

Buy EUR 3.30	Value Indicators: EUR	Share data:	Description:
	DCF: 3.22	Bloomberg: M4N GR	Service company for corrosion protection for ships, offshore facilities and industry
Price: EUR 2.69	FCF-Value Potential 14e: 3.50	Reuters: M4NG	
Upside: 22.7 %		ISIN: DE000A0KD0F7	
	Market Snapshot: EUR m	Shareholders:	Risk Profile (WRe): 2014e
	Market cap: 52	Freefloat: 34.2 %	Beta: 1.2
	No. of shares (m): 20	GIVE: 23.9 %	Price / Book: 0.8 x
	EV: 64	Syntegra: 21.1 %	Equity Ratio: 56 %
	Freefloat MC: 18	GIMS: 13.2 %	Net Fin. Debt / EBITDA: 0.8 x
	Ø Trad. Vol. (30d; EUR): 23.84 th		Net Debt / EBITDA: 0.8 x

Q3 slightly better - Full year guidance confirmed

Stated Figures Q3/2014:										Comment on Figures:	
FY End: 31.12. in EUR m	Q3 14	Q3 14e	Q3 13	yoy	9M 14	9M 14e	9M 13	yoy			
Sales	59.0	57.1	56.3	5 %	165.7	163.8	152.5	9 %			<ul style="list-style-type: none"> The 5% sales increase was driven by Energy (Q3 sales: EUR 18.5m; +39%) given a very good performance of the offshore oil and gas subsegment. Industry maintained its high sales level (Q3: EUR 13.9m; +0.7%) given that the fire-protection business more than compensated for the reduced revenues in the US bridge coating business. The same is true for Other Service (Q3: EUR 10.5m; -0.9%) given ongoing healthy demand for Muehlhan's scaffolding and steel construction business. Ship Newbuilding and Shiprepair declined by 11% due to base effects.
EBIT	2.8	2.4	2.7	5 %	5.9	5.4	5.0	18 %			
Margin	4.8 %	4.1 %	4.8 %		3.5 %	3.3 %	3.3 %				
Net income	0.6	0.5	1.3	-56 %	1.6	1.6	2.3	-31 %			
Margin	1.0 %	0.9 %	2.3 %		1.0 %	1.0 %	1.5 %				
EPS	0.03	0.03	0.07	-57 %	0.08	0.09	0.12	-33 %			

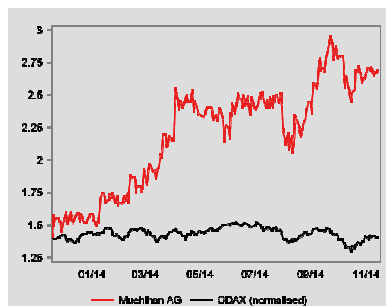
On Friday last week, Muehlhan released its Q3/9M results which were slightly above our expectations and showed the positive continuation of the company's refocusing and recovery. With regards to regional split, Q3 sales in Muehlhan's core market, Europe, improved by almost 7% to EUR 48m, which was another increase even compared to the extraordinary Q2/14 level. Consequently, Q3 EBIT in this region improved to EUR 5.7m (Q3 2013: EUR 3.6m), which represents a remarkable increase of almost 60% and implies a Q3 EBIT margin of c 11% (Q2 2014: 7.1%; Q3 2013: 6.4%).

In North America, Muehlhan was able to stabilise its business with Q3 sales of EUR 5.6m (+3.7%) after the shortfall in the first half of this fiscal year as a consequence of the completion of several major projects. Nevertheless, at EUR -0.2m Q3 EBIT was slightly negative after a small profit of EUR 0.3m in Q3/13.

In the Asia region, Muehlhan reported another profitable quarter (Q3/14: EUR +0.4, vs. EUR 0.1m in Q3/13) despite a somewhat lower top line of EUR 4.8m (Q3/13: EUR 5.2m). The reason for this earnings swing can be found in the shutdown of loss-making business in Qatar and China as well as the upturn in the fire-protection business in the Middle East.

The reiteration of Muehlhan's full-year guidance is the consequent step after a satisfying second quarter. With visibility for three quarters, the company confirmed its full-year guidance of an EBIT between EUR 5m and EUR 7m. As Muehlhan has already generated an EBIT of EUR 5.9m after 9M, we are confident that the company could reach the upper half of this guided range, which Muehlhan had already raised at the end of September. **Buy reiterated.**

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	2016e (old)	+ / -		
Sales	218	1.1 %	227	0.0 %	230	0.0 %		<ul style="list-style-type: none"> We have increased our FY 2014 sales assumptions given the better than expected top-line performance after the first nine months in FY 2014 As a result, we have also increased our EBIT expectations for FY 2014 The increase of FY14 net profit is less pronounced than that of EBIT given higher tax rate assumptions FY 2015 and 2016 assumptions remain unchanged for the time being given current rather negative macroeconomic parameters
EBIT	6	9.8 %	8	0.0 %	9	0.0 %		
EBT	4	13.5 %	7	0.0 %	8	0.0 %		
Net income	3	5.2 %	4	0.0 %	5	0.0 %		
DPS	0	0.0 %	0	0.0 %	0	0.0 %		

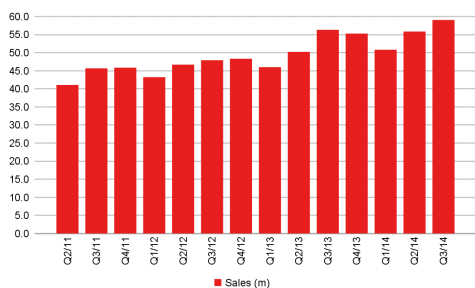


Rel. Performance vs CDAX:	
1 month:	2.1 %
6 months:	19.9 %
Year to date:	72.3 %
Trailing 12 months:	91.0 %

Company events:	

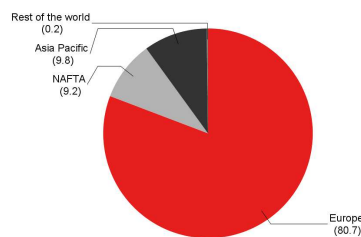
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	3.4 %	165	172	186	208	220	227	230
Change Sales yoy		-13.5 %	4.4 %	8.1 %	11.6 %	5.9 %	3.2 %	1.3 %
Gross profit margin		56.7 %	58.1 %	56.9 %	55.5 %	54.9 %	54.1 %	54.6 %
EBITDA	7.6 %	7	6	11	13	14	16	17
Margin		4.2 %	3.7 %	5.8 %	6.5 %	6.5 %	6.9 %	7.3 %
EBIT	20.1 %	-2	-1	5	5	7	8	9
Margin		-1.5 %	-0.8 %	2.4 %	2.5 %	3.0 %	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	0.17	0.23	0.28
EPS adj.	40.9 %	-0.23	-0.21	0.01	0.10	0.17	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 %	1.9 %	3.0 %
FCFPS		-0.22	-0.14	-0.32	0.11	0.04	0.21	0.20
EV / Sales		0.4 x	0.3 x	0.2 x	0.2 x	0.3 x	0.3 x	0.2 x
EV / EBITDA		8.7 x	6.9 x	3.6 x	3.0 x	4.4 x	3.7 x	3.3 x
EV / EBIT		n.a.	n.a.	8.5 x	7.8 x	9.4 x	7.4 x	6.2 x
P / E		n.a.	n.a.	120.6 x	14.8 x	15.8 x	11.7 x	9.6 x
P / E adj.		n.a.	n.a.	120.6 x	14.8 x	15.8 x	11.7 x	9.6 x
FCF Yield Potential		2.9 %	2.3 %	9.0 %	14.6 %	9.5 %	11.4 %	12.9 %
Net Debt		11	13	16	12	12	8	5
ROE		-7.0 %	-6.7 %	0.4 %	3.1 %	5.4 %	6.9 %	7.4 %
ROCE (NOPAT)		-3.9 %	-2.1 %	0.4 %	3.3 %	5.1 %	6.2 %	6.8 %
Guidance:		2014: EBIT in the range of EUR 3.5m to 6.5m						

Sales development
in EUR m



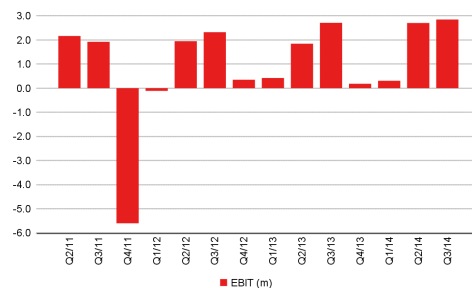
Source: Warburg Research

Sales by regions
2013; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

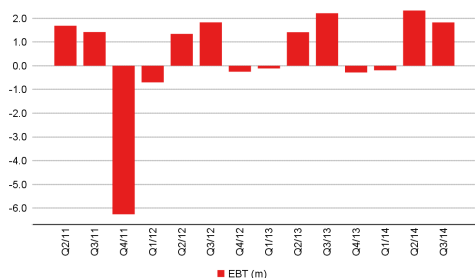
Company Background

- 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

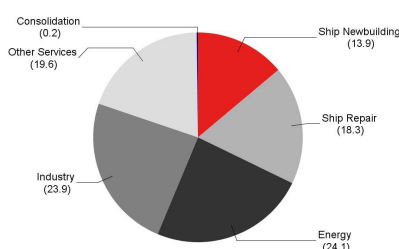
- The competitive quality vis-à-vis a high number of mainly smaller competitors is a result of...
- ...the comparably strong financing power, the long-standing customer relationships as well as the brand name resulting from quality and tradition.
- The capital intensity of larger and more complex orders 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



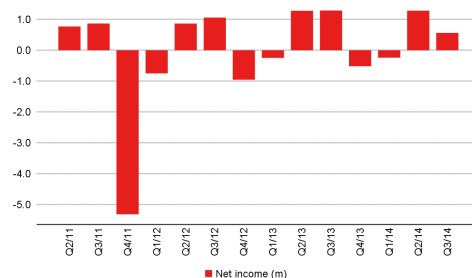
Source: Warburg Research

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	220	227	230	235	239	244	249	254	259	264	269	275	280	
Sales change	5.9 %	3.2 %	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	7	8	9	8	8	9	9	9	9	9	8	8	8	
EBIT-margin	3.0 %	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)	44.0 %	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	8	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	3	2	7	6	7	5	5	5	5	5	5	5	5
PV of FCF	0	3	2	6	4	5	3	3	3	3	2	2	2	38
share of PVs	5.65 %			44.49 %										49.86 %

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
WACC	7.42 %	Beta	1.20

Valuation (m)

Present values 2026e	38		
Terminal Value	38		
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
Equity Value	63	Value per share (EUR)	3.22

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 %	2.49	2.54	2.59	2.64	2.70	2.77	2.84	1.50	8.4 %	0.76	1.38	2.01	2.64	3.27	3.90	4.53
1.35	7.9 %	2.72	2.78	2.84	2.91	2.98	3.06	3.15	1.35	7.9 %	0.87	1.55	2.23	2.91	3.59	4.27	4.95
1.28	7.7 %	2.85	2.91	2.98	3.06	3.14	3.23	3.33	1.28	7.7 %	0.93	1.64	2.35	3.06	3.77	4.48	5.19
1.20	7.4 %	2.99	3.06	3.14	3.22	3.31	3.42	3.53	1.20	7.4 %	1.00	1.74	2.48	3.22	3.96	4.70	5.45
1.12	7.2 %	3.14	3.22	3.30	3.40	3.50	3.62	3.75	1.12	7.2 %	1.07	1.85	2.62	3.40	4.18	4.95	5.73
1.05	6.9 %	3.30	3.39	3.49	3.60	3.72	3.85	4.00	1.05	6.9 %	1.15	1.97	2.78	3.60	4.41	5.23	6.04
0.90	6.4 %	3.67	3.78	3.91	4.05	4.21	4.39	4.60	0.90	6.4 %	1.34	2.24	3.15	4.05	4.96	5.86	6.77

- 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	
= Free Cash Flow Potential	2	1	3	6	6	7	7	
Free Cash Flow Yield Potential	2.9 %	2.3 %	9.0 %	14.6 %	9.5 %	11.4 %	12.9 %	
WACC	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	7.42 %	
= Enterprise Value (EV)	61	44	38	40	62	59	56	
= Fair Enterprise Value	24	14	46	79	80	90	97	
- Net Debt (Cash)	12	12	12	12	11	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	
= Fair Market Capitalisation	12	1	34	67	68	82	92	
No. of shares (total) (m)	20	20	20	20	20	20	20	
= Fair value per share (EUR)	0.60	0.07	1.74	3.44	3.50	4.20	4.70	
premium (-) / discount (+) in %					30.0 %	56.1 %	74.7 %	
Sensitivity Fair value per Share (EUR)								
	10.42 %	0.24	n.a.	1.05	2.26	2.32	2.88	3.27
	9.42 %	0.34	n.a.	1.23	2.57	2.63	3.22	3.65
	8.42 %	0.45	n.a.	1.46	2.95	3.01	3.65	4.11
WACC	7.42 %	0.60	0.07	1.74	3.44	3.50	4.20	4.70
	6.42 %	0.79	0.18	2.11	4.07	4.13	4.92	5.47
	5.42 %	1.05	0.34	2.62	4.94	5.01	5.90	6.53
	4.42 %	1.44	0.56	3.35	6.20	6.28	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	0.8 x	0.7 x	0.7 x
Book value per share ex intangibles	2.01	1.87	1.90	2.04	2.17	2.49	2.80
EV / Sales	0.4 x	0.3 x	0.2 x	0.2 x	0.3 x	0.3 x	0.2 x
EV / EBITDA	8.7 x	6.9 x	3.6 x	3.0 x	4.4 x	3.7 x	3.3 x
EV / EBIT	n.a.	n.a.	8.5 x	7.8 x	9.4 x	7.4 x	6.2 x
EV / EBIT adj.*	n.a.	n.a.	8.5 x	7.8 x	9.4 x	7.4 x	6.2 x
P / FCF	n.a.	n.a.	n.a.	13.4 x	71.8 x	12.6 x	13.3 x
P / E	n.a.	n.a.	120.6 x	14.8 x	15.8 x	11.7 x	9.6 x
P / E adj.*	n.a.	n.a.	120.6 x	14.8 x	15.8 x	11.7 x	9.6 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.9 %	3.0 %
Free Cash Flow Yield Potential	2.9 %	2.3 %	9.0 %	14.6 %	9.5 %	11.4 %	12.9 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Sales	165	172	186	208	220	227	230
Change Sales yoy	-13.5 %	4.4 %	8.1 %	11.6 %	5.9 %	3.2 %	1.3 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	0	0	0	0	0	0	0
Total Sales	165	172	186	208	220	227	230
Material Expenses	71	72	80	92	99	104	105
Gross profit	94	100	106	115	121	123	126
<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	78	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
EBITDA	7	6	11	13	14	16	17
<i>Margin</i>	<i>4.2 %</i>	<i>3.7 %</i>	<i>5.8 %</i>	<i>6.5 %</i>	<i>6.5 %</i>	<i>6.9 %</i>	<i>7.3 %</i>
Depreciation of fixed assets	6	8	6	8	7	8	8
EBITA	1	-1	5	5	7	8	9
Amortisation of intangible assets	3	0	0	0	0	0	0
Goodwill amortization	0	0	0	0	0	0	0
EBIT	-2	-1	5	5	7	8	9
<i>Margin</i>	<i>-1.5 %</i>	<i>-0.8 %</i>	<i>2.4 %</i>	<i>2.5 %</i>	<i>3.0 %</i>	<i>3.5 %</i>	<i>3.9 %</i>
EBIT adj.	-2	-1	5	5	7	8	9
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
EBT	-4	-3	2	3	5	7	8
<i>Margin</i>	<i>-2.4 %</i>	<i>-2.0 %</i>	<i>1.2 %</i>	<i>1.6 %</i>	<i>2.3 %</i>	<i>3.0 %</i>	<i>3.4 %</i>
Total taxes	1	1	2	2	2	3	3
Net income from continuing operations	-4	-4	0	2	3	4	5
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	-4	-4	0	2	3	4	5
Minority interest	0	0	0	0	0	0	1
Net income	-4	-4	0	2	3	4	5
<i>Margin</i>	<i>-2.6 %</i>	<i>-2.3 %</i>	<i>0.1 %</i>	<i>0.9 %</i>	<i>1.5 %</i>	<i>1.9 %</i>	<i>2.3 %</i>
Number of shares, average	19	19	19	19	19	19	19
EPS	-0.23	-0.21	0.01	0.10	0.17	0.23	0.28
EPS adj.	-0.23	-0.21	0.01	0.10	0.17	0.23	0.28

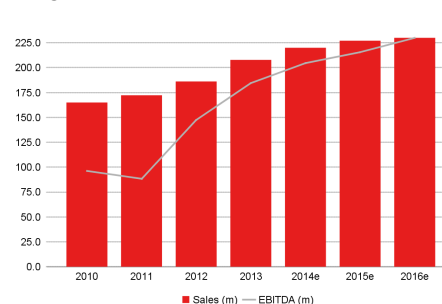
*Adjustments made for:

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

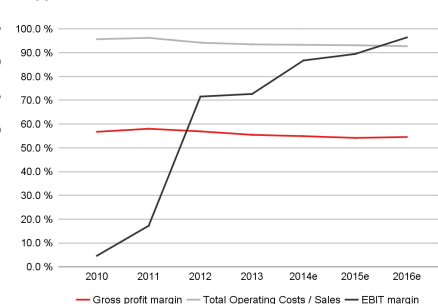
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	95.8 %	96.3 %	94.2 %	93.5 %	93.5 %	93.1 %	92.7 %
Operating Leverage	n.a.	-10.7 x	n.a.	1.2 x	5.1 x	5.5 x	10.4 x
EBITDA / Interest expenses	4.1 x	3.0 x	4.6 x	6.9 x	7.9 x	12.1 x	14.0 x
Tax rate (EBT)	-15.3 %	-17.0 %	93.3 %	53.4 %	44.0 %	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	89,805	90,442	89,363

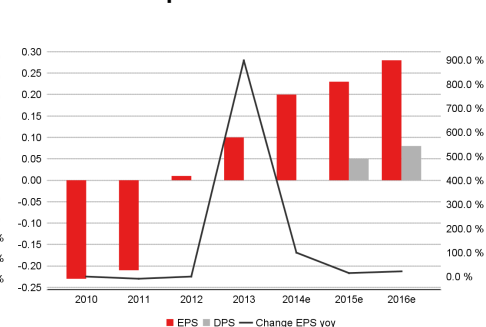
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

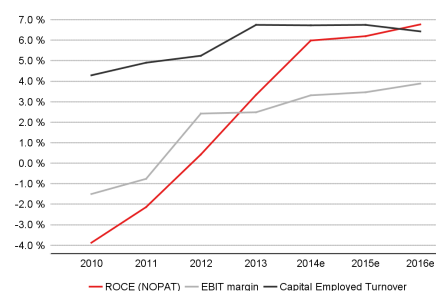
Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Assets							
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
Fixed assets	46	45	42	40	40	39	39
Inventories	4	4	4	4	5	5	5
Accounts receivable	37	43	48	51	55	57	59
Liquid assets	12	11	10	9	5	5	5
Other short-term assets	9	10	9	9	9	10	10
Current assets	62	67	71	73	74	77	79
Total Assets	108	112	114	113	114	117	118
Liabilities and shareholders' equity							
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
Total equity	61	57	58	58	63	70	76
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
Liabilities	47	55	56	54	51	47	43
Total liabilities and shareholders' equity	108	112	114	113	114	117	118

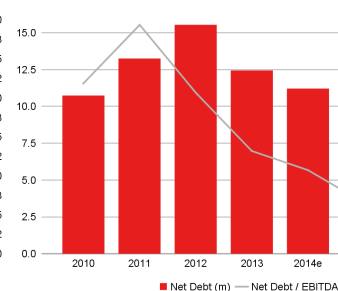
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Efficiency of Capital Employment							
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 %	8.1 %	11.2 %	13.3 %
Return on Capital							
ROCE (NOPAT)	-3.9 %	-2.1 %	0.4 %	3.3 %	5.1 %	6.2 %	6.8 %
ROE	-7.0 %	-6.7 %	0.4 %	3.1 %	5.4 %	6.9 %	7.4 %
Adj. ROE	-7.0 %	-6.7 %	0.4 %	3.1 %	5.4 %	6.9 %	7.4 %
Balance sheet quality							
Net Debt	11	13	16	12	12	8	5
Net Financial Debt	10	12	15	12	11	7	4
Net Gearing	17.5 %	23.2 %	26.9 %	21.3 %	18.6 %	11.2 %	6.6 %
Net Fin. Debt / EBITDA	143.0 %	193.3 %	136.7 %	86.8 %	76.6 %	44.2 %	24.3 %
Book Value / Share	3.2	3.0	3.0	3.1	3.2	3.6	3.9
Book value per share ex intangibles	2.0	1.9	1.9	2.0	2.2	2.5	2.8

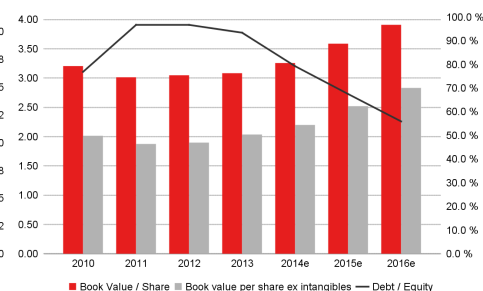
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

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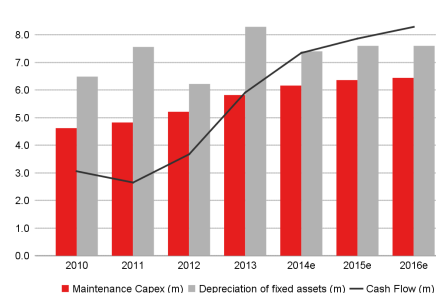
Consolidated cash flow statement

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
Cash Flow	5	4	6	10	11	13	14
Increase / decrease in inventory	0	-1	0	0	0	0	0
Increase / decrease in accounts receivable	-2	-5	-5	-3	-4	-2	-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
Net cash provided by operating activities	1	4	0	9	8	11	11
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
Net cash provided by investing activities	1	-6	-2	-6	-8	-7	-7
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
Net cash provided by financing activities	-2	1	1	-4	-4	-4	-4
Change in liquid funds	-1	-1	-1	-1	-4	0	0
Effects of exchange-rate changes on cash	1	0	0	0	0	0	0
Cash and cash equivalent at end of period	12	11	10	9	5	5	5

Financial Ratios

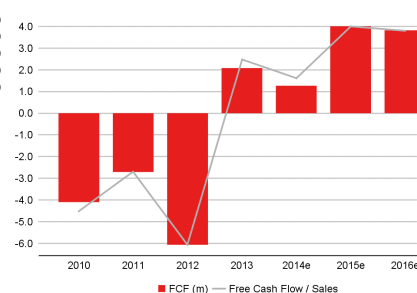
	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
FCF	-4	-3	-6	2	1	4	4
Free Cash Flow / Sales	-2.5 %	-1.6 %	-3.3 %	1.0 %	0.3 %	1.8 %	1.7 %
Free Cash Flow Potential	2	1	3	6	6	7	7
Free Cash Flow / Sales	-2.5 %	-1.6 %	-3.3 %	1.0 %	0.3 %	1.8 %	1.7 %
Free Cash Flow / Net Profit	93.9 %	69.0 %	-2734.2 %	115.4 %	22.0 %	90.6 %	73.3 %
Interest Received / Avg. Cash	2.5 %	0.6 %	0.6 %	0.3 %	2.0 %	2.6 %	2.6 %
Interest Paid / Avg. Debt	8.0 %	9.3 %	9.8 %	8.7 %	9.9 %	9.1 %	11.1 %
Management of Funds							
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 %	99.2 %	92.5 %	92.3 %
Avg. Working Capital / Sales	16.8 %	17.3 %	17.8 %	17.6 %	17.9 %	18.9 %	20.0 %
Trade Debtors / Trade Creditors	321.8 %	256.2 %	304.6 %	285.3 %	304.7 %	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	66	63	56
Cash conversion cycle (Days)	-36	-58	-49	-49	-45	-41	-33

CAPEX and Cash Flow
in EUR m



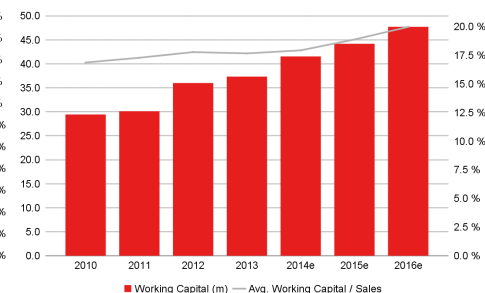
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Muehlhan AG	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0KD0F7.htm

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

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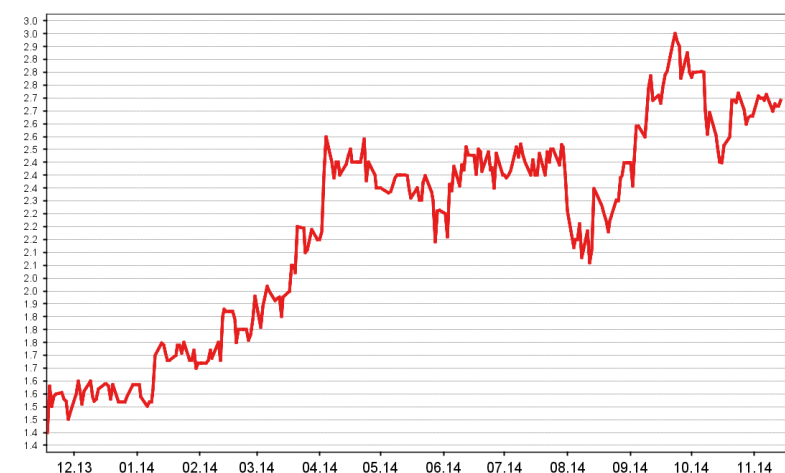
Rating	Number of stocks	% of Universe
Buy	113	60
Hold	63	34
Sell	8	4
Rating suspended	4	2
Total	188	100

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	92	64
Hold	43	30
Sell	4	3
Rating suspended	4	3
Total	143	100

PRICE AND RATING HISTORY MUEHLHAN AG AS OF 17.11.2014



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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