

26 August 2021

MPC Capital

Germany

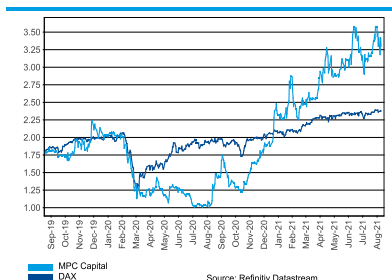
Other financials

Reuters: MPCKK.DE Bloomberg: MPCK GY

Add

Closing price as of 25-Aug-21	EUR 3.30
Target price	EUR 3.90
High/Low (12M)	EUR 3.58/1.05
Market cap.	EUR mn 116
Free float	44.0%
Avg. daily turnover	EUR mn 0.06

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	5.8	13.8	43.5
rel. DAX	4.5	11.2	29.2
rel. STOXX Europe 600	3.5	7.8	28.9
rel. SXXP Financial SVS	3.6	3.1	29.5

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2021 forecast maintained after 1H results; MPC well-placed for future growth

Our conclusion

- Although the 1H results were below our estimates, this is mainly the result of timing of transactions. The group has maintained its full year profit forecast and we note that MPC now has substantial unrealized gains, especially on its shipping investments, that could further boost profits in the near- to mid-term. In our opinion the group's turnaround remains on track. For the future, we believe that MPC's exposure to areas such as renewable energy and sustainable real estate leave it well-placed to secure further growth in coming years.

Facts & Analysis

- MPC Capital has published its 2021 Interim Financial Report. The group notes that the markets in which it is active have shown a very positive development in recent months. Container shipping was the main beneficiary of the strong recovery in global trade coupled with a shortage of transport capacity, leading to rising freight and charter rates on the one hand and a marked appreciation of the assets managed by MPC Capital on the other.
- Changes in the group's structure mean that year-on-year comparisons are not especially meaningful for 2021 (as highlighted by the group itself in its 2021 forecast). Revenue for the MPC Capital Group came to EUR 16.0mn in the first half of 2021 (1H20: EUR 24.8mn, Baader Helvea est.: EUR 18.9mn). Within this, revenue from transaction services was still at a low level that is typical for 1H and the group expects a significant increase in 2H.
- The benefits of an improved cost base, the synergies from acquisitions and the focus on more profitable investment strategies meant that earnings before tax (EBT) for the first half of 2021 improved to EUR 2.3mn (1H20: EUR 1.2mn, Baader Helvea est.: EUR 3.2mn) despite the much lower level of revenue. The EBT margin improved to 14% (1H20: 5%). Profit after tax amounted to EUR 1.8mn for the first half of 2021 (1H20: EUR 0.1mn, Baader Helvea est.: EUR 2.2mn).
- The changes in the group's strategy mean that, in our opinion, assets under management (AuM) are now a less important indicator for the group. Nevertheless, AuM rose to EUR 4.7bn as at 30 June 2021, mainly as a result of increased asset values (31 December 2020: EUR 4.4bn). Financial assets (mainly co-investments declined to EUR 57.0mn (31 December 2020: EUR 67.2mn) after the successful disposal of investments in two Dutch real estate funds. The favourable development on the shipping markets moreover led to a substantial build-up of unrealized gains on co-investments in the Shipping segment. The cash position as at 30 June 2021 rose to EUR 36.4mn (31 December 2020: EUR 24.8mn).
- The group sees its product offering as well-placed to benefit from the increasing focus on ESG factors. For 2021, the group's forecast is maintained. Changes to the Group structure imply a lower revenue level. However, the group highlights that an improved cost basis should nevertheless allow a substantial year-on-year improvement in EBT. As a result of the lower revenue level coupled with higher EBT. Furthermore, developments in new business, additional transactions and capitalizing on external market developments (e.g. realizing gains on co-investments) could impact revenue and earnings positively.

Key financials

EUR mn	2020	2021E	2022E	2023E	CAGR (%)
Net income	-0.9	4.6	7.1	9.2	-
EPS (EUR)	-0.03	0.13	0.20	0.26	-
BVPS (EUR)	2.67	2.72	2.87	3.07	4.7

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2020	2021E	2022E	2023E
P/BV	0.5	1.2	1.1	1.1
P/E	-	25.4	16.5	12.7
Div. yield (%)	0.0	0.0	1.5	1.8

MPC Capital

Key data

FY 31 Dec.	2018	2019	2020	2021E	2022E	2023E
Share data						
EPS (EUR)	-0.57	-0.07	-0.03	0.13	0.20	0.26
Cash EPS (EUR)	-0.52	0.00	0.04	0.20	0.27	0.33
Dividend (EUR)	0.00	0.00	0.00	0.00	0.05	0.06
Book value per share (EUR)	2.79	2.70	2.67	2.72	2.87	3.07
Tangible book value per share (EUR)	2.61	2.51	2.55	2.65	2.85	3.10
Average no. of shares (mn)	33.5	33.5	33.5	35.2	35.2	35.2
Average share price (EUR)	4.87	1.94	1.45	3.30	3.30	3.30
Average market cap. (EUR mn)	160.6	65.0	48.4	116.3	116.3	116.3
Valuation						
P/E (x)	-8.5	-	-	25.4	16.5	12.7
Cash P/E (x)	-9.4	-	32.5	16.5	12.2	10.0
P/BV (x)	1.7	0.7	0.5	1.2	1.1	1.1
P/TBV (x)	1.9	0.8	0.6	1.2	1.2	1.1
Yield (%)	0.0	0.0	0.0	0.0	1.5	1.8
ROE (%)	-20.1	-2.4	-0.9	5.0	7.2	8.8
Key company data						
Revenue growth (%)	-9.7	9.6	7.8	-18.7	9.9	9.0
Operating profit growth (%)	-123.2	19.1	-139.8	175.5	79.5	37.3
Cost/Income ratio (%)	-107.5	-108.2	-97.0	-89.8	-83.4	-79.0
Net profit growth (%)	-253.3	-88.3	-61.6	-642.8	53.2	29.5
Net profit margin (%)	-44.3	-4.7	-1.7	11.3	15.7	18.7
Payout ratio (%)	0.0	0.0	0.0	0.0	24.9	23.1
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	2.1	6.1	1.3	4.1	4.4	4.6
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	42.7	46.8	50.5	41.0	45.1	49.2
Trading income	-15.5	-1.4	-1.6	-0.6	-0.7	-0.8
Other income	12.5	9.7	9.9	4.0	4.5	4.5
Total income	42.7	46.8	50.5	41.0	45.1	49.2
Personnel expenses	-28.6	-28.8	-26.3	-20.5	-21.0	-21.6
General expenses	-28.1	-29.3	-30.2	-18.0	-18.7	-19.5
Depreciation	-1.8	-2.2	-2.3	-2.3	-2.3	-2.3
Goodwill and intangibles	-	-	-	-	-	-
Total expenditure	-45.9	-50.7	-49.0	-36.9	-37.6	-38.8
Total operating profit	-3.2	-3.8	1.5	4.2	7.5	10.3
Other items	0.0	0.0	0.0	0.0	0.0	0.0
Taxation	-2.0	-1.2	-1.4	-2.3	-3.4	-4.3
Minority interests	-0.3	-1.9	-0.7	-0.8	-0.8	-0.8
Net income	-18.9	-2.2	-0.9	4.6	7.1	9.2
Cash net income	-18.9	-2.2	-0.9	4.6	7.1	9.2
Balance sheet (EUR mn)						
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	81	75	67	76	77	86
Goodwill & Intangibles	6	6	4	2	1	-1
Other	64	59	55	60	68	80
Total assets	151	140	127	138	146	165
Deposits	-	-	-	-	-	-
Other liabilities	39	41	30	34	37	48
Minority interests	19	8	7	8	8	9
Shareholders' equity	93	90	89	96	101	108
Total liabilities	151	140	127	138	146	165
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**

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This Research Document was completed at 08:58 AM (CEST) on 26-08-2021.

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst	
MPC Capital	02-Mar-21	Add	EUR	3.90	2.26	01-Mar-21	Tim Dawson, MA, ACA

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