

<b>Buy</b>  <b>EUR 3.30</b> (EUR 2.75)  Price <b>EUR 2.92</b> <b>Upside 13.1 %</b>	<b>Value Indicators:</b> EUR DCF: 3.18 FCF-Value Potential 14e: 3.46	<b>Share data:</b> Bloomberg: M4N GR Reuters: M4NG ISIN: DE000A0KD0F7	<b>Description:</b> Service company for corrosion protection for ships, offshore facilities and industry
	<b>Market Snapshot:</b> EUR m Market cap: 57 No. of shares (m): 20 EV: 68 Freefloat MC: 19 Ø Trad. Vol. (30d; EUR): 36.04 th	<b>Shareholders:</b> Freefloat 34.2 % GIVE 23.9 % Syntegra 21.1 % GIMS 13.2 %	<b>Risk Profile (WRe):</b> 2014e Beta: 1.2 Price / Book: 0.9 x Equity Ratio: 55 % Net Fin. Debt / EBITDA: 0.8 x Net Debt / EBITDA: 0.8 x

## Recent positive newsflow increases visibility - PT increased

Muehlhan's business case was recently supported by two positive press releases regarding the company's order intake and its financing structure:

At the end of August, Muehlhan reported that the company had won a major contract to repaint portions of the Richmond-San Rafael Bridge for the California Department of Transportation. The work includes the repainting of the structural steel that supports the lower deck on 36 spans, each 88 metres long. The contract value amounts to USD 28.6m (hence c. EUR 22m), which is c. 10% of Muehlhan's annual sales. The work on the project will start this fall and will be completed in approximately three years. Hence, this project should add roughly EUR 8m (or c. 3.5%) p.a. to Muehlhan's top line.

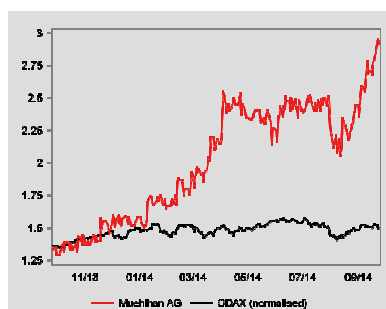
In the middle of September, the company announced that it had successfully renewed its financing structure. Thus, Muehlhan now has a syndicated loan of EUR 42.5m at its disposal and a term of five years. Given the current interest environment, the terms of the new arrangements are much more favourable and flexible in comparison to the previous ones which were predominantly bond-based.

We regard the current newsflow as very positive, as it should increase Muehlhan's visibility both in terms of future top-line growth as well as the increasing financial headroom. This should support the company's recent restructuring process, which already led to a noticeable increase in profitability in the last three years.

This newsflow coupled with the successful repositioning of the company, we believe that Muehlhan should be able to return to previous strength levels. On the back of the recent announcements, we are somewhat more optimistic with regards to our long-term growth and margin assumptions. Furthermore, we are reducing our WACC to 7.5% (from 8.4%) to reflect the lower risk profile.

**Hence, we are increasing our PT to EUR 3.30 up from EUR 2.75, still valuing it on a blend of DCF and FCFP 2014. The Buy rating is being reiterated.**

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	2016e (old)	+ / -	
Sales	218	0.0 %	224	1.3 %	227	1.3 %	<ul style="list-style-type: none"> <li>Sales and EBIT for 2015 and 2016 increased slightly to account for the major contract won recently</li> <li>Net profit 2015 is raised disproportionately assuming somewhat lower interest expenses in the course of Muehlhan's new financing structure</li> </ul>
EBIT	6	0.0 %	7	5.3 %	9	3.4 %	
Net income	3	0.0 %	4	6.2 %	5	1.7 %	
EPS	0.16	0.0 %	0.22	4.5 %	0.27	3.7 %	
DPS	0	0.0 %	0	0.0 %	0	0.0 %	

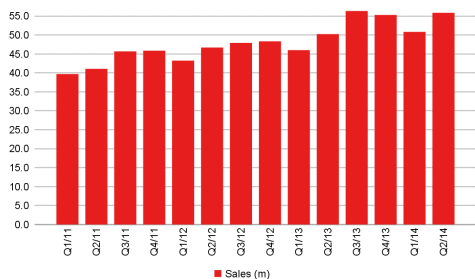


Rel. Performance vs CDAX:	
1 month:	25.8 %
6 months:	36.5 %
Year to date:	83.4 %
Trailing 12 months:	110.4 %

**Company events:**  
14.11.14 Q3

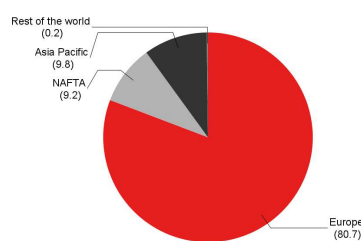
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	3.4 %	165	172	186	208	218	227	230
Change Sales yoy		-13.5 %	4.4 %	8.1 %	11.6 %	4.7 %	4.4 %	1.3 %
Gross profit margin		56.7 %	58.1 %	56.9 %	55.5 %	54.9 %	54.1 %	54.6 %
EBITDA	7.6 %	7	6	11	13	14	16	17
Margin		4.2 %	3.7 %	5.8 %	6.5 %	6.3 %	6.9 %	7.3 %
EBIT	20.1 %	-2	-1	5	5	6	8	9
Margin		-1.5 %	-0.8 %	2.4 %	2.5 %	2.8 %	3.5 %	3.9 %
Net income	42.5 %	-4	-4	0	2	3	4	5
EPS	40.9 %	-0.23	-0.21	0.01	0.10	0.16	0.23	0.28
EPS adj.	40.9 %	-0.23	-0.21	0.01	0.10	0.16	0.23	0.28
DPS	-	0.00	0.00	0.00	0.00	0.00	0.05	0.08
Dividend Yield		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.7 %	2.7 %
FCFPS		-0.22	-0.14	-0.32	0.11	0.07	0.18	0.20
EV / Sales		0.4 x	0.3 x	0.2 x	0.2 x	0.3 x	0.3 x	0.3 x
EV / EBITDA		8.7 x	6.9 x	3.6 x	3.0 x	4.8 x	4.0 x	3.6 x
EV / EBIT		n.a.	n.a.	8.5 x	7.8 x	10.9 x	8.0 x	6.7 x
P / E		n.a.	n.a.	120.6 x	14.8 x	18.2 x	12.7 x	10.4 x
P / E adj.		n.a.	n.a.	120.6 x	14.8 x	18.2 x	12.7 x	10.4 x
FCF Yield Potential		2.9 %	2.3 %	9.0 %	14.6 %	8.8 %	10.6 %	11.9 %
Net Debt		11	13	16	12	11	8	5
ROE		-7.0 %	-6.7 %	0.4 %	3.1 %	5.1 %	6.9 %	7.5 %
ROCE (NOPAT)		-3.9 %	-2.1 %	0.4 %	3.3 %	5.0 %	6.2 %	6.8 %
Guidance:		2014: EBIT in the range of EUR 3.5m to 6.5m						

**Sales development**  
in EUR m



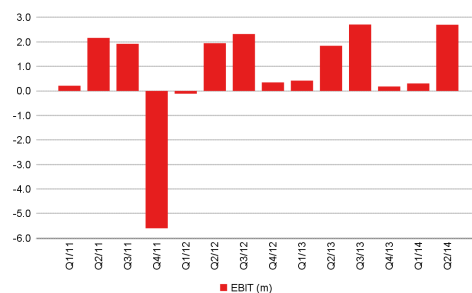
Source: Warburg Research

**Sales by regions**  
2013; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

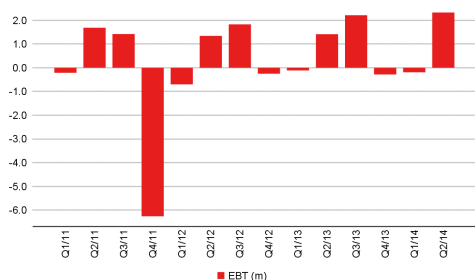
**Company Background**

- Muehlhan is one of the leading providers of specialised services in connection with corrosion protection of surfaces, particularly for ships, infrastructural facilities like bridges, drilling rigs + wind generators.
- The coating is applied on newly built objects first and is renewed in regular maintenance intervals of 5-10 years.
- The significance of Ship Newbuilding and Ship Repair decreased over the years. As a result of the diversification and restructuring, the Industry and Energy segment now make the highest sales contribution.
- In terms of regions, Muehlhan more and more concentrates on Europe and the NAFTA region. The company discontinued its shipyard activities in Qatar.

**Competitive Quality**

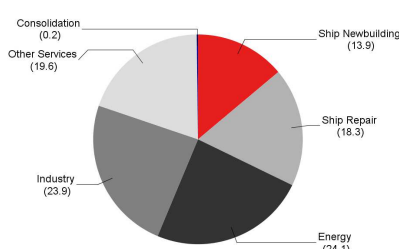
- The competitive quality vis-à-vis a high number of mainly smaller competitors is a result of...
- ...the comparably strong financing power, the long-standing customer relationships as well as the brand name resulting from quality and tradition.
- The capital intensity of larger and more complex orders limits the ROCE to some extent but it also creates barriers to market entry for smaller competitors.
- Although the shipping segments should continue to be challenging Muehlhan is likely to benefit from the expected market consolidation as less diversified and financially weaker competitors withdraw from the market.

**EBT development**  
in EUR m



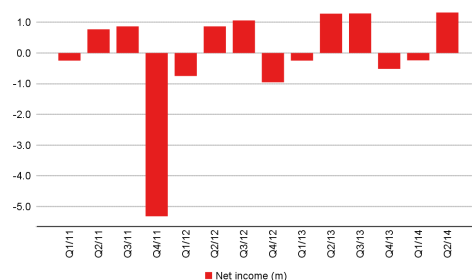
Source: Warburg Research

**Sales by segments**  
2013; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

**DCF model**

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Sales	218	227	230	235	239	244	249	254	259	264	269	275	280	
Sales change	4.7 %	4.4 %	1.3 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT	6	8	9	8	8	9	9	9	9	9	8	8	8	
EBIT-margin	2.8 %	3.5 %	3.9 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.5 %	3.0 %	3.0 %	3.0 %	
Tax rate (EBT)	40.0 %	40.0 %	40.0 %	34.0 %	34.0 %	33.0 %	33.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	32.0 %	
NOPAT	4	5	5	5	6	6	6	6	6	6	5	6	6	
Depreciation	8	8	8	9	10	10	10	10	10	11	11	11	11	
in % of Sales	3.5 %	3.4 %	3.4 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	4	3	4	-2	0	-2	1	1	1	1	1	1	1	
- Capex	7	7	7	9	10	10	10	10	10	11	11	11	11	
Capex in % of Sales	3.4 %	3.2 %	3.1 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	0	2	2	7	6	7	5	5	5	5	5	5	5	5
PV of FCF	0	2	2	6	4	5	3	3	3	3	2	2	2	37
share of PVs	5.69 %			44.47 %										49.83 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	40.00 %	Financial Strength	1.20
Cost of debt (after tax)	4.9 %	Liquidity (share)	1.20
Market return	8.00 %	Cyclicality	1.20
Risk free rate	2.50 %	Transparency	1.20
		Others	1.20
<b>WACC</b>	<b>7.42 %</b>	<b>Beta</b>	<b>1.20</b>

**Valuation (m)**

Present values 2026e	37		
Terminal Value	37		
Financial liabilities	20		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	9	No. of shares (m)	19.5
<b>Equity Value</b>	<b>62</b>	<b>Value per share (EUR)</b>	<b>3.18</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.50	8.4 %	2.45	2.50	2.55	2.60	2.66	2.72	2.79	1.50	8.4 %	0.73	1.36	1.98	2.60	3.22	3.85	4.47
1.35	7.9 %	2.68	2.74	2.80	2.86	2.94	3.02	3.10	1.35	7.9 %	0.84	1.52	2.19	2.86	3.54	4.21	4.89
1.28	7.7 %	2.81	2.87	2.94	3.01	3.10	3.19	3.28	1.28	7.7 %	0.91	1.61	2.31	3.01	3.72	4.42	5.12
1.20	7.4 %	2.94	3.02	3.09	3.18	3.27	3.37	3.48	1.20	7.4 %	0.97	1.71	2.44	3.18	3.91	4.65	5.38
1.12	7.2 %	3.09	3.17	3.26	3.35	3.46	3.57	3.70	1.12	7.2 %	1.05	1.82	2.58	3.35	4.12	4.89	5.66
1.05	6.9 %	3.26	3.35	3.44	3.55	3.67	3.80	3.95	1.05	6.9 %	1.13	1.93	2.74	3.55	4.36	5.17	5.97
0.90	6.4 %	3.63	3.74	3.87	4.01	4.16	4.34	4.54	0.90	6.4 %	1.31	2.21	3.11	4.01	4.90	5.80	6.70

- High beta due to low visibility and high cyclicality
- Long term growth rates in line with market growth

**Free Cash Flow Value Potential**

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived by discounting the "FCF potential" of a given year with the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2010	2011	2012	2013	2014e	2015e	2016e	
Net Income before minorities	-4	-4	0	2	3	4	5	
+ Depreciation + Amortisation	9	8	6	8	8	8	8	
- Net Interest Income	-1	-2	-2	-2	-2	-1	-1	
- Maintenance Capex	5	5	5	6	6	6	6	
+ Other	0	0	0	0	0	0	0	
<b>= Free Cash Flow Potential</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	
Free Cash Flow Yield Potential	2.9 %	2.3 %	9.0 %	14.6 %	8.8 %	10.6 %	11.9 %	
WACC	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	
<b>= Enterprise Value (EV)</b>	<b>61</b>	<b>44</b>	<b>38</b>	<b>40</b>	<b>66</b>	<b>63</b>	<b>60</b>	
<b>= Fair Enterprise Value</b>	<b>24</b>	<b>14</b>	<b>46</b>	<b>79</b>	<b>79</b>	<b>90</b>	<b>97</b>	
- Net Debt (Cash)	12	12	12	12	10	7	4	
- Pension Liabilities	1	1	1	1	1	1	1	
- Other	0	0	0	0	0	0	0	
- Market value of minorities	0	0	0	0	0	0	0	
+ Market value of investments	0	0	0	0	0	0	0	
<b>= Fair Market Capitalisation</b>	<b>12</b>	<b>1</b>	<b>34</b>	<b>67</b>	<b>68</b>	<b>82</b>	<b>92</b>	
No. of shares (total) (m)	20	20	20	20	20	20	20	
<b>= Fair value per share (EUR)</b>	<b>0.60</b>	<b>0.07</b>	<b>1.74</b>	<b>3.44</b>	<b>3.46</b>	<b>4.20</b>	<b>4.69</b>	
premium (-) / discount (+) in %					18.7 %	43.8 %	60.8 %	
<b>Sensitivity Fair value per Share (EUR)</b>								
	10.42 %	0.24	n.a.	1.05	2.26	2.30	2.87	3.27
	9.42 %	0.34	n.a.	1.23	2.57	2.61	3.22	3.64
	8.42 %	0.45	n.a.	1.46	2.95	2.98	3.65	4.11
WACC	<b>7.42 %</b>	<b>0.60</b>	<b>0.07</b>	<b>1.74</b>	<b>3.44</b>	<b>3.46</b>	<b>4.20</b>	<b>4.69</b>
	6.42 %	0.79	0.18	2.11	4.07	4.09	4.91	5.47
	5.42 %	1.05	0.34	2.62	4.94	4.95	5.89	6.52
	4.42 %	1.44	0.56	3.35	6.20	6.20	7.32	8.06

- Cash flows about to stabilise due to restructuring and new focus
- Long term potential significantly above current share price

Valuation	2010	2011	2012	2013	2014e	2015e	2016e
Price / Book	0.8 x	0.5 x	0.4 x	0.5 x	0.9 x	0.8 x	0.7 x
Book value per share ex intangibles	2.01	1.87	1.90	2.04	2.16	2.48	2.79
EV / Sales	0.4 x	0.3 x	0.2 x	0.2 x	0.3 x	0.3 x	0.3 x
EV / EBITDA	8.7 x	6.9 x	3.6 x	3.0 x	4.8 x	4.0 x	3.6 x
EV / EBIT	n.a.	n.a.	8.5 x	7.8 x	10.9 x	8.0 x	6.7 x
EV / EBIT adj.*	n.a.	n.a.	8.5 x	7.8 x	10.9 x	8.0 x	6.7 x
P / FCF	n.a.	n.a.	n.a.	13.4 x	42.3 x	16.5 x	14.4 x
P / E	n.a.	n.a.	120.6 x	14.8 x	18.2 x	12.7 x	10.4 x
P / E adj.*	n.a.	n.a.	120.6 x	14.8 x	18.2 x	12.7 x	10.4 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.7 %	2.7 %
Free Cash Flow Yield Potential	2.9 %	2.3 %	9.0 %	14.6 %	8.8 %	10.6 %	11.9 %

\*Adjustments made for: -

**Consolidated profit & loss**

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
<b>Sales</b>	<b>165</b>	<b>172</b>	<b>186</b>	<b>208</b>	<b>218</b>	<b>227</b>	<b>230</b>
Change Sales yoy	-13.5 %	4.4 %	8.1 %	11.6 %	4.7 %	4.4 %	1.3 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	0	0	0	0	0	0	0
<b>Total Sales</b>	<b>165</b>	<b>172</b>	<b>186</b>	<b>208</b>	<b>218</b>	<b>227</b>	<b>230</b>
Material Expenses	71	72	80	92	98	104	105
<b>Gross profit</b>	<b>94</b>	<b>100</b>	<b>106</b>	<b>115</b>	<b>120</b>	<b>123</b>	<b>126</b>
<i>Gross profit margin</i>	<i>56.7 %</i>	<i>58.1 %</i>	<i>56.9 %</i>	<i>55.5 %</i>	<i>54.9 %</i>	<i>54.1 %</i>	<i>54.6 %</i>
Personnel expenses	62	66	70	76	77	78	80
Other operating income	5	4	5	5	5	5	4
Other operating expenses	29	31	30	32	33	34	33
Unfrequent items	0	0	0	0	0	0	0
<b>EBITDA</b>	<b>7</b>	<b>6</b>	<b>11</b>	<b>13</b>	<b>14</b>	<b>16</b>	<b>17</b>
<i>Margin</i>	<i>4.2 %</i>	<i>3.7 %</i>	<i>5.8 %</i>	<i>6.5 %</i>	<i>6.3 %</i>	<i>6.9 %</i>	<i>7.3 %</i>
Depreciation of fixed assets	6	8	6	8	7	8	8
<b>EBITA</b>	<b>1</b>	<b>-1</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>9</b>
Amortisation of intangible assets	3	0	0	0	0	0	0
Goodwill amortization	0	0	0	0	0	0	0
<b>EBIT</b>	<b>-2</b>	<b>-1</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>9</b>
<i>Margin</i>	<i>-1.5 %</i>	<i>-0.8 %</i>	<i>2.4 %</i>	<i>2.5 %</i>	<i>2.8 %</i>	<i>3.5 %</i>	<i>3.9 %</i>
<b>EBIT adj.</b>	<b>-2</b>	<b>-1</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>9</b>
Interest income	0	0	0	0	0	0	0
Interest expenses	2	2	2	2	2	1	1
Other financial income (loss)	0	0	0	0	0	0	0
<b>EBT</b>	<b>-4</b>	<b>-3</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>8</b>
<i>Margin</i>	<i>-2.4 %</i>	<i>-2.0 %</i>	<i>1.2 %</i>	<i>1.6 %</i>	<i>2.0 %</i>	<i>3.0 %</i>	<i>3.4 %</i>
Total taxes	1	1	2	2	2	3	3
<b>Net income from continuing operations</b>	<b>-4</b>	<b>-4</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
<b>Net income before minorities</b>	<b>-4</b>	<b>-4</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Minority interest	0	0	0	0	0	0	1
<b>Net income</b>	<b>-4</b>	<b>-4</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<i>Margin</i>	<i>-2.6 %</i>	<i>-2.3 %</i>	<i>0.1 %</i>	<i>0.9 %</i>	<i>1.4 %</i>	<i>1.9 %</i>	<i>2.3 %</i>
Number of shares, average	19	19	19	19	19	19	19
<b>EPS</b>	<b>-0.23</b>	<b>-0.21</b>	<b>0.01</b>	<b>0.10</b>	<b>0.16</b>	<b>0.23</b>	<b>0.28</b>
EPS adj.	-0.23	-0.21	0.01	0.10	0.16	0.23	0.28

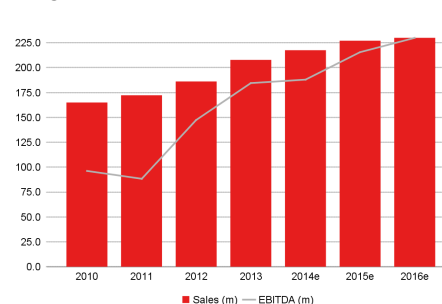
\*Adjustments made for:

**Guidance: 2014: EBIT in the range of EUR 3.5m to 6.5m**

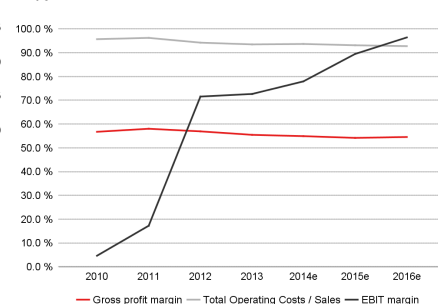
**Financial Ratios**

	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	95.8 %	96.3 %	94.2 %	93.5 %	93.7 %	93.1 %	92.7 %
Operating Leverage	n.a.	-10.7 x	n.a.	1.2 x	3.9 x	6.7 x	10.4 x
EBITDA / Interest expenses	4.1 x	3.0 x	4.6 x	6.9 x	7.6 x	12.1 x	14.0 x
Tax rate (EBT)	-15.3 %	-17.0 %	93.3 %	53.4 %	40.0 %	40.0 %	40.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.4 %	32.0 %
Sales per Employee	72,338	80,843	82,151	86,953	88,785	90,442	89,363

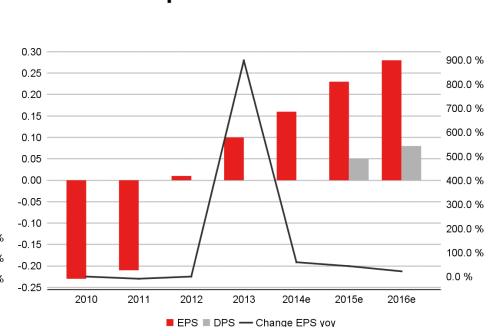
**Sales, EBITDA**  
in EUR m



**Operating Performance**  
in %



**Performance per Share**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

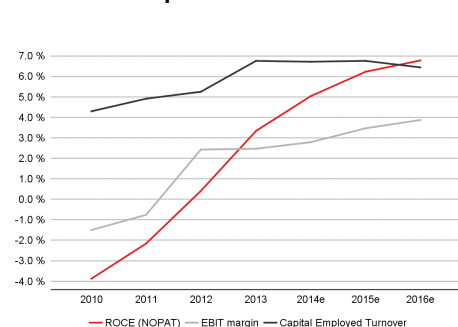
**Consolidated balance sheet**

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
<b>Assets</b>							
Goodwill and other intangible assets	23	21	22	20	20	20	20
thereof other intangible assets	1	1	1	1	1	1	1
thereof Goodwill	22	21	21	19	19	19	19
Property, plant and equipment	23	23	21	20	20	19	19
Financial assets	0	0	0	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
<b>Fixed assets</b>	<b>46</b>	<b>45</b>	<b>42</b>	<b>40</b>	<b>40</b>	<b>39</b>	<b>39</b>
Inventories	4	4	4	4	5	5	5
Accounts receivable	37	43	48	51	54	57	59
Liquid assets	12	11	10	9	6	5	5
Other short-term assets	9	10	9	9	9	10	10
<b>Current assets</b>	<b>62</b>	<b>67</b>	<b>71</b>	<b>73</b>	<b>74</b>	<b>77</b>	<b>79</b>
<b>Total Assets</b>	<b>108</b>	<b>112</b>	<b>114</b>	<b>113</b>	<b>114</b>	<b>117</b>	<b>118</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	20	20	20	20	20	20	20
Capital reserve	28	28	28	28	28	28	28
Retained earnings	10	9	10	9	10	15	20
Other equity components	4	0	0	2	3	4	5
Shareholder's equity	61	57	57	58	61	67	73
Minority interest	0	0	0	0	3	3	3
<b>Total equity</b>	<b>61</b>	<b>57</b>	<b>58</b>	<b>58</b>	<b>63</b>	<b>69</b>	<b>75</b>
Provisions	2	2	1	1	1	1	1
thereof provisions for pensions and similar obligations	1	1	1	1	1	1	1
Financial liabilities (total)	22	23	25	20	16	12	9
thereof short-term financial liabilities	1	1	6	7	6	7	7
Accounts payable	12	17	16	18	18	18	16
Other liabilities	12	14	14	15	15	16	16
<b>Liabilities</b>	<b>47</b>	<b>55</b>	<b>56</b>	<b>54</b>	<b>51</b>	<b>47</b>	<b>43</b>
<b>Total liabilities and shareholders' equity</b>	<b>108</b>	<b>112</b>	<b>114</b>	<b>113</b>	<b>114</b>	<b>117</b>	<b>118</b>

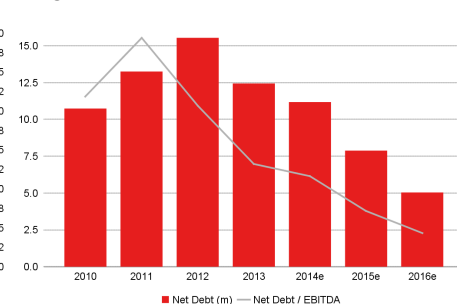
**Financial Ratios**

	2010	2011	2012	2013	2014e	2015e	2016e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.1 x	3.2 x	3.3 x	3.6 x	3.6 x	3.6 x	3.5 x
Capital Employed Turnover	2.3 x	2.5 x	2.5 x	2.9 x	2.9 x	2.9 x	2.9 x
ROA	-9.5 %	-8.7 %	0.5 %	4.5 %	7.7 %	11.3 %	13.4 %
<b>Return on Capital</b>							
ROCE (NOPAT)	-3.9 %	-2.1 %	0.4 %	3.3 %	5.0 %	6.2 %	6.8 %
ROE	-7.0 %	-6.7 %	0.4 %	3.1 %	5.1 %	6.9 %	7.5 %
Adj. ROE	-7.0 %	-6.7 %	0.4 %	3.1 %	5.1 %	6.9 %	7.5 %
<b>Balance sheet quality</b>							
Net Debt	11	13	16	12	11	8	5
Net Financial Debt	10	12	15	12	10	7	4
Net Gearing	17.5 %	23.2 %	26.9 %	21.3 %	17.7 %	11.4 %	6.7 %
Net Fin. Debt / EBITDA	143.0 %	193.3 %	136.7 %	86.8 %	75.6 %	44.7 %	24.7 %
Book Value / Share	3.2	3.0	3.0	3.1	3.2	3.5	3.9
Book value per share ex intangibles	2.0	1.9	1.9	2.0	2.2	2.5	2.8

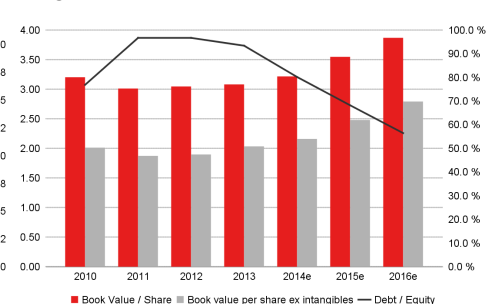
**ROCE Development**



**Net debt in EUR m**



**Book Value per Share in EUR**



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

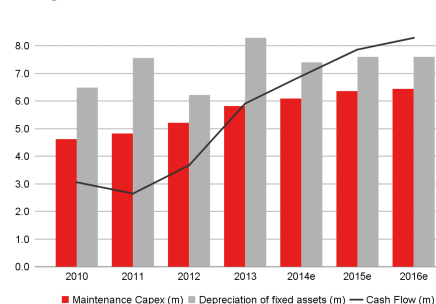
**Consolidated cash flow statement**

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Net income	-4	-4	0	2	3	4	5
Depreciation of fixed assets	6	8	6	8	7	8	8
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	3	0	0	0	0	0	0
Increase/decrease in long-term provisions	0	0	0	0	0	0	0
Other non-cash income and expenses	0	0	0	0	1	1	1
<b>Cash Flow</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>14</b>
Increase / decrease in inventory	0	-1	0	0	0	0	0
Increase / decrease in accounts receivable	-2	-5	-5	-3	-3	-3	-1
Increase / decrease in accounts payable	-2	5	-1	2	0	0	-2
Increase / decrease in other working capital positions	-1	1	-1	1	1	1	1
Increase / decrease in working capital (total)	-4	0	-6	-1	-3	-2	-3
<b>Net cash provided by operating activities</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>11</b>
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	-5	-7	-5	-7	-7	-7	-7
Payments for acquisitions	0	0	-1	0	0	0	0
Financial investments	0	0	0	0	0	0	0
Income from asset disposals	5	1	4	1	0	0	0
<b>Net cash provided by investing activities</b>	<b>1</b>	<b>-6</b>	<b>-2</b>	<b>-6</b>	<b>-7</b>	<b>-7</b>	<b>-7</b>
Change in financial liabilities	1	1	1	-4	-4	-4	-3
Dividends paid	-1	0	0	0	0	0	-1
Purchase of own shares	-1	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	-1	0	0	0	0	0	0
<b>Net cash provided by financing activities</b>	<b>-2</b>	<b>1</b>	<b>1</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>
Change in liquid funds	-1	-1	-1	-1	-3	0	0
Effects of exchange-rate changes on cash	1	0	0	0	0	0	0
<b>Cash and cash equivalent at end of period</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>6</b>	<b>5</b>	<b>5</b>

**Financial Ratios**

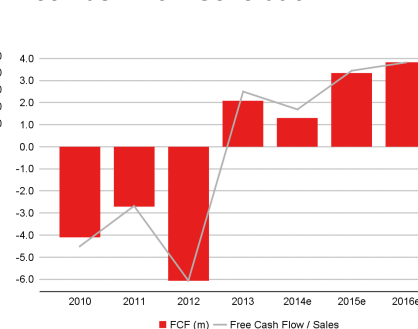
	2010	2011	2012	2013	2014e	2015e	2016e
<b>Cash Flow</b>							
FCF	-4	-3	-6	2	1	3	4
Free Cash Flow / Sales	-2.5 %	-1.6 %	-3.3 %	1.0 %	0.6 %	1.5 %	1.7 %
Free Cash Flow Potential	2	1	3	6	6	7	7
Free Cash Flow / Sales	-2.5 %	-1.6 %	-3.3 %	1.0 %	0.6 %	1.5 %	1.7 %
Free Cash Flow / Net Profit	93.9 %	69.0 %	-2734.2 %	115.4 %	42.6 %	75.3 %	73.3 %
Interest Received / Avg. Cash	2.5 %	0.6 %	0.6 %	0.3 %	1.9 %	2.5 %	2.7 %
Interest Paid / Avg. Debt	8.0 %	9.3 %	9.8 %	8.7 %	9.9 %	9.1 %	11.1 %
<b>Management of Funds</b>							
Investment ratio	3.0 %	4.0 %	3.0 %	3.3 %	3.4 %	3.2 %	3.1 %
Maint. Capex / Sales	2.8 %	2.8 %	2.8 %	2.8 %	2.8 %	2.8 %	2.8 %
Capex / Dep	52.3 %	89.3 %	90.5 %	83.6 %	98.2 %	92.5 %	92.3 %
Avg. Working Capital / Sales	16.8 %	17.3 %	17.8 %	17.6 %	18.0 %	18.7 %	20.0 %
Trade Debtors / Trade Creditors	321.8 %	256.2 %	304.6 %	285.3 %	301.3 %	318.0 %	366.3 %
Inventory Turnover	19.5 x	17.2 x	20.7 x	21.2 x	21.2 x	21.1 x	20.4 x
Receivables collection period (days)	83	90	94	89	91	92	93
Payables payment period (days)	59	84	71	70	67	63	56
Cash conversion cycle (Days)	-36	-58	-49	-49	-46	-41	-33

**CAPEX and Cash Flow**  
in EUR m



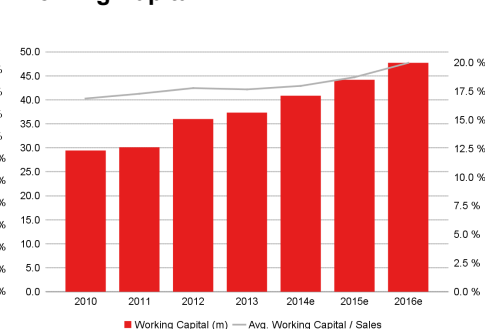
Source: Warburg Research

**Free Cash Flow Generation**



Source: Warburg Research

**Working Capital**



Source: Warburg Research



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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

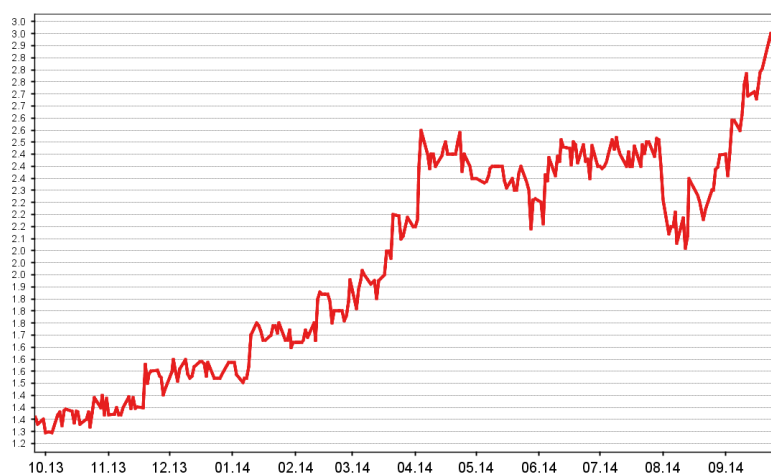
**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	105	56
Hold	71	38
Sell	7	4
Rating suspended	4	2
<b>Total</b>	<b>187</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	79	59
Hold	46	35
Sell	5	4
Rating suspended	3	2
<b>Total</b>	<b>133</b>	<b>100</b>

**PRICE AND RATING HISTORY MUEHLHAN AG AS OF 25.09.2014**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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