from Finnish Metsä Tissue Corporation: The company generates sales of c. € 45m manufacturing and selling unicolor and printed napkins as private-label and brand products such as Mondial and Fasana. In the private label segment, the Stotzheim paper mill leads the German market.

In the past, keeeper tableware recorded EBITDA margins of 7-8%. However, due to overcapacities in production and climbing material costs, EBITDA dropped to < 2% in 2018, in our view. Thanks to declining raw material costs as well as sales and marketing synergies, keeeper tableware should be back to old profitability levels quickly. In fact, keeeper tableware targets a similar customer group as keeeper allowing customers to one-stop-shop, which should be well perceived by Edeka, Metro and the likes.

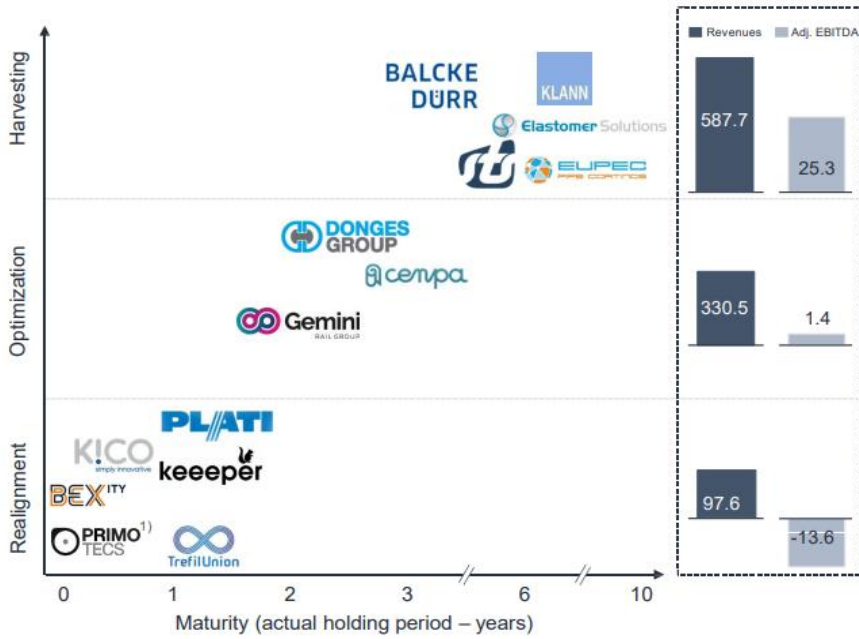
Hence, keeeper tableware and keeeper combined should be able to generate revenues of € 120m at 8% EBITDA margins by 2021E, justifying multiples of 6-8x EV/EBITDA, in our view.

Transaction-rich years ahead

Divestment cycle

Given that almost 40% of the portfolio firms have been in the portfolio for more than three years now, **larger exits should be feasible in the coming years**. Potential exit candidates are described in greater detail below:

Portfolio maturity

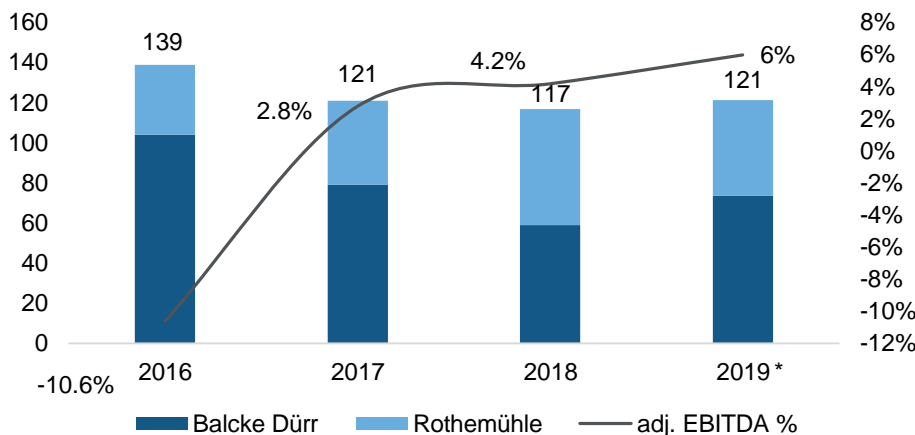


Source: Company data

1. Remaining parts of Rothemühle (ex Balcke Dürr):

Mutares acquired Balcke Dürr in 2016 from SPX Corporation for a symbolic price and received sufficient liquidity to support turnaround measures, in our view. Back then, Balcke Dürr generated revenues of € 139m and was heavily loss-making (€ -20m EBITDA). Thanks to operational measures implemented by Mutares such as site consolidation, headcount reductions, W/C management, and process management, Balcke Dürr turned profitable within two years. In 2020, we expect sales of € 160m and € 8.1m EBITDA (incl. LaMeusienne and Loterios and excl. 8 months of Balcke-Dürr Polska).

Balcke Dürr Revenue in €m and adj. EBITDA in %












































Source: Company data; Hauck & Aufhäuser

Mutares SE & Co. KGaA

Following the turnaround and stabilization phase in 2017/18, Balcke Dürr entered into the growth phase. In 2019, Balcke Dürr separated Rothemühle into a new entity, which is now ready for sale.

In fact, **part of it, i.e. Balcke Dürr Polska, has already been sold to strategic buyer Wallstein** in April'20. In 2019, the manufacturer of filter systems for conventional power plants generated revenues of € 30m and an EBITDA of roughly € 2m. The company should have been sold for an EV/EBITDA multiple of 4-5x (eH&A), yielding an EV of c. € 9m well above book value. **Hence, the transaction should result in a book gain and return c. 12x of invested capital even above the targeted 5-10x, in our view.**

| | Water - Steam - Cycle | Decommissioning | Flue - Gas - Path | Stainless Steel Tubes |
|-----------------------|---|--|---|---|
| Company |    |  |  |  |
| Products and Services | Feedwater Heaters, Turbine Condensers, TEMA Heat Exchangers, Rotor Air Coolers, Cold-End Systems, Moisture Separator Reheaters, POWERVANES Separators, Waste Heat Recovery Boiler, Shell & Tube Heat Exchangers, Pressure Vessels, Columns, Reactors | Decommissioning and dismantling of nuclear installations, permit management, radiation testing, protection and release, consulting, project management and implementation | Air Preheaters, Gas-Gas-Heaters, LUGAT-Compact Heat Exchangers, DELTA WINGS, Electrostatic Precipitators, Filter Upgrades | Rolled and welded stainless steel tubes |
| Applications | Nuclear, Chemical, Oil, Waste>Energy, Gas, Refineries, Mining | | Coal, Oil, Refineries, Waste>Energy, Biomass, Paper, Gas, Steel | Automotive, Chemical, Corrosion, Sanitary, Heat Exchanger, Sugar |
| Customers |               |    |             |       |
| Sales FY'20E (€ m) | 71.0 | | 53 | 36.0 |
| Sales share | 44% | | 33% | 23% |
| EBITDA FY'20E (€ m) | 2.9 | | 4.3 | 1.0 |
| EBITDA-margin | 4.0% | | 8.1% | 2.6% |

* incl. 4 months Balcke Dürr Polska

Source: Company data; Hauck & Aufhäuser estimates

The remaining parts of Rothemühle should achieve sales of c. € 43m at an EBITDA margin of c. 8% in 2020E. Thanks to its attractive profitability profile and blue chip customer base, the company should be attractive for a strategic buyer. Applying a 4-5x EV/EBITDA market multiple, Mutares should receive sales proceeds of c. € 15m (EV). With equity values close to zero, we expect a significant impact on Mutares' EBITDA. Overall, net cash proceeds should amount to € 15m (eH&A) for Rothemühle.

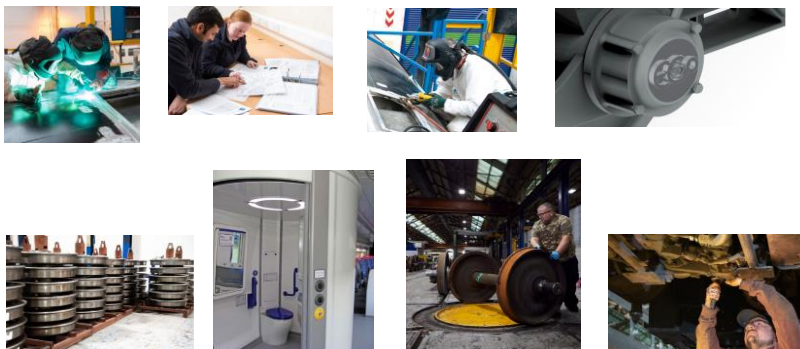
2. Gemini:

Mutares acquired Gemini (ex Knorr-Bremse RailServices + Kiepe Electric) from Knorr-Bremse in 2018 for an estimated symbolic price. Gemini is a provider of a wide range of maintenance, wheelset overhaul, modernization and conversion services to rolling stock owners and train operating companies across the UK and Ireland. The acquisition marked Mutares' first transaction in the UK. In 2017, Gemini generated sales of c. € 85m and recorded significant losses.



Products and Services

Modernization, GemEco, Wheelsets, Turnkey, Design & Engineering, Maintenance, Incident Repair, Managed Installations, Components & Spares



Customers



| | |
|---------------------|------|
| Sales FY'20E (€ m) | 90 |
| EBITDA FY'20E (€ m) | 3.0 |
| EBITDA-margin | 3.3% |

Source: Company data

Following a successful carve-out and sensible restructuring measures including the consolidation of its sites and further cost structure adjustments such as manufacturing efficiency programs, development of new, energy efficient product solutions and streamlining of administrative processes. Gemini now focuses on the implementation of a newly defined market strategy and the further development of its product portfolio. This, coupled with a well-filled project funnel should lift Gemini's EBITDA margin to >3% in 2020E and sales to € 90m following € 80m in 2019.

Hence, Gemini should be an attractive target for a strategic buyer and could be sold for an EV/EBITDA multiple of 5x yielding an EV of c. € 13-16m (eH&A). The cash return on invested capital should be in the promised range of 7-8x thanks to the negative purchase price and limited investments, in our view.

3. Further exit candidates

Additional exit candidates could include **Klann and Eupec**, in our view. Both exits should be a sensible step to streamline Mutares' portfolio and increase the company's focus on key value generators such as Balcke Dürr and Donges.

Klann develops and produces decorative and tin boxes for applications in the food, spirits and luxury goods segment. Mutares acquired Klann in 2011 for a symbolic price. Throughout the years, revenue has developed sideways and EBITDA has been volatile due to Klann's dependency on material costs, which cannot be passed on to customers. However, the outlook for FY'20 is positive as Klann is in advanced discussions with customers to expand activities. Thus, Klann should achieve sales of € 14m at a 3% EBITDA margin.

Eupec manufactures coatings of oil and gas pipelines and hence primarily serves customers from the oil and gas industry. The company was acquired in January 2012 from the Indonesian Korindo Group and is located in France. In 2017, Eupec sold parts of its business to Wasco Group for € 19.5m. Due to the rather volatile order intake,

profitability has been subject to strong fluctuations. However, improvements of Eupec's productivity should help stabilize profitability and position the company for growth thanks to increased competitiveness. At the end of 2019, Eupec won a large order for 2020 (c. € 12m). With this, Eupec should generate sales of € 20m at a 5-7% EBITDA margin, in our view.

Acquisition pipeline

On the back of the maturing track record, the strengthened management team and visible changes in the last 6-9 months, we **expect future acquisition targets to be larger in size** on average (> € 100m sales) thus resulting in **very dynamic growth** of 50% CAGR FY'19-22E for the group going forward.

In fact, the acquisition pipeline is very well filled according to management.

On top of that, Covid-19 should create an appealing investment environment for Mutares with a growing number of ailing companies. Hence, Mutares' midterm target of € 3bn sales should be well in reach, in our view.

Valuation

Mutares' business model is focused on buying distressed companies and generating value through **their operational turnaround and subsequent sale**.

Hence, we value Mutares on a Sum of the Parts analysis based on 2021E when all current portfolio companies have entered the optimization or harvesting phase and should hence be profitable.

While potential acquisitions and exits are included in our financial estimates to show a more realistic picture of the business model, we **exclude potential additions to the portfolio** from our valuation and **add a discount** for companies that are currently in the realignment phase and/or should suffer due to Covid-19 putting the turnaround at risk.

| | EBITDA 2021E in €m | EV/EBITDA 2021 | Shareholding | Allocation | EV in €m |
|-------------------------------------|-----------------------|-------------------|--------------|------------|-------------|
| Automotive & Mobility | | | | | |
| Elastomer | 5.0 | 5.0 | 100% | 100% | 25.0 |
| Plati | 0.2 | 5.5 | 80% | 95% | 0.9 |
| KICO | 0.7 | 3.5 | 100% | 20% | 0.5 |
| PRIMOTECS | 5.0 | 5.0 | 100% | 20% | 5.0 |
| Engineering & Technology | | | | | |
| Balcke Dürr | 10.3 | 6.5 | 100% | 100% | 67.0 |
| Donges Group | 28.0 | 7.0 | 100% | 100% | 196.0 |
| Gemini | 3.0 | 5.0 | 100% | 100% | 15.0 |
| Eupec | 0.5 | 7.0 | 100% | 100% | 3.5 |
| Goods & Services | | | | | |
| cenpa | 2.1 | 7.0 | 100% | 100% | 14.6 |
| keeper | 9.6 | 8.0 | 100% | 90% | 69.1 |
| Klann | 0.4 | 6.5 | 100% | 100% | 2.6 |
| TrefilUnion | -2.0 | 4.5 | 100% | 0% | 0.0 |
| BEXity | 2.2 | 8.0 | 100% | 80% | 13.8 |
| Nexive | 2.1 | 6.5 | 80% | 50% | 5.5 |

Source: Company data, Hauck & Aufhäuser estimates, Bloomberg

To compute the EV of each portfolio company, we apply EV/EBITDA 2021E multiples to our 2021E EBITDA estimates. The multiples were derived using Bloomberg peer group multiples and validated in discussions with management. **Only STS is valued at its current market value of € 3.15 per share.**

In a second step, the net debt of the portfolio companies is deducted to arrive at the equity value of the portfolio.

Additionally, we apply a 6x multiple to holding costs of c. € 5m p.a. to account for the fact that these are expensed to the portfolio companies.

Considering the targeted 5-10x return on invested capital, **there is upside to our PT of € 18.00 per share or fair value of € 274m based on SOTP 2021E.**

| adj NAV (€m) | |
|--------------------------------------|--------------|
| Automotive & Mobility | 43.6 |
| Goods & Services | 105.5 |
| Engineering & Technology | 281.5 |
| Net debt portfolio* | 201.9 |
| Holding cost | 30.0 |
| Net cash available at Holding | 15.0 |
| Total | 273.7 |
| per share (€) | 18.0 |

*incl. bank debt, factoring, lease liab., minorities, pension provisions, other interest-bearing debt

Source: Company data, Hauck & Aufhäuser estimates, Bloomberg

Theme: Corona pandemic spurs appetite to invest

Amidst the deteriorating macroeconomic environment, Mutares faces several headwinds: the deal flow should temporarily be put on hold, part of Mutares' portfolio is seen to take a massive hit and hence a few fall-outs can be expected. **Our estimates have been adjusted accordingly.**

Candidates seen to be hit the hardest include STS, KICO and PRIMOTECS as weak balance sheets coupled with a supply and demand shock make a poisonous mix, in our view.

Nevertheless, Mutares is well positioned to navigate through the crisis and emerge as an early beneficiary.

In fact, Mutares' portfolio companies are ring-fenced to legally independent intermediary companies. Thus, money at risk amounts to the net purchase price paid plus potential capital injections minus dividends paid to the holding from profitable portfolio companies. Note that historically, the peak exposure has amounted to c. € 2m per company on average.

If necessary, Mutares could inject additional liquidity into its portfolio companies thanks to cash of c. € 60m available at holding level.

What's more, Mutares is expected to benefit from an appealing investment environment following the crisis. In fact, Covid-19 should hurt many companies offering a promising 'hunting ground' for Mutares.

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 / 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 |
| 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 | 1.4 | 1.0 | 0.9 | 0.9 | 0.9 | 0.6 | 0.3 |
| EV/sales | 0.4 | 0.3 | 0.2 | 0.4 | 0.2 | 0.2 | 0.1 |
| EV/EBITDA | 5.2 | 4.0 | 3.9 | 4.6 | 12.1 | 6.4 | 5.1 |
| EV/EBITA | 7.1 | 5.8 | 7.6 | 10.2 | -44.8 | 17.6 | 11.4 |
| EV/EBIT | 7.6 | 6.7 | 10.0 | 14.0 | -22.4 | 28.7 | 15.6 |
| EV/FCF | -5.3 | -5.0 | -5.6 | -8.7 | -6.8 | -10.6 | -114.0 |
| Adjusted FCF yield | 13.8 % | 23.5 % | 12.0 % | 9.2 % | -3.6 % | 4.3 % | 6.9 % |
| Dividend yield | 3.3 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % | 9.4 % |

Source: Company data, Hauck & Aufhäuser

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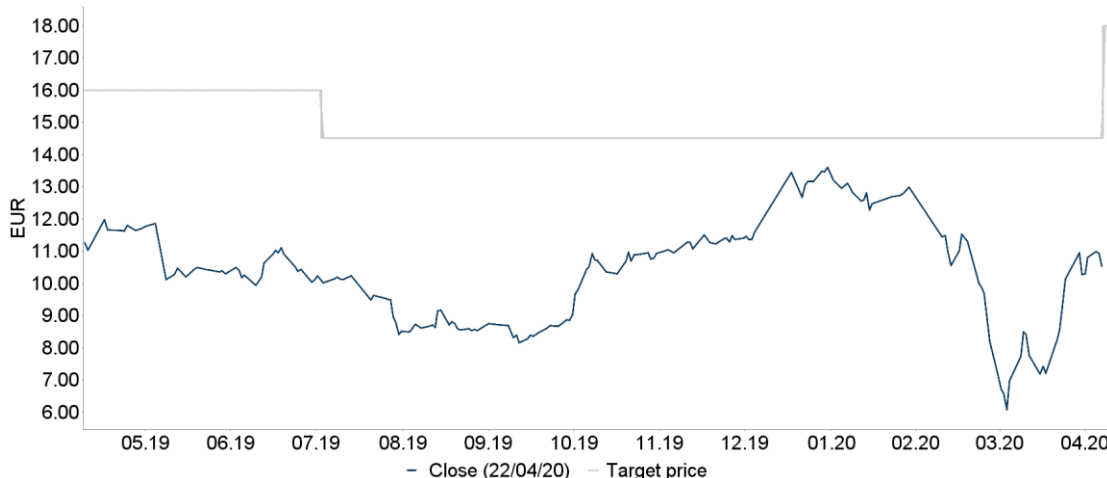
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| Company | Disclosure |
|-----------------------|------------|
| Mutares SE & Co. KGaA | 2, 6, 8 |

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

**Price and Rating History
Mutares SE & Co. KGaA as of 24/04/20**

Initiation coverage
24-March-14



| Company | Date | Analyst | Rating | Target price | Close |
|-----------------------|------------|---------------|--------|--------------|-----------|
| Mutares SE & Co. KGaA | 22.07.2019 | Köhler, Alina | Buy | EUR 14,50 | EUR 10,02 |
| | 22.07.2019 | Köhler, Alina | Buy | EUR 14,50 | EUR 10,02 |
| | 30.04.2019 | Köhler, Alina | Buy | EUR 16,00 | EUR 11,02 |

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

| | | |
|-------------|---------|---------|
| Buy | 69.12 % | 78.26 % |
| Sell | 10.29 % | 0.00 % |
| Hold | 20.59 % | 21.74 % |

Date of publication creation: 24/04/2020 08:27 AM

Date of publication dissemination: 24/04/2020 08:28 AM

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