

11 May 2023

MPC Capital

Germany

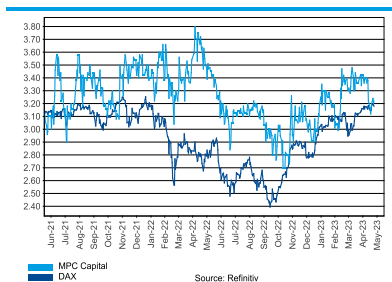
Other financials

Reuters: MPCKK.DE Bloomberg: MPCK GY

Add

Closing price as of 10-May-23	EUR 3.22
Target price	EUR 3.90
High/Low (12M)	EUR 3.63/2.70
Market cap.	EUR mn 113
Free float	53.0%
Avg. daily turnover	EUR mn 0.04

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-4.2	0.9	17.1
rel. DAX	-6.1	-2.9	4.7
rel. STOXX Europe 600	-5.2	-0.3	9.7
rel. SXXP Financial Serv.	-4.3	5.5	17.4

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On track for the guided EBT increase in FY23 thanks to rising management fees, strong income from co-investments and lower operating costs in 1Q23

Our conclusion

- MPC Capital continues to benefit from a high demand for investments in sustainable real assets. Achieving global climate targets requires sizeable investments in alternative forms of energy generation, energy efficiency or the climate-neutral renewal of maritime infrastructure. This backdrop provides a strong tailwind for MPC Capital's business model which is geared to reap the significant growth opportunities arising from these trends. Against this backdrop, the group has been able to achieve strong results over the last few quarters despite a challenging macroeconomic environment. This trend continued into this year and the 1Q23 key figures reported today thus overall matched our expectations.
- Regarding fee income, the 17% yoy increase in management fees stands out, while transaction fees remained subdued. On top, the lower operating costs and an ongoing strong financial result provide additional support for our view that MPC Capital is fully on track to achieve their guidance for a further EBT increase in FY23. So despite the flat trend in revenues projected by the group for FY23, the EBT margin is expected to rise further. We anticipate an increase to 46.2% for FY23, up from 40.5% achieved last year (adjusted for the extraordinary gain booked with the sale of the Dutch real estate business CAIRN). The group reiterated their FY23 forecast calling for EBT in a range between EUR 15mn and EUR 20mn (FY22: EUR 14.8mn). Post minor changes to our model, our EBT estimate remains unchanged at EUR 17.2mn, which is around the mid-point of this range.

Facts & Analysis

- In 1Q23, recurring management fees increased to EUR 7.4mn (1Q23: EUR 6.4mn). The growth came mainly from the Shipping and Renewables segments. As expected, revenues from the Real Estate segment declined significantly due to the sale of the Dutch real estate activities completed in the first quarter of the previous year. On top, MPC Capital was able to execute transactions across asset classes. For example, the group acquired another property for the ESG Core Residential Fund and, with the initiation of a 65 MWp photovoltaic project, laid the foundation for the market entry of MPC Energy Solutions in Guatemala. In the Shipping segment, MPC Capital managed the sale of three container ships. In total, transaction fees amounted to EUR 1.1mn in 1Q23. That compares with EUR 4.2mn in 1Q22 – which was characterized by successful real estate exits. Total revenue thus declined to EUR 8.6mn in 1Q23 (1Q22: EUR 10.7mn).
- Operating profitability was positively impacted by good cost control in 1Q23: Personnel expenses decreased to EUR 4.3mn (1Q22: EUR 4.9mn), while other operating expenses decreased to EUR 4.3mn (1Q22: EUR 4.6mn). These trends underline the group's ambition for a lower cost base in FY23 and allowed the operating result to reach break-even despite a sluggish transaction market.
- The financial result stood at EUR 4.0 million in 1Q23 (1Q22: EUR 1.8mn) and was driven by returns from the co-investment portfolio of MPC Capital. Stable income from investments is also expected for the following quarters. EBT amounted to EUR 4.1mn in 1Q23, whereas the adjusted EBT of the prior-year quarter was even higher at EUR 5.7mn due to the above-average transaction fees. The EBT margin was 48%, compared to 53% (adjusted) in 1Q22. The cash position was almost unchanged at EUR 69.4mn (4Q22: EUR 69.1mn). The equity ratio increased to 86% as of 1Q23 (4Q22: 82%).

Key financials

EUR mn	2021	2022	2023E	2024E	CAGR (%)
Net income	6.1	26.0	11.3	13.7	31.2
EPS (EUR)	0.17	0.74	0.32	0.39	31.2
BVPS (EUR)	2.69	3.31	3.43	3.57	9.8

Valuation ratios

x	2021	2022	2023E	2024E
P/BV	1.1	1.0	0.9	0.9
P/E	17.8	4.4	10.1	8.3
Div. yield (%)	4.0	6.2	6.2	7.8

Source: Company data, Baader Helvea Equity Research

MPC Capital

Key data

FY 31 Dec.	2019	2020	2021	2022	2023E	2024E
Share data						
EPS (EUR)	-0.07	-0.03	0.17	0.74	0.32	0.39
Cash EPS (EUR)	0.00	0.04	0.23	0.78	0.35	0.42
Dividend (EUR)	0.00	0.00	0.12	0.20	0.20	0.25
Book value per share (EUR)	2.70	2.67	2.69	3.31	3.43	3.57
Tangible book value per share (EUR)	2.51	2.55	2.61	3.25	3.42	3.61
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	3.22	3.22	3.22
Average market cap. (EUR mn)	65.0	48.4	106.4	113.5	113.5	113.5
Valuation	2019	2020	2021	2022	2023E	2024E
P/E (x)	-	-	17.8	4.4	10.1	8.3
Cash P/E (x)	-	36.3	13.1	4.1	9.2	7.7
P/BV (x)	0.7	0.5	1.1	1.0	0.9	0.9
P/TBV (x)	0.8	0.6	1.2	1.0	0.9	0.9
Yield (%)	0.0	0.0	4.0	6.2	6.2	7.8
ROE (%)	-20.6	-0.9	6.6	24.6	9.5	11.1
Key company data	2019	2020	2021	2022	2023E	2024E
Revenue growth (%)	0.0	18.2	-16.3	-13.7	2.0	4.0
Operating profit growth (%)	0.0	-147.3	673.3	-107.5	-179.2	130.3
Cost/Income ratio (%)	-107.5	-97.0	-72.2	-102.4	-98.1	-95.9
Net profit growth (%)	0.0	-95.5	-812.2	328.3	-56.6	21.5
Net profit margin (%)	-44.3	-1.7	14.4	71.2	30.3	35.4
Payout ratio (%)	0.0	0.0	69.7	27.1	62.5	64.3
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)	2019	2020	2021	2022	2023E	2024E
Net interest income	2.1	1.3	0.8	18.7	19.8	21.2
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	42.7	50.5	42.3	36.5	37.2	38.7
Trading income	-15.5	-1.6	-2.1	-3.0	-3.3	-2.5
Other income	12.5	9.9	16.4	10.0	8.0	8.8
Total income	42.7	50.5	42.3	36.5	37.2	38.7
Personnel expenses	-28.6	-26.3	-21.9	-19.8	-18.4	-18.9
General expenses	-28.1	-30.2	-23.0	-26.3	-25.0	-25.8
Depreciation	-1.8	-2.3	-2.0	-1.4	-1.2	-1.2
Goodwill and intangibles	-	-	-	-	-	-
Total expenditure	-45.9	-49.0	-30.5	-37.4	-36.5	-37.1
Total operating profit	-3.2	1.5	11.7	-0.9	0.7	1.6
Other items	0.0	0.0	0.0	16.5	0.0	0.0
Taxation	-2.0	-1.4	-3.2	-3.1	-5.2	-6.1
Minority interests	-0.3	-0.7	-1.1	-2.2	-0.8	-0.5
Net income	-18.9	-0.9	6.1	26.0	11.3	13.7
Cash net income	-18.9	-0.9	6.1	26.0	11.3	13.7
Balance sheet (EUR mn)	2019	2020	2021	2022	2023E	2024E
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	75	67	56	55	58	66
Goodwill & Intangibles	6	4	3	2	0	-1
Other	59	55	75	94	101	110
Total assets	140	127	135	151	159	175
Deposits	-	-	-	-	-	-
Other liabilities	41	30	34	28	31	42
Minority interests	8	7	6	6	7	8
Shareholders' equity	90	89	95	117	121	126
Total liabilities	140	127	135	151	159	175
Risk weighted assets	-	-	-	-	-	-

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency Target price	Closing price as of	Analyst
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