



M-U-T AG

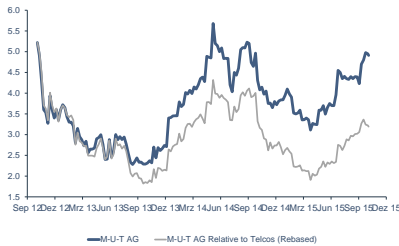
Buy → | Target price : 5.50 EUR

Price : 4.91 EUR | Upside : 12 %

Est.chg	2015e	2016e
EPS	13.5%	7.3%

Strong Q3 2015 EBIT: Positive momentum continues

Tuesday 03 November 2015



Capital			
M7U GY M7UG.DE			
Market Cap (EURm)			23
Enterprise value (EURm)			32
Extrema 12 months	3.10	-	5.15
Free Float (%)			47.5
Performance (%)			
	1m	3m	12m
Absolute	16.2	9.2	14.0
Perf. rel. "sector"	7.2	14.8	1.9
Perf. rel. Telcos	4.3	17.1	-3.9
P&L			
	12/15e	12/16e	12/17e
Sales (EURm)	55.2	60.2	65.0
EBITDA (EURm)	7.4	7.9	8.2
Current EBIT (EURm)	5.7	6.0	6.2
Attr. net profit (EURm)	2.0	2.1	2.4
Adjusted EPS (EUR)	0.42	0.44	0.49
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	11.7	11.1	10.0
P/B (x)	4.4	3.2	2.4
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	6.1	13.1	11.0
EV/Sales (x)	0.58	0.53	0.48
EV/EBITDA (x)	4.4	4.0	3.8
EV/Current EBIT (x)	5.7	5.3	5.0
Gearing (%)	33	18	6
Net Debt/EBITDA(x)	0.4	0.2	0.1

Next Events

15.03.2016 Q4 Results

Strong Q3 2015 EBIT

m-u-t AG (m7u) reported Q3 2015 preliminary figures: EBIT was strong, revenues were slightly weaker (see table below). Against this backdrop, the company increased its existing 2015 EBIT guidance to € 5.7m (€ 3.5m) and guided for EPS of € 0.40-0.45 (no previous guidance). Note that m7u had already achieved its original EBIT guidance of € 3.5m in H1 2015 (and also surpassed 2014 EBIT of € 3.0m), but has only now increased its EBIT guidance for the full year 2015.

Q3 2015 results (EUR m)

	Q3 2015	Q3 2014	Δ (in %)	9m 2015
Revenues	12.5	13.2	-5.3%	40.8
EBIT	1.6	0.7	+129%	5.1

Source : Company data, Oddo Seydler Bank AG

Key takeaways: Positive momentum continues

Q3 figures confirm m7u is on the right track: After the very strong H1 2015 figures (i.e. H1 2015 EBIT surpassed 2014 EBIT), the Q3 2015 figures confirm the overall positive trend for m7u, i.e. increasing its operative performance. As already pointed out in our July update, we believe the new management team is doing an excellent job of capturing the company's previously untapped potential. In particular, the company now seems to have found its cost setup and is now also addressing the realisation of greater synergies within the group (i.e. between group companies: m-u-t in Wedel, tec5 and Avantes).

Q4 2015 guidance looks conservative: The company's new full-year 2015 EBIT guidance of € 5.7m translates to a Q4 2015 EBIT of € 0.6m, which we consider conservative (i.e. only 37.5% of Q3 2015 EBIT). Moreover, given the company's now very cautious communications to investors, it seems to have adopted a new communications policy, i.e. to provide guidance that it can meet with 100% certainty as opposed to raising expectations too high and running the risk of disappointment. On the other hand, m7u's H2 is usually weaker than H1.

Estimates increased: Against the backdrop of the strong operative performance in 9M 2015, we increase our EPS forecasts. In particular, for 2015e, we now expect EPS of € 0.42 (before: € 0.37). For 2016e and 2017e, we increase our EPS forecast to € 0.44 (€ 0.41) and € 0.49 (€ 0.46), respectively.

Buy reiterated; TP € 5.50

We reiterate our Buy rating and our TP of € 5.50 (based on a DCF valuation). At our price target the shares would trade at a P/E of 12.5x for 2016e.

Dr. Oliver Pucker, CFA (Analyst)

+49 (69) 92 05 48 27

oliver.pucker@oddoseydler.com

Conflict of interests:

Oddo Securities, a division of Oddo et Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.

This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

M7UG.DE | M7U GY
Electronics | Germany

Buy
Upside 11.99% Price 4.91EUR
TP 5.50EUR

PER SHARE DATA (EUR)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Adjusted EPS	-1.16	-0.16	0.26	0.42	0.44	0.49
Reported EPS	-1.16	-0.16	0.26	0.42	0.44	0.49
Growth in EPS(%)	-	ns	ns	61.6%	5.5%	11.4%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	-0.48	0.92	0.26	0.30	0.64	0.54
Book value per share	0.35	0.44	0.76	1.10	1.54	2.04
Number of shares market cap	4.35	4.34	4.34	4.79	4.79	4.79
Number of diluted shares	4.35	4.34	4.34	4.79	4.79	4.79
VALUATION	12/12	12/13	12/14	12/15e	12/16e	12/17e
12m highest price	6.37	3.72	5.68	5.15		
12m lowest price	3.27	2.12	2.70	3.10		
(*) Reference price	5.02	2.78	4.33	4.91	4.91	4.91
Capitalization	22	12	19	23	23	23
Restated Net debt	7.5	3.6	2.1	2.9	2.0	0.9
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	4.8	6.6	6.6	5.9	6.4	6.8
Enterprise Value	34	22	28	32	32	31
P/E (x)	ns	ns	17	12	11	10.0
P/CF (x)	ns	5.8	9.4	4.5	4.2	4.0
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	ns	33.3%	6.0%	6.1%	13.1%	11.0%
P/B incl. GW (x)	14.31	6.37	5.73	4.45	3.18	2.41
P/B excl. GW (x)	ns	ns	29.18	12.49	6.73	4.02
EV/Sales (x)	0.90	0.54	0.56	0.58	0.53	0.48
EV/EBITDA (x)	ns	6.6	6.0	4.4	4.0	3.8
EV/EBIT (x)	ns	9.2	9.1	5.7	5.3	5.0
(*) historical average price						
PROFIT AND LOSS (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales	38	41	50	55	60	65
EBITDA	-1.1	3.4	4.6	7.4	7.9	8.2
Depreciations	-2.0	-1.0	-1.6	-1.7	-1.9	-2.0
Current EBIT	-3.1	2.4	3.0	5.7	6.0	6.2
Published EBIT	-3.1	1.6	3.0	5.7	6.0	6.2
Net financial income	-0.4	-0.6	-0.5	-0.7	-0.7	-0.7
Corporate Tax	-0.8	-0.9	-0.5	-1.5	-1.6	-1.7
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	-0.4	0.0	-0.2	0.0	0.0	0.0
Minority interests	-0.3	-0.8	-0.7	-1.5	-1.6	-1.5
Attributable net profit	-5.1	-0.7	1.1	2.0	2.1	2.4
Adjusted attributable net profit	-5.1	-0.7	1.1	2.0	2.1	2.4
BALANCE SHEET (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
Goodwill	2.0	2.9	2.6	3.4	3.9	3.9
Other intangible assets	0.6	0.9	0.7	0.7	0.7	0.7
Tangible fixed assets	2.5	2.1	1.5	1.6	1.7	2.5
WCR	11	8.9	11	12	13	14
Financial assets	0.7	0.2	0.0	0.0	0.0	0.0
Ordinary shareholders equity	1.5	1.9	3.3	5.3	7.4	9.7
Minority interests	3.3	2.9	3.5	3.5	3.5	3.5
Shareholders equity	4.8	4.8	6.8	8.8	11	13
Non-current provisions	4.8	6.6	6.6	5.9	6.4	6.8
Net debt	7.5	3.6	2.1	2.9	2.0	0.9
CASH FLOW STATEMENT (EURm)	12/12	12/13	12/14	12/15e	12/16e	12/17e
EBITDA	-1.1	3.4	4.6	7.4	7.9	8.2
Change in WCR	1.6	2.5	-0.3	-2.0	-0.5	-0.5
Interests & taxes	-1.2	-2.3	-1.0	-2.2	-2.3	-2.4
Others	-0.5	0.9	-1.6	0.0	0.0	0.0
Operating Cash flow	-1.3	4.5	1.7	3.2	5.1	5.4
CAPEX	-0.8	-0.5	-0.6	-1.8	-2.0	-2.8
Free cash-flow	-2.1	4.0	1.1	1.4	3.1	2.6
Acquisitions / disposals	-0.7	-0.1	0.0	0.0	0.0	0.0
Dividends	0.0	-0.4	0.0	-1.5	-1.6	-1.5
Net capital increase	0.0	1.1	0.0	0.0	0.0	0.0
Others	5.3	-1.5	-1.6	-0.4	-0.4	-0.4
Change in net debt	-9.6	3.9	1.5	-0.8	1.0	1.1
GROWTH MARGINS PRODUCTIVITY	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales growth	-	8.7%	20.8%	11.5%	9.0%	8.0%
Lfl sales growth	-	-	-	-	-	-
Current EBIT growth	-	ns	25.6%	88.4%	5.3%	3.3%
Growth in EPS(%)	-	ns	ns	61.6%	5.5%	11.4%
Net margin	-13.4%	-1.7%	2.3%	3.6%	3.5%	3.6%
EBITDA margin	-3.0%	8.3%	9.3%	13.4%	13.1%	12.6%
Current EBIT margin	-8.3%	5.9%	6.1%	10.3%	10.0%	9.5%
CAPEX / Sales	-2.2%	-1.3%	-1.2%	-3.3%	-3.3%	-4.3%
WCR / Sales	30.0%	21.8%	21.4%	21.4%	21.3%	21.2%
Tax Rate	-22.0%	85.3%	21.3%	30.0%	30.0%	30.0%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	2.6	3.3	3.4	3.3	3.2
ROCE post-tax (normative tax rate)	-	10.8%	14.0%	24.2%	22.9%	21.7%
ROCE post-tax hors GW (normative tax rate)	-	12.8%	17.1%	29.6%	28.6%	26.9%
ROE	-	-39.6%	43.4%	46.7%	33.3%	27.4%
DEBT RATIOS	12/12	12/13	12/14	12/15e	12/16e	12/17e
Gearing	ns	74%	31%	33%	18%	6%
Net Debt / Market Cap	0.34	0.30	0.11	0.12	0.08	0.04
Net debt / EBITDA	ns	1.05	0.46	0.40	0.25	0.10
EBITDA / net financial charges	-2.8	5.6	8.8	10.6	11.2	11.7



Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)
24.07.15	Buy	5.50	4.55
09.04.15	Buy	4.00	3.44

Disclosures

Investment banking and/or Distribution

Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies? No

Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months? No

Research contract between Oddo group & the issuer

Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer Yes

Liquidity provider agreement and market-making

At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies? Yes

Significant equity stake

Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies? No

Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates? No

Disclosure to Company

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ? Yes

Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution? No

Additional material conflicts

Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest? No

Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: www.oddosecurities.com

Disclaimer:

Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. ONY accepts responsibility for the contents of the research only to the extent it may be distributed to persons who are not major U.S. institutional investors as defined in Rule 15a-6, or where this research is distributed to major U.S. institutional investors who are located in states where there is no institutional exemption from registration in the state comparable to the definition of major U.S. institutional investor in Rule 15a-6.

FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY, ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddonyc.com) 150 East 52nd Street New York, NY 10022 212-481-4002.