

25 August 2022

## MPC Capital

Germany

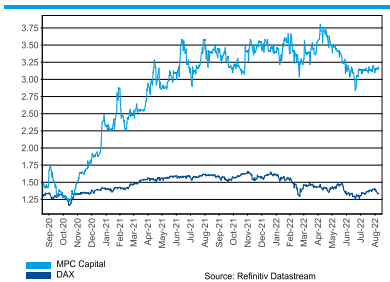
### Other financials

Reuters: MPCKK.DE Bloomberg: MPCK GY

### Add

Closing price as of 24-Aug-22	EUR 3.18
<b>Target price</b>	<b>EUR 3.90</b>
High/Low (12M)	EUR 3.80/2.84
Market cap.	EUR mn 112
Free float	43.0%
Avg. daily turnover	EUR mn 0.04

### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	1.3	-7.8	-1.9
rel. DAX	1.5	-2.8	4.1
rel. STOXX Europe 600	-0.2	-7.9	-0.3
rel. SXXP Financial Serv.	1.3	-5.5	3.4

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## MPC Capital published strong and better than expected 1H22 results – Guidance for FY22 confirmed

### Our conclusion

■ MPC Capital published strong and better than expected 1H22 results. The figures reported today underline that the group's business model and diversified asset base in the three segments Real Estate, Renewables and Shipping mitigated negative effects on performance in the first half of 2022 and enabled a continued successful development of the business – despite adverse economic and geopolitical conditions. As expected by us, the reported earnings figures showed a steady progression towards the guided targets. Accordingly, the group confirmed their forecast for FY22. In terms of earnings, the group continues to expect an (adjusted) EBT of between EUR 8mn and EUR 12mn for FY22 (Baader Helvea estimate: EUR 10.6mn vs. EUR 10.4mn for FY21).

■ The numbers provide further evidence that MPC Capital is on track to deliver on its aim for a further significant improvement in profitability in the group's operating business. Even with lower assets under management due to the sale of "Cairn" (Dutch real estate activities) earlier this year and lower recurring asset management fees as a result, the group was able to post a strong increase in the EBT margin adjusted for these strong extraordinary gains to 42% in 1H22, up from 14% in 1H21. While group sales are still expected to decline significantly in the current fiscal year, the (adjusted) EBT margin should continue to improve significantly as a result of the lower sales level if the strong prior year result is achieved again (Baader Helvea estimate: 30.4% vs. 24.6% for FY21).

### Facts & Analysis

■ Following a very strong start to the year, 2Q22 constituted a more "normal" quarter again as we had expected. As a result, 1H22 group revenues came in at EUR 18.7mn (Baader Helvea (E): EUR 18.4mn, 1H21: EUR 16.0mn). Of that figure some EUR 13.6mn stemmed from recurring management fees (Baader Helvea (E): EUR 13.5mn, 1H21: EUR 13.7mn), while transaction fees reached EUR 5.0mn (Baader Helvea (E): EUR 4.9mn, 1H21: EUR 2.1mn) after EUR 4.2mn in 1Q21. The slowdown in 2Q22 is attributable to the more muted exit environment that currently is weighing somewhat on the outlook for performance-related fees, from which other managers of private assets have been affected as well. Overall, EBT amounted to EUR 24.3mn in 1H22 (Baader Helvea (E): EUR 23.8mn), which corresponds to EUR 7.9mn in adjusted terms (Baader Helvea (E): EUR 7.4mn, 1H21: EUR 2.3mn).

■ Assets under management stood at EUR 4.5bn at end-1H22 (end-2021: EUR 4.9bn). Financial assets, which mainly comprise the co-investments of MPC Capital, amounted to EUR 57.9mn as of mid-2022 (end-2021: EUR 56.4mn). As part of its co-investment strategy, the group participated in particular as a co-investor in the new construction programs for efficient and sustainably operated container ships. The group also stated that valuation and currency effects amounted to EUR 1.0bn and were due in particular to increased asset values in the Shipping segment and the strong USD.

■ MPC Capital reported a cash level of EUR 50.8mn at the end of 1H22. While cash levels got a EUR 30mn boost from the "Cairn" sale in 1Q22 and therefore increased by EUR 23.7mn (from EUR 38.5mn at the end of FY21 to EUR 62.2mn at the end of 1Q22), this effect reversed in 2Q22. By stripping out the one-off inflow resulting from the sale plus considering the EUR 4.2mn dividend payout, we had expected cash levels to stand at EUR 51.7mn.

■ The group also pointed out that the global goals in connection with the energy turnaround are resulting in an immense need for investment in real assets which may provide a strong tailwind for MPC Capital's business model. In our view, MPC Capital looks ideally positioned to actively shape the energy transition in the maritime sector. In the group's two other key areas (real estate and renewables), MPC Capital also pursues a clear focus on sustainability aspects.

## MPC Capital

## Key data

FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
<b>Share data</b>						
EPS (EUR)	-0.07	-0.03	0.17	0.66	0.21	0.27
Cash EPS (EUR)	0.00	0.04	0.23	0.71	0.27	0.32
Dividend (EUR)	0.00	0.00	0.12	0.12	0.12	0.15
Book value per share (EUR)	2.70	2.67	2.69	3.23	3.32	3.43
Tangible book value per share (EUR)	2.51	2.55	2.61	3.19	3.33	3.49
Average no. of shares (mn)	33.5	33.5	35.2	35.2	35.2	35.2
Average share price (EUR)	1.94	1.45	3.02	3.18	3.18	3.18
Average market cap. (EUR mn)	65.0	48.4	106.4	112.1	112.1	112.1
<b>Valuation</b>						
P/E (x)	-	-	17.8	4.8	15.1	11.8
Cash P/E (x)	-	36.3	13.1	4.5	11.8	9.9
P/BV (x)	0.7	0.5	1.1	1.0	1.0	0.9
P/TBV (x)	0.8	0.6	1.2	1.0	1.0	0.9
Yield (%)	0.0	0.0	4.0	3.8	3.8	4.7
ROE (%)	-20.6	-0.9	6.6	22.1	6.4	7.9
<b>Key company data</b>						
Revenue growth (%)	0.0	18.2	-16.3	-17.6	1.8	7.0
Operating profit growth (%)	0.0	-147.3	673.3	-23.6	4.2	23.0
Cost/Income ratio (%)	-107.5	-97.0	-72.2	-74.2	-73.6	-69.7
Net profit growth (%)	0.0	-95.5	-812.2	280.7	-68.0	26.6
Net profit margin (%)	-44.3	-1.7	14.4	66.3	20.8	24.7
Payout ratio (%)	0.0	0.0	69.7	18.3	57.2	56.5
CET1 ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
Leverage ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Income statement (EUR mn)</b>						
Net interest income	2.1	1.3	0.8	1.8	2.2	2.6
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	42.7	50.5	42.3	34.8	35.5	38.0
Trading income	-15.5	-1.6	-2.1	-0.3	-0.3	-0.3
Other income	12.5	9.9	16.4	13.1	13.8	14.5
<b>Total income</b>	<b>42.7</b>	<b>50.5</b>	<b>42.3</b>	<b>34.8</b>	<b>35.5</b>	<b>38.0</b>
Personnel expenses	-28.6	-26.3	-21.9	-18.0	-18.5	-18.9
General expenses	-28.1	-30.2	-23.0	-19.0	-19.4	-20.0
Depreciation	-1.8	-2.3	-2.0	-2.0	-2.0	-2.0
Goodwill and intangibles	-	-	-	-	-	-
<b>Total expenditure</b>	<b>-45.9</b>	<b>-49.0</b>	<b>-30.5</b>	<b>-25.9</b>	<b>-26.1</b>	<b>-26.5</b>
<b>Total operating profit</b>	<b>-3.2</b>	<b>1.5</b>	<b>11.7</b>	<b>9.0</b>	<b>9.3</b>	<b>11.5</b>
Other items	0.0	0.0	0.0	16.4	0.0	0.0
Taxation	-2.0	-1.4	-3.2	-3.2	-3.4	-4.1
Minority interests	-0.3	-0.7	-1.1	-0.7	-0.5	-0.3
<b>Net income</b>	<b>-18.9</b>	<b>-0.9</b>	<b>6.1</b>	<b>23.1</b>	<b>7.4</b>	<b>9.4</b>
Cash net income	-18.9	-0.9	6.1	23.1	7.4	9.4
<b>Balance sheet (EUR mn)</b>						
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	75	67	56	58	58	68
Goodwill & Intangibles	6	4	3	1	0	-2
Other	59	55	75	95	101	110
<b>Total assets</b>	<b>140</b>	<b>127</b>	<b>135</b>	<b>154</b>	<b>159</b>	<b>176</b>
Deposits	-	-	-	-	-	-
Other liabilities	41	30	34	33	35	48
Minority interests	8	7	6	6	7	7
Shareholders' equity	90	89	95	114	117	121
<b>Total liabilities</b>	<b>140</b>	<b>127</b>	<b>135</b>	<b>154</b>	<b>159</b>	<b>176</b>
Risk weighted assets	-	-	-	-	-	-

Source: Company data, Baader Helvea Equity Research

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This Research Document was completed at 11:53 AM (CEST) on 25-08-2022.

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Company	Date	Rating	Currency Target price	Closing price as of	Analyst
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