



M-U-T AG

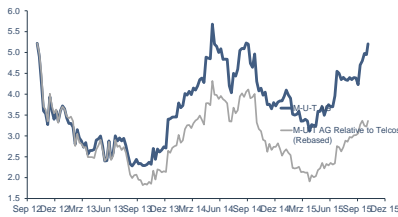
Buy → | Target price : 6.00 EUR vs 5.50 EUR ↗

Price : 5.21 EUR | Upside : 15 %

Est.chg	2015e	2016e
EPS	30.5%	0.0%

Disposal of business; one-off EPS effect 0.05-0.20; TP upped to € 6.00

Thursday 05 November 2015



Disposal of laboratory automation direct business; guidance increased

m-u-t AG (m7u) today announced that it has sold its direct business in the laboratory automation market to Sarstedt Group. The company said in a statement that it plans to use the proceeds to invest in its key customer segment within the automation market. No financial details relating to the transaction were disclosed. However, m7u today, in a separate announcement, also increased its EPS guidance to € 0.50-0.60 (0.40-0.45) which we assume is a result of the business disposal.

Key takeaways

Positive one-off effect: The EPS effect is in the € 0.05-0.20 range, depending on the lower (upper) end of the old and new guidance. Based on 4.79m shares outstanding, the net after-tax proceeds from the disposal for m7u should therefore be between € 0.24m and € 0.96m.

Wider range of guidance: The range of the 2015 EPS guidance has doubled from € 0.05 to € 0.10. We assume the reason is that the overall effect of the disposal, from an accounting perspective, is not yet clear-cut.

Upper end of guidance seems more likely than lower end: After the change in management, the company has become more cautious in its communication with investors. In our view, m7u now plans to deliver first instead of raising expectations too high. We therefore assume that the company is more likely to achieve the upper end of the guidance than the lower end.

Buy reiterated; 2015e EPS raised; TP upped to € 6.00

Based on the news flow we raise our 2015e EPS estimate to € 0.55, i.e. the mid-point of the new guidance. We see the business streamlining (as indicated by today's news flow in connection with m7u's strong 9M 2015 performance) as a clear indication that the company is now finally on the right track. We see this as a first indication for a very promising turnaround story. Against this backdrop, we reiterate our Buy rating and increase our TP to € 6.00 (€ 5.50) (based on an updated DCF valuation). At our price target the shares would trade at a P/E of 12.5x for 2016e.

Capital

M7U GY M7UG.DE	
Market Cap (EURm)	25
Enterprise value (EURm)	33
Extrema 12 months	3.10 - 5.21
Free Float (%)	47.5

Performance (%)	1m	3m	12m
Absolute	23.2	19.7	27.9
Perf. rel. "sector"	12.7	25.5	11.3
Perf. rel. Telcos	9.8	29.1	5.3

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)	2.6	2.1	2.4
Adjusted EPS (EUR)	0.55	0.44	0.49
Dividend (EUR)	0.00	0.00	0.00

P/E (x)	9.5	11.8	10.6
P/B (x)	4.2	3.1	2.4
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	8.2	12.3	10.4
EV/Sales (x)	0.60	0.54	0.49
EV/EBITDA (x)	4.5	4.1	3.9
EV/Current EBIT (x)	5.8	5.4	5.2
Gearing (%)	25	12	2
Net Debt/EBITDA(x)	0.3	0.2	0.0

Next Events

15.03.2016 Q4 Results

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Electronics | Germany

Buy
Upside 15.23%

Price TP 5.21EUR
6.00EUR

	12/12	12/13	12/14	12/15e	12/16e	12/17e
PER SHARE DATA (EUR)						
Adjusted EPS	-1.16	-0.16	0.26	0.55	0.44	0.49
Reported EPS	-1.16	-0.16	0.26	0.55	0.44	0.49
Growth in EPS(%)	-	ns	ns	ns	-19.2%	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	0.43	0.64	0.54
Book value per share	0.35	0.44	0.76	1.23	1.67	2.16
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						
12m highest price	6.37	3.72	5.68	5.21		
12m lowest price	3.27	2.12	2.70	3.10		
(*) Reference price	5.02	2.78	4.33	5.21	5.21	5.21
Capitalization	22	12	19	25	25	25
Restated Net debt	7.5	3.6	2.1	2.3	1.3	0.3
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	33	33	32
P/E (x)	ns	ns	17	9.5	12	11
P/CF (x)	ns	5.8	9.4	3.9	4.5	4.2
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	ns	33.3%	6.0%	8.2%	12.3%	10.4%
P/B incl. GW (x)	14.31	6.37	5.73	4.23	3.11	2.41
P/B excl. GW (x)	ns	ns	29.18	10.00	6.07	3.86
EV/Sales (x)	0.90	0.54	0.56	0.60	0.54	0.49
EV/EBITDA (x)	ns	6.6	6.0	4.5	4.1	3.9
EV/EBIT (x)	ns	9.2	9.1	5.8	5.4	5.2
(*) historical average price						
PROFIT AND LOSS (EURm)						
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	0.6	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	2.6	2.1	2.4
Adjusted attributable net profit	-5.1	-0.7	1.1	2.6	2.1	2.4
BALANCE SHEET (EURm)						
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	5.9	8.0	10
Minority interests	3.3	2.9	3.5	3.5	3.5	3.5
Shareholders equity	4.8	4.8	6.8	9.4	11	14
Non-current provisions	4.8	6.6	6.6	5.9	6.4	6.8
Net debt	7.5	3.6	2.1	2.3	1.3	0.3
CASH FLOW STATEMENT (EURm)						
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	0.6	0.0	0.0
Operating Cash flow	-1.3	4.5	1.7	3.8	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	2.0	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	-0.2	1.0	1.1
GROWTH MARGINS PRODUCTIVITY						
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	ns	-19.2%	11.4%
Net margin	-13.4%	-1.7%	2.3%	4.7%	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%	56.9%	30.4%	25.6%
DEBT RATIOS						
Gearing	ns	74%	31%	25%	12%	2%
Net Debt / Market Cap	0.34	0.30	0.11	0.09	0.05	0.01
Net debt / EBITDA	ns	1.05	0.46	0.31	0.17	0.03
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)
05.11.15	Buy	6.00	5.21
24.07.15	Buy	5.50	4.55
09.04.15	Buy	4.00	3.44

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