

Buy (old: Buy)

ESG Rating: BB

07-August-24

Price target: EUR 47.50 (old: EUR 47.50)

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Analyst

Price: EUR 30.60 Next result: Q2 13.08.24
Bloomberg: MUX GR Market cap: EUR 631.5 m
Reuters: MUXG.BE Enterprise Value: EUR 773.6 m

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Deal environment remains buoyant well into Q3

Mutares is reporting Q2 figures on August 13 (Holding KPI estimates on p.2 – no noteworthy exit impacts expected as opposed to Q1). Transaction activity remains buoyant into Q3 with market data we came across suggesting that should still remain the case in the near-term, **positioning Mutares well for turnarounds and in the current market environment.** We expect guidance to be maintained.

On the exit front, the company has completed **five exits year-to-date** including Frigoscandia, which alone hauled in a € 50m impact at Holding Net Income level. None of these exits included companies that are in the so-called Harvesting portfolio cluster (see p.2 for a portfolio overview), with a pro-active sale process in place. This is not the first-time assets get sold opportunistically and before they complete their turnaround “journey” with Mutares. We have an idea why that could be. A worldwide survey by AT Kearney quoted in German financial daily Börsen-Zeitung shows that strategic buyers (usually the takers of Mutares assets) are keen on companies even if still in poor financial health either to secure an innovation, or, we feel more relevant in Mutares’ case, entry into “closed-shop” markets such as Scandinavia or Germany or Portugal, countries where a number of portfolio companies are located.

In 7.700 M&A transactions analysed since 2000, strategic buyers were found prepared to pay 4x the revenues of so-called “zombie” companies vs. 2.5x only for healthy companies. Mutares’s average exit multiples are typically 5-6x EBITDA. **This bodes well for incremental “early” exits of assets with strategic value.**

Restructuring cases are also on the rise, as a recent survey from Alix Partners also quoted in Börsen-Zeitung suggests, implying **more acquisition deal flow (11 acquisitions announced year-to-date).** Germany is the geography most likely to deliver restructuring cases in 2024 according to 29% of worldwide respondents, all active restructurings, with 2/3 seeing the German automotive sector (42% of group revenues) affected. Mutares’s broad geographic footprint allows it be increasingly selective in deal sourcing (focus on strong balance sheets, “dowries etc.) **Remains a BUY with a PT € 47.50 on a DDM, attractive dividend play.**

Y/E 31.12 (EUR m)	2020	2021	2022	2023	2024E
Sales	1,583.9	2,504.0	3,751.7	4,689.1	5,405.4
Sales growth	56 %	58 %	50 %	25 %	15 %
EBITDA	142.7	566.5	181.5	756.9	415.6
EBIT (inc revaluation net)	41.2	447.3	-3.1	436.9	197.4
Net income	27.1	435.6	-6.7	397.1	129.3
Net debt	173.1	275.6	448.1	172.9	-8.6
Net gearing	90.9 %	38.2 %	62.9 %	16.2 %	-0.8 %
Net Debt/EBITDA	1.2	0.5	2.5	0.2	0.0
EPS pro forma	2.16	2.46	3.24	19.24	6.31
CPS	-8.92	-10.79	-1.49	-1.82	7.25
DPS	1.50	1.50	1.75	2.25	2.00
Dividend yield	13.3 %	6.8 %	9.1 %	7.4 %	6.5 %
Gross profit margin	37.6 %	37.1 %	35.8 %	40.2 %	41.0 %
EBITDA margin	9.0 %	22.6 %	4.8 %	16.1 %	7.7 %
EBIT margin	2.6 %	17.9 %	-0.1 %	9.3 %	3.7 %
ROCE	6.4 %	38.4 %	-0.2 %	22.3 %	8.6 %
Holding Revenues	10.5	19.3	31.9	71.1	120.0
Portfolio Income	54.4	41.3	66.5	139.8	88.0
Net Income	20.1	22.5	33.4	72.9	114.1

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 06.08.2024



Source: Company data, HAIB

High/low 52 weeks: 43.30 / 21.45
Price/Book Ratio: 0.5
Relative performance (SDAX):
3 months -24.2 %
6 months -17.6 %
12 months 38.2 %

Changes in estimates

		Sales	EBIT	EPS
2024	old:	5,405.4	197.4	6.31
	Δ	-	-	-
2025	old:	5,675.7	212.9	6.30
	Δ	-	-	-
2026	old:	5,959.5	119.2	5.73
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 20.6
Authorised capital: (in € m) 7.0
Book value per share: (in €) 55.1
Ø trading volume: (12 months) 5,400

Major shareholders:

Free Float 63.0 %
Robin Laik 25.1 %
Management 11.9 %

Company description:

Turnaround investor focussed on corporate carve-outs with € 100-750m in revenues and ROIC target of 7-10x

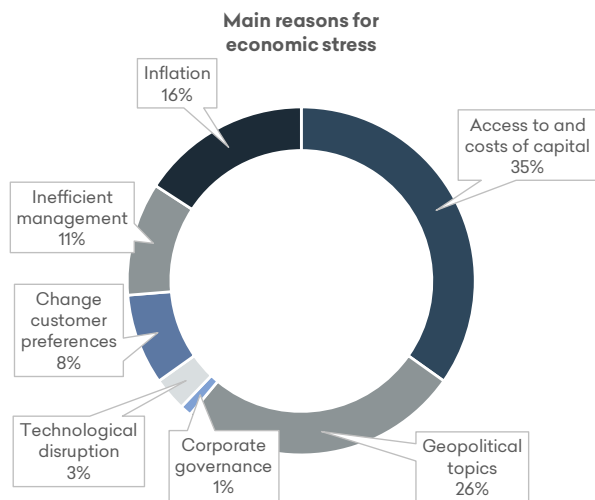
Company guidance 2024E:

Group revenues € 5.7 - € 6.3 bn;
Holding Net Income € 108-132m

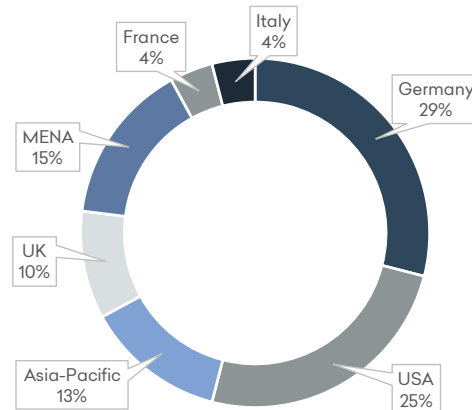
EUR	Q2 2024 est	Q2 2023	yoy	H1 2024 est	FY 2024 est
Mutares Holding Sales	30.0	25.0	17.2%	59.3	120.0
Mutares Holding Net Income	5.0	5.0	-0.5%	56.3	114.1

Source: Company data; Hauck & Aufhäuser Investment Banking

Restructuring potential (% of respondents)



Regions most likely to experience economic stress



Source: Alix Partners as quoted by Börsen-Zeitung

Company in a Nutshell

Mutares is a private equity investor focused on special situations active in Europe, the US and Asia. The company focuses on carve-outs and mid-sized companies in a distressed/turnaround phase. The portfolio comprises over 30 companies with an annualized revenue of over € 6 bn, grouped in four clusters: Automotive and Mobility (early cyclical c. € 2.2 bn in FY 23 sales); Engineering and technology (late-cyclical c. € 1.4 bn in FY 23 sales); Goods and Services (non-cyclical € 1.8 bn in FY 23 sales) and Retail and Food (cyclical c. € 1 bn in FY 23 sales).

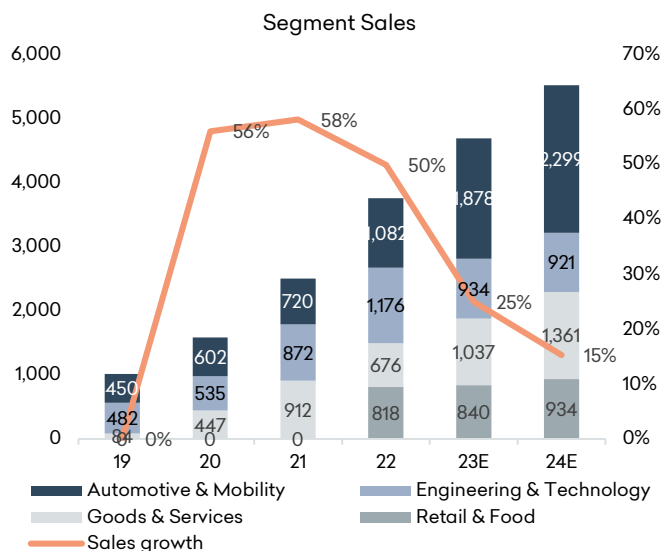
Upcoming Catalysts

- Upcoming exits could fuel news flow with a “Harvesting” portfolio that could generate valuation uplifts of some € 175-210m over the next 12 to 24 months
- This would pave the way for another “bonus” dividend in FY 24, supporting sound shareholder remuneration

Investment Case

- Unique turnaround focus with cycle and geographic diversification
- Portfolio growth drives predictable consulting revenues at Holding company level
- MUX targets ROICs of 7-10x with an average holding period of 3-5 years. Invested capital as of Q1 24 amounted to € 427m, pointing to a strong exit pipeline
- Exits typically are to strategic partners and can afford to get executed at low multiples considering the minimal initial cash outlays for MUX. The average exit multiples are around 5x-6x EBITDA
- Attractive shareholder remuneration evident in a € 2.00 base dividend commitment (5%+ yield at current levels) with potential for a special dividend on top
- BUY PT € 47.50 on a DDM valuation model

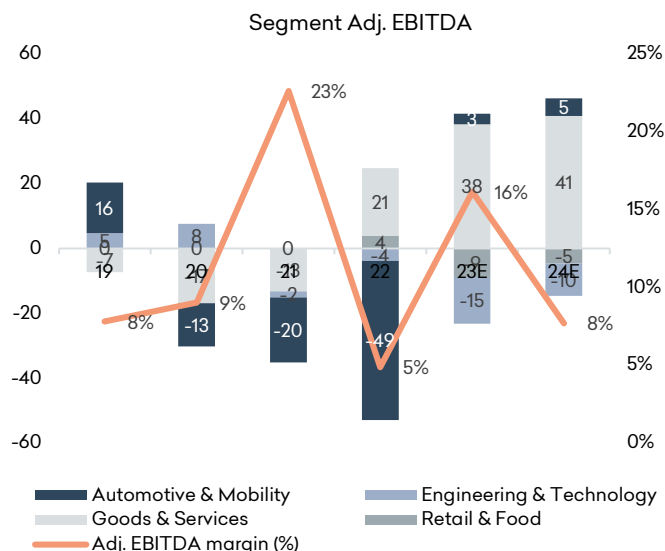
Key Performance Indicators



Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow summary	2022	2023	2024E	2025E	2026E
Operating cash flow	-20.8	-27.5	367.9	254.5	330.5
Capex	102.9	164.5	100.0	100.0	100.0
FCF	-123.7	-192.0	267.9	154.5	230.5
FCF per share	neg.	neg.	13.0	7.5	11.2
FCF yield	18.0 %	103.4 %	36.8 %	37.5 %	1072.4 %
Net Debt/EBITDA	2.5	0.2	0.0	0.0	0.0

Source: Company data, Hauck Aufhäuser Investment Banking



Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios summary	2022	2023	2024E	2025E	2026E
EPS growth	-101.6 %	-5881.8 %	-67.2 %	-0.1 %	-8.4 %
Capital Turnover	2.2	2.1	2.3	2.3	2.3
Avg. working capital / sales	10.1 %	10.4 %	10.4 %	12.0 %	12.0 %
Cash conversion cycle (days)	35.5	38.1	38.1	47.5	n/a
FCF / Net profit	neg.	neg.	205.6 %	118.8 %	195.1 %
Interest cover	0.0	4.7	1.9	2.0	999.0

Source: Company data, Hauck Aufhäuser Investment Banking

Financials

Profit and loss (EUR m)	2020	2021	2022	2023	2024E
Net sales	1,583.9	2,504.0	3,751.7	4,689.1	5,405.4
Sales growth	55.9 %	58.1 %	49.8 %	25.0 %	15.3 %
Increase/decrease in finished goods and work-in-process	-23.1	6.8	-16.4	-4.4	-5.1
Total sales	1,560.8	2,510.8	3,735.3	4,684.7	5,400.3
Other operating income	241.3	770.1	355.5	986.1	1,081.1
Material expenses	974.6	1,579.7	2,398.6	2,799.5	3,186.2
Personnel expenses	423.9	660.4	909.6	1,369.6	1,458.1
Other operating expenses	260.8	474.3	601.1	744.8	1,421.5
Total operating expenses	1,418.1	1,944.3	3,553.8	3,927.8	4,984.7
EBITDA	142.7	566.5	181.5	756.9	415.6
Depreciation	88.7	109.2	174.6	320.0	216.2
EBITA	54.0	457.3	6.9	436.9	199.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	1.0
Amortisation of intangible assets	12.8	10.0	10.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	1.0
EBIT (inc revaluation net)	41.2	447.3	-3.1	436.9	197.4
Interest income	3.9	8.5	15.1	19.5	19.5
Interest expenses	28.2	27.2	68.4	92.9	104.9
Other financial result	0.0	0.0	0.0	0.0	1.0
Financial result	-24.3	-18.7	-53.3	-73.4	-86.4
Recurring pretax income from continuing operations	16.9	428.6	-56.5	363.5	111.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	1.0
Earnings before taxes	16.9	428.6	-56.5	363.5	112.0
Taxes	-2.8	-13.7	35.5	-3.6	-1.2
Net income from continuing operations	19.7	442.3	-21.0	367.1	114.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0
Net income	19.7	442.3	-21.0	367.1	114.3
Minority interest	-7.4	6.7	-14.2	-30.0	-15.0
Net profit (reported)	27.1	435.6	-6.7	397.1	129.3
Average number of shares	15.2	20.6	20.6	20.6	20.6
EPS reported	1.78	21.11	-0.33	19.08	6.26

Profit and loss (common size)	2020	2021	2022	2023	2024E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	neg.	0.3 %	neg.	neg.	neg.
Total sales	98.5 %	100.3 %	99.6 %	99.9 %	99.9 %
Other operating income	15.2 %	30.8 %	9.5 %	21.0 %	20.0 %
Material expenses	61.5 %	63.1 %	63.9 %	59.7 %	58.9 %
Personnel expenses	26.8 %	26.4 %	24.2 %	29.2 %	27.0 %
Other operating expenses	16.5 %	18.9 %	16.0 %	15.9 %	26.3 %
Total operating expenses	89.5 %	77.6 %	94.7 %	83.8 %	92.2 %
EBITDA	9.0 %	22.6 %	4.8 %	16.1 %	7.7 %
Depreciation	5.6 %	4.4 %	4.7 %	6.8 %	4.0 %
EBITA	3.4 %	18.3 %	0.2 %	9.3 %	3.7 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.8 %	0.4 %	0.3 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	2.6 %	17.9 %	neg.	9.3 %	3.7 %
Interest income	0.2 %	0.3 %	0.4 %	0.4 %	0.4 %
Interest expenses	1.8 %	1.1 %	1.8 %	2.0 %	1.9 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	1.1 %	17.1 %	neg.	7.8 %	2.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	1.1 %	17.1 %	neg.	7.8 %	2.1 %
Tax rate	0.0 %	0.0 %	-62.8 %	-1.5 %	-2.0 %
Net income from continuing operations	1.2 %	17.7 %	neg.	7.8 %	2.1 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	1.2 %	17.7 %	neg.	7.8 %	2.1 %
Minority interest	neg.	0.3 %	neg.	neg.	neg.
Net profit (reported)	1.7 %	17.4 %	neg.	8.5 %	2.4 %

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2020	2021	2022	2023	2024E
Intangible assets	76.0	134.0	143.9	245.3	244.3
Property, plant and equipment	390.0	875.3	1,140.9	1,632.8	1,556.6
Financial assets	8.7	73.6	73.0	137.1	136.1
FIXED ASSETS	474.7	1,082.9	1,357.8	2,015.2	1,937.0
Inventories	203.5	423.2	560.7	673.4	776.3
Accounts receivable	258.5	285.9	407.1	491.0	566.0
Other current assets	226.2	485.8	437.2	620.3	632.1
Liquid assets	145.3	255.1	246.4	520.2	755.6
Deferred taxes	18.9	27.4	20.4	28.6	29.5
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	852.5	1,477.4	1,671.8	2,333.5	2,759.4
TOTAL ASSETS	1,327.2	2,560.3	3,029.6	4,348.7	4,696.4
SHAREHOLDERS EQUITY	190.3	721.2	712.7	1,069.3	1,137.1
MINORITY INTEREST	16.9	15.2	1.4	50.3	35.3
Long-term debt	318.4	530.7	694.5	693.1	747.0
Provisions for pensions and similar obligations	116.1	153.0	94.4	130.6	150.7
Other provisions	94.1	172.8	225.3	240.9	325.7
Non-current liabilities	528.6	856.5	1,014.2	1,064.6	1,223.4
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0
Accounts payable	250.4	372.8	588.0	674.6	777.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	289.5	412.3	440.5	1,128.5	1,128.5
Deferred taxes	15.1	137.8	116.1	141.0	167.9
Deferred income	36.3	44.5	156.7	220.4	226.5
Current liabilities	591.4	967.4	1,301.3	2,164.5	2,300.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,327.2	2,560.3	3,029.6	4,348.7	4,696.4

Balance sheet (common size)	2020	2021	2022	2023	2024E
Intangible assets	5.7 %	5.2 %	4.7 %	5.6 %	5.2 %
Property, plant and equipment	29.4 %	34.2 %	37.7 %	37.5 %	33.1 %
Financial assets	0.7 %	2.9 %	2.4 %	3.2 %	2.9 %
FIXED ASSETS	35.8 %	42.3 %	44.8 %	46.3 %	41.2 %
Inventories	15.3 %	16.5 %	18.5 %	15.5 %	16.5 %
Accounts receivable	19.5 %	11.2 %	13.4 %	11.3 %	12.1 %
Other current assets	17.0 %	19.0 %	14.4 %	14.3 %	13.5 %
Liquid assets	11.0 %	10.0 %	8.1 %	12.0 %	16.1 %
Deferred taxes	1.4 %	1.1 %	0.7 %	0.7 %	0.6 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	64.2 %	57.7 %	55.2 %	53.7 %	58.8 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	14.3 %	28.2 %	23.5 %	24.6 %	24.2 %
MINORITY INTEREST	1.3 %	0.6 %	0.0 %	1.2 %	0.8 %
Long-term debt	24.0 %	20.7 %	22.9 %	15.9 %	15.9 %
Provisions for pensions and similar obligations	8.7 %	6.0 %	3.1 %	3.0 %	3.2 %
Other provisions	7.1 %	6.7 %	7.4 %	5.5 %	6.9 %
Non-current liabilities	39.8 %	33.5 %	33.5 %	24.5 %	26.1 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	18.9 %	14.6 %	19.4 %	15.5 %	16.6 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	21.8 %	16.1 %	14.5 %	26.0 %	24.0 %
Deferred taxes	1.1 %	5.4 %	3.8 %	3.2 %	3.6 %
Deferred income	2.7 %	1.7 %	5.2 %	5.1 %	4.8 %
Current liabilities	44.6 %	37.8 %	43.0 %	49.8 %	49.0 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2020	2021	2022	2023	2024E
Net profit/loss	19.7	442.3	-21.0	367.1	114.3
Depreciation of fixed assets (incl. leases)	88.7	109.2	0.0	-180.0	217.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	1.0
Amortisation of intangible assets	12.8	10.0	10.0	0.0	0.0
Others	-186.8	-677.0	-53.9	-102.0	110.2
Cash flow from operations before changes in w/c	-65.6	-115.5	-64.9	82.5	442.7
Increase/decrease in inventory	16.5	-22.4	-137.5	-112.7	-102.9
Increase/decrease in accounts receivable	7.1	43.1	-121.2	-83.9	-75.0
Increase/decrease in accounts payable	48.0	38.4	215.2	86.6	103.1
Increase/decrease in other working capital positions	-40.4	-47.1	87.6	0.0	0.0
Increase/decrease in working capital	31.2	12.0	44.1	-110.0	-74.8
Cash flow from operating activities	-34.4	-103.5	-20.8	-27.5	367.9
CAPEX	35.5	59.7	102.9	164.5	100.0
Payments for acquisitions	-78.6	-188.8	-152.0	-421.7	120.0
Financial investments	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	8.3	42.3	35.0	197.2	80.0
Cash flow from investing activities	51.4	171.5	84.1	454.4	-140.0
Cash flow before financing	17.0	68.0	63.3	426.9	227.9
Increase/decrease in debt position	104.0	44.0	163.8	47.3	53.9
Purchase of own shares	2.5	-5.4	0.0	0.0	0.0
Capital measures	0.0	94.3	0.0	0.0	0.0
Dividends paid	15.2	23.1	31.0	36.1	46.4
Others	-28.4	-72.8	-188.6	-155.8	0.0
Effects of exchange rate changes on cash	-9.2	-6.0	-16.1	-8.6	0.0
Cash flow from financing activities	57.9	47.8	-55.8	-144.6	7.5
Increase/decrease in liquid assets	65.7	109.7	-8.6	273.7	235.4
Liquid assets at end of period	145.4	255.1	246.5	520.2	755.6

Key ratios (EUR m)	2020	2021	2022	2023	2024E
P&L growth analysis					
Sales growth	55.9 %	58.1 %	49.8 %	25.0 %	15.3 %
EBITDA growth	80.2 %	296.9 %	-68.0 %	317.0 %	-45.1 %
EBIT growth	57.3 %	985.2 %	-100.7 %	-	-54.8 %
EPS growth	27.9 %	1085.7 %	-101.6 %	-	-67.2 %
Efficiency					
Total operating costs / sales	89.5 %	77.6 %	94.7 %	83.8 %	92.2 %
Sales per employee	138.0	178.9	197.2	171.5	n/a
EBITDA per employee	12.4	40.5	9.5	27.7	n/a
Balance sheet analysis					
Avg. working capital / sales	10.4 %	10.9 %	9.5 %	9.3 %	9.8 %
Inventory turnover (sales/inventory)	7.8	5.9	6.7	7.0	7.0
Trade debtors in days of sales	59.6	41.7	39.6	38.2	38.2
A/P turnover [(A/P*365)/sales]	57.7	54.3	57.2	52.5	52.5
Cash conversion cycle (days)	42.0	53.3	35.5	38.1	38.1
Cash flow analysis					
Free cash flow	-69.9	-163.2	-123.7	-192.0	267.9
Free cash flow/sales	-4.4 %	-6.5 %	-3.3 %	-4.1 %	5.0 %
FCF / net profit	neg.	neg.	neg.	neg.	207.3 %
Capex / deprn	35.0 %	50.0 %	1029.0 %	-91.4 %	45.8 %
Capex / maintenance capex	49.3 %	50.0 %	0.0 %	0.0 %	45.8 %
Capex / sales	n/a	n/a	n/a	n/a	n/a
Security					
Net debt	173.1	275.6	448.1	172.9	-8.6
Net Debt/EBITDA	1.2	0.5	2.5	0.2	0.0
Net debt / equity	0.9	0.4	0.6	0.2	neg.
Interest cover	1.5	16.4	0.0	4.7	1.9
Dividend payout ratio	84.3 %	7.1 %	100.0 %	11.7 %	31.9 %
Asset utilisation					
Capital employed turnover	2.2	1.6	2.2	2.1	2.3
Operating assets turnover	2.6	2.1	2.5	2.2	2.5
Plant turnover	4.1	2.9	3.3	2.9	3.5
Inventory turnover (sales/inventory)	7.8	5.9	6.7	7.0	7.0
Returns					
ROCE	6.4 %	38.4 %	-0.2 %	22.3 %	8.6 %
ROE	14.3 %	60.4 %	-0.9 %	37.1 %	11.4 %
Other					
Interest paid / avg. debt	10.9 %	6.4 %	11.2 %	13.4 %	14.6 %
No. employees (average)	11480	14000	19021	27345	0
Number of shares	15.2	20.6	20.6	20.6	20.6
DPS	1.5	1.5	1.8	2.3	2.0
EPS reported	1.78	21.11	-0.33	19.08	6.26
Valuation ratios					
P/BV	0.9	0.6	0.6	0.6	0.6
EV/sales	0.3	0.4	0.3	0.2	0.1
EV/EBITDA	3.2	1.6	5.2	1.2	1.9
EV/EBITA	8.5	1.9	136.2	2.1	3.9
EV/EBIT	11.2	2.0	-303.2	2.1	3.9
EV/FCF	-6.6	-5.4	-7.6	-4.9	2.9
Adjusted FCF yield	11.8 %	57.6 %	18.0 %	102.5 %	36.3 %
Dividend yield	13.3 %	6.8 %	9.1 %	7.4 %	6.5 %

Source: Company data, Hauck Aufhäuser Investment Banking

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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



Mutares SE & Co. KGaA

Mutares SE & Co. KGaA	10.05.2024	Gruebner, Marie-Therese	Buy	EUR 47,50	EUR 40,85
	18.04.2024	Gruebner, Marie-Therese	Buy	EUR 47,50	EUR 39,50
	11.03.2024	Gruebner, Marie-Therese	Buy	EUR 46,40	EUR 33,10
	13.11.2023	Gruebner, Marie-Therese	Buy	EUR 46,40	EUR 31,70
	19.09.2023	Gruebner, Marie-Therese	Buy	EUR 38,00	EUR 24,25
	16.08.2023	Gruebner, Marie-Therese	Buy	EUR 38,00	EUR 22,10

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

Buy	70.98 %	82.14 %
Sell	4.15 %	0.00 %
Hold	24.87 %	17.86 %

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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.

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