

20 February 2020

## MPC Capital

Germany

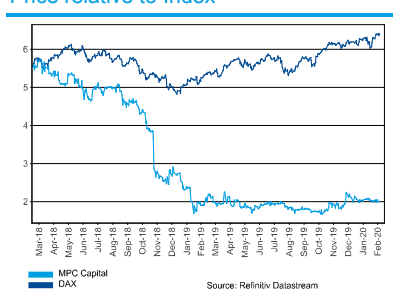
### Financial Services

Reuters: MPCKK.DE Bloomberg: MPCK GY

### Add

Closing price as of 19-Feb-20	EUR 2.01
<b>Target price</b>	<b>EUR 2.60</b>
High/Low (12M)	EUR 2.25/1.67
Market cap.	EUR mn 67
Free float	47.0%
Avg. daily turnover	EUR mn 0.02

### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-1.5	6.3	8.1
rel. DAX	-3.4	2.1	-9.6
rel. STOXX Europe 600	-3.7	-0.7	-8.0
rel. SXXP Financial SVS	-8.5	-8.4	-19.5

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## FY results in-line with guidance; 2020 to feel some headwinds from the planned tail-down of legacy business

### Our conclusion

- MPC's full year results showed a strong 4Q revenue but the impact was diluted by restructuring and write down expenses. For 2020, the drag from the planned tail down of legacy assets means that profitability will remain at a similar level despite the benefits of cost savings. The group is still on track to reposition itself as a profitable business in the institutional asset management area but we believe that this is likely to be a story for 2021 and 2022.

### Facts & Analysis

- MPC reported a 10 %increase in consolidated revenue to EUR 46.8mn. Of this, EUR 39.2mn derived from recurring management services (2018: 36.3mn). The group highlighted technical and commercial ship management as a growth driver. Revenue from transaction services reached EUR 5.3mn (6.1mn), mainly from the sale of a real estate portfolio in the Netherlands. This exit also had boosted income from equity investments because of MPC Capital's co-investment.
- The adjusted earnings before taxes to EUR 0.9mn (2018: 0.6mn, Baader Helvea est.: 1.8mn). Profitability was somewhat eroded by non-recurring expenses in connection with the process of aligning operations to business with institutional investors and by write-downs on financial assets and equity investments.
- The assets from retail business declined by EUR 0.7bn over the year but expansion of institutional business meant that overall AuM increased to EUR 4.5bn (2018: 4.3bn). This means that 78 % of the business of MPC Capital AG is in the institutional segment.
- For the 2020 financial year, MPC Capital expects further decline in legacy retail business. Despite further growth in institutional business, the group expects slightly lower revenue for the year.
- In response to the decline in retail assets, the group started cost-cutting measures in 2019. As a result, MPC expects a slight improvement in EBT despite the lower revenue.
- In Real Estate, MPC's plans for 2020 include the further expansion of the logistics and health care areas in the Netherlands and a transaction rate maintained at a high level. In Shipping, MPC has established a joint venture with Harper Petersen and an equity investment in Albis Shipping. For 2020, MPC plans to strengthen its position in technical management. In the Infrastructure area, MPC will focus on expanding the renewable energy platform in 2020 and MPC Capital is in discussions with a number of institutional investors.

### Key financials

EUR mn	2018	2019E	2020E	2021E	CAGR (%)
Net income	-18.9	0.5	5.1	10.4	-
EPS (EUR)	-0.57	0.02	0.15	0.31	-
BVPS (EUR)	2.79	2.81	2.96	3.27	5.4

Source: Company data, Baader Helvea Equity Research

### Valuation ratios

x	2018	2019E	2020E	2021E
P/BV	1.7	0.6	0.7	0.6
P/E	-8.5	113.2	13.4	6.5
Div. yield (%)	0.0	0.0	0.0	0.0

## MPC Capital

### Key data

FY 31 Dec.	2016	2017	2018	2019E	2020E	2021E
<b>Share data</b>						
EPS (EUR)	0.38	0.41	-0.57	0.02	0.15	0.31
Cash EPS (EUR)	0.45	0.46	-0.52	0.07	0.21	0.37
Dividend (EUR)	0.00	0.20	0.00	0.00	0.00	0.00
Book value per share (EUR)	2.96	3.12	2.79	2.81	2.96	3.27
Tangible book value per share (EUR)	2.68	2.89	2.61	2.68	2.88	3.25
Average no. of shares (mn)	30.4	30.4	33.5	33.5	33.5	33.5
Average share price (EUR)	6.43	6.27	4.87	1.80	2.01	2.01
Average market cap. (EUR mn)	166.4	190.7	160.6	60.2	67.3	67.3
<b>Valuation</b>						
P/E (x)	16.7	15.4	-	113.2	13.4	6.5
P/Cash EPS (x)	14.2	13.5	-9.4	26.0	9.6	5.4
P/BV (x)	2.2	2.0	1.7	0.6	0.7	0.6
P/TBV (x)	2.4	2.2	1.9	0.7	0.7	0.6
Yield (%)	0.0	3.2	0.0	0.0	0.0	0.0
ROE (%)	16.4	13.4	-20.1	0.6	5.3	10.0
<b>Key company data</b>						
Revenue growth (%)	12.6	-12.0	-9.7	7.3	25.7	20.2
Operating profit growth (%)	162.8	39.1	-123.2	86.9	-69.4	-285.9
Cost/Income ratio (%)	-81.6	-70.8	-107.5	-113.1	-103.2	-95.1
Net profit growth (%)	36.8	24.1	-253.3	-102.8	860.3	104.3
Net profit margin (%)	18.5	26.1	-44.3	1.2	8.9	15.1
Payout ratio (%)	0.0	49.3	0.0	0.0	0.0	0.0
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	6.2	4.3	2.1	7.2	9.6	12.0
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	53.8	47.3	42.7	45.8	57.6	69.3
Trading income	-0.4	-0.8	-15.5	0.0	0.0	0.0
Other income	11.9	22.7	12.5	11.0	11.5	12.5
<b>Total income</b>	<b>53.8</b>	<b>47.3</b>	<b>42.7</b>	<b>45.8</b>	<b>57.6</b>	<b>69.3</b>
Personnel expenses	-26.0	-27.1	-28.6	-31.5	-35.4	-38.9
General expenses	-28.0	-27.3	-28.1	-29.6	-33.8	-37.6
Depreciation	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Goodwill and intangibles	-	-	-	-	-	-
<b>Total expenditure</b>	<b>-43.9</b>	<b>-33.5</b>	<b>-45.9</b>	<b>-51.8</b>	<b>-59.4</b>	<b>-65.8</b>
<b>Total operating profit</b>	<b>9.9</b>	<b>13.8</b>	<b>-3.2</b>	<b>-6.0</b>	<b>-1.8</b>	<b>3.4</b>
Other items	0.0	0.0	0.0	0.0	0.0	0.0
Taxation	-5.5	-4.2	-2.0	-0.3	-2.3	-4.6
Minority interests	-0.3	-0.8	-0.3	-0.3	-0.3	-0.3
<b>Net income</b>	<b>10.0</b>	<b>12.4</b>	<b>-18.9</b>	<b>0.5</b>	<b>5.1</b>	<b>10.4</b>
Cash net income	10.0	12.4	-18.9	0.5	5.1	10.4
<b>Balance sheet (EUR mn)</b>						
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	29	54	81	103	129	154
Goodwill & Intangibles	8	7	6	4	3	1
Other	96	74	64	44	29	16
<b>Total assets</b>	<b>134</b>	<b>135</b>	<b>151</b>	<b>152</b>	<b>160</b>	<b>172</b>
Deposits	-	-	-	-	-	-
Other liabilities	40	33	39	38	41	42
Minority interests	3	7	19	19	20	20
Shareholders' equity	90	95	93	94	99	109
<b>Total liabilities</b>	<b>134</b>	<b>135</b>	<b>151</b>	<b>152</b>	<b>160</b>	<b>172</b>
Risk weighted assets	-	-	-	-	-	-

Source: Company data, Baader Helvea Equity Research

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