

31 August 2020

MPC Capital

Germany

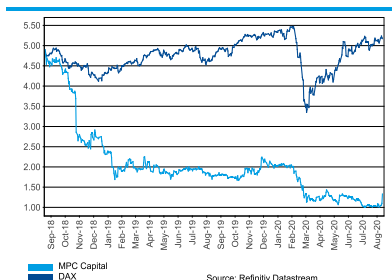
Other financials

Reuters: MPCKk.DE Bloomberg: MPCK GY

Add

Closing price as of 28-Aug-20	EUR 1.33
Target price	EUR 2.60
High/Low (12M)	EUR 2.24/1.01
Market cap.	EUR mn 45
Free float	44.0%
Avg. daily turnover	EUR mn 0.02

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	26.7	2.3	-18.9
rel. DAX	25.1	-8.3	-28.5
rel. STOXX Europe 600	26.4	-1.4	-17.1
rel. SXXP Financial SVS	25.4	-4.8	-20.9

Analyst:

Tim Dawson, MA, ACA

+41 43 388 9232

tdawson@helvea.com

Estimates increased to reflect lower write-downs than assumed and quicker return to operating profitability

Our conclusion

- In our opinion, the standout feature of MPC's 1H results was the return to operating profitability, building on the encouraging signs evident in 2H 2019. In addition, the write-down engendered by the MPC Container Ships investment was less severe than our cautious estimate. Further growth in institutional AuM should allow continued recovery in the operating profits in coming years and this is reflected in our more optimistic estimates. The outlook for net income depends crucially on the result derived from exits or possible write-downs on the (co-)investments and financial assets (EUR 68.0mn as at 30 June 2020). Nevertheless, the group now appears to be on a sounder operational footing and this should underpin further recovery in the shares from recent depressed levels.

Facts & Analysis

- In its 1H results statement, MPC noted that the impact on the business of the MPC Capital Group has so far been modest. The group attributed this to the asset base's high level of diversification and the steadily growing spread within the asset areas. In particular, the broader base of MPC's shipping activities meant that weaker container business was largely compensated by a strong tanker market. 1H revenues increased to EUR 24.8mn (1H19: EUR 20.0mn) reflecting the integration of the tanker specialist Albis Shipping & Transport in 4Q19.
- AuM as at 30 June 2020 stood at EUR 4.3bn (31 December 2019: EUR 4.5bn). New business brought in asset additions of EUR 0.3bn while asset disposals reached EUR 0.2bn. The measurement and currency effects came to EUR -0.3bn. Management fees rose 12% to EUR 20.0mn (17.8mn). Transaction fees amounted to EUR 2.4mn (1.8mn) and related primarily to transactions in the Real Estate unit. Other revenue came to EUR 2.4mn (0.4mn). This item is essentially one-off and there is a comparable amount in cost of purchased materials. The operating result (EBIT) turned around from EUR -4.2mn in 1H19 to a positive EUR 1.2mn in 1H20, helped by the focus on profitable business areas and cost savings. This was ahead of our expectations and we therefore increase our operating profit forecasts for 2020 and subsequent years.
- In 1H20, the group made impairment adjustments of EUR 2.5mn to its co-investment portfolio due to the impact of the pandemic on container shipping. However, we note that this was considerably less than our conservative "worst case" assumption of EUR 6.5mn. The lower impairment compared with our expectations has been reflected in a significant improvement in our forecast for net financial income for 2020. Overall, financial income (especially arising from exits and possible future write-downs) remains the biggest area of uncertainty in the earnings forecasts. Financial assets (mainly co-investments) fell from EUR 74.6mn as at 31 December 2019 to EUR 68.0mn as at 30 June 2020.
- In May 2020, the Management Board of MPC Capital AG decided to suspend a forecast for the current financial year of 2020 in view of the uncertainty surrounding further business development (client investment decisions remain subject to delay and uncertainties remain with regard to the development of relevant asset valuations).

Key financials

EUR mn	2019	2020E	2021E	2022E	CAGR (%)
Net income	-2.2	0.4	2.8	3.1	-
EPS (EUR)	-0.07	0.01	0.08	0.09	-
BVPS (EUR)	2.70	2.71	2.78	2.82	1.4

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2019	2020E	2021E	2022E
P/BV	0.7	0.5	0.5	0.5
P/E	-	133.0	16.6	14.8
Div. yield (%)	0.0	0.0	1.5	3.8

MPC Capital

Key data

FY 31 Dec.	2017	2018	2019	2020E	2021E	2022E
Share data						
EPS (EUR)	0.41	-0.57	-0.07	0.01	0.08	0.09
Cash EPS (EUR)	0.46	-0.52	0.00	0.08	0.15	0.16
Dividend (EUR)	0.20	0.00	0.00	0.00	0.02	0.05
Book value per share (EUR)	3.12	2.79	2.70	2.71	2.78	2.82
Tangible book value per share (EUR)	2.89	2.61	2.51	2.57	2.69	2.78
Average no. of shares (mn)	30.4	33.5	33.5	33.5	33.5	33.5
Average share price (EUR)	6.27	4.87	1.94	1.33	1.33	1.33
Average market cap. (EUR mn)	190.7	160.6	65.0	44.5	44.5	44.5
Valuation						
P/E (x)	15.4	-	-	133.0	16.6	14.8
P/Cash EPS (x)	13.5	-9.4	3096.8	16.6	8.9	8.3
P/BV (x)	2.0	1.7	0.7	0.5	0.5	0.5
P/TBV (x)	2.2	1.9	0.8	0.5	0.5	0.5
Yield (%)	3.2	0.0	0.0	0.0	1.5	3.8
ROE (%)	13.4	-20.1	-2.4	0.4	3.0	3.3
Key company data						
Revenue growth (%)	-12.0	-9.7	9.6	-2.0	9.9	2.8
Operating profit growth (%)	39.1	-123.2	19.1	-132.1	113.5	-2.4
Cost/Income ratio (%)	-70.8	-107.5	-108.2	-97.3	-94.8	-95.1
Net profit growth (%)	24.1	-253.3	-88.3	-116.5	663.7	11.9
Net profit margin (%)	26.1	-44.3	-4.7	0.8	5.5	6.0
Payout ratio (%)	49.3	0.0	0.0	0.0	23.9	53.4
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
Income statement (EUR mn)						
Net interest income	4.3	2.1	6.1	2.4	3.7	4.3
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	47.3	42.7	46.8	45.9	50.5	51.9
Trading income	-0.8	-15.5	-1.4	-0.3	-0.4	-0.4
Other income	22.7	12.5	9.7	8.9	9.0	9.5
Total income	47.3	42.7	46.8	45.9	50.5	51.9
Personnel expenses	-27.1	-28.6	-28.8	-25.8	-27.1	-27.8
General expenses	-27.3	-28.1	-29.3	-25.5	-27.5	-28.8
Depreciation	-1.8	-1.8	-2.2	-2.2	-2.2	-2.2
Goodwill and intangibles	-	-	-	-	-	-
Total expenditure	-33.5	-45.9	-50.7	-44.7	-47.8	-49.3
Total operating profit	13.8	-3.2	-3.8	1.2	2.6	2.6
Other items	0.0	0.0	0.0	0.0	0.0	0.0
Taxation	-4.2	-2.0	-1.2	-1.7	-1.8	-1.9
Minority interests	-0.8	-0.3	-1.9	-1.3	-1.3	-1.4
Net income	12.4	-18.9	-2.2	0.4	2.8	3.1
Cash net income	12.4	-18.9	-2.2	0.4	2.8	3.1
Balance sheet (EUR mn)						
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	54	81	75	94	117	138
Goodwill & Intangibles	7	6	6	5	3	1
Other	74	64	59	39	22	4
Total assets	135	151	140	138	142	144
Deposits	-	-	-	-	-	-
Other liabilities	33	39	41	37	38	37
Minority interests	7	19	8	10	11	12
Shareholders' equity	95	93	90	91	93	94
Total liabilities	135	151	140	138	142	144
Risk weighted assets	-	-	-	-	-	-

Source: Company data, Baader Helvea Equity Research

MPC Capital

Disclaimer

Baader Bank AG, Weihestephaner Strasse 4, 85716 Unterschleissheim, Germany

Baader Helvea AG, Talstrasse 9, 8001 Zurich, Switzerland

Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom

Baader Bank AG is the parent company of Baader Helvea AG and/or Baader Helvea Limited. Baader Bank AG, Baader Helvea AG and Baader Helvea Limited are collectively referred to as “**Baader Helvea Group Europe Companies**” below, and each of them is referred to separately as a “**Baader Helvea Group Europe Company**”. Baader Bank AG and its subsidiaries and affiliates, including Baader Helvea AG and Baader Helvea Limited, are collectively referred to below as the “**Group Companies**”.

All estimates and opinions included herein represent the independent judgment of the analyst(s) named in the Research Document as of the date of publication of this Research Document.

This Research Document was completed at 12:15 PM (CEST) on 31-08-2020.

The relevant Baader Helvea Group Europe Company reserves the right to modify the views expressed herein at any time without notice and the right not to update this information and to discontinue coverage of the company that is the subject of this Research Document without notice. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. Neither the Group Companies, any of their authorized representatives or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this Research Document or its contents or otherwise arising in connection therewith.

Please note the information on the preparation of this document, the important notice, the advice regarding possible conflicts of interests, and the mandatory information required by Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 and other applicable rules under http://www.baaderbank.de/disclaimer_research.html.

A list of all of our Research Documents on any financial instrument or issuer that were disseminated during the preceding 12-month period is available to our clients under http://www.baaderbank.de/disclaimer_research.html.

MPC Capital

Contacts

Markus Mayer

Head of Research
+49 89 5150 1818
markus.mayer@baaderbank.de

EQUITY RESEARCH**Capital Goods**

Capital Goods (Switzerland)	Jorg Schirmacher, CFA	+41 43 388 9267	jschirmacher@helvea.com
Capital Goods (Switzerland)	Rolf Renders	+41 43 388 9213	rrenders@helvea.com
Capital Goods	Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Capital Goods (Germany)	Peter Rothenaicher	+49 89 5150 1817	peter.rothenaicher@baaderbank.de

Chemicals

Markus Mayer	+49 89 5150 1818	markus.mayer@baaderbank.de
--------------	------------------	----------------------------

Consumer

Consumer Durables / Food Retail / Non Food Retail	Volker Bosse, CEFA Co-Head Equity Research	+49 89 5150 1815	volker.bosse@baaderbank.de
Food & Beverages	Andreas von Arx Head of Swiss Equity Research	+41 43 388 9257	avonarx@helvea.com

Financial Services

Tim Dawson	+41 43 388 9232	tdawson@helvea.com
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Metals & Mining

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

Pharma

Bruno Bulic, Ph.D.	+41 43 388 9225	bbulic@helvea.com
--------------------	-----------------	-------------------

Real Estate

Andre Remke, CFA Co-Head Equity Research	+49 89 5150 1816	andre.remke@baaderbank.de
---	------------------	---------------------------

Technology

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
---	-------------------	------------------	---------------------------

Transport

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

EQUITY STRATEGY

Gerhard Schwarz, CEFA Head of Equity Strategy	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
--	------------------	-------------------------------

EQUITY SALES

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200

For North American clients:

New York	+1 212 935 5150
----------	-----------------

DERIVATIVES SALES

Munich	+49 89 5150 1990
--------	------------------

EQUITY SALES TRADING

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weißenstephaner Strasse 4
85716 Unterschleißheim, Germany

T +49 89 5150 1810

Baader Helvea AG
Equity Research
Talstrasse 9
8001 Zurich, Switzerland

T +41 43 388 9250