

16 November 2023

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MPC Capital

Germany

Other financials

Reuters: MPCKK.DE Bloomberg: MPCK GY

Add

Closing price as of
15-Nov-23 EUR 2.94

Target price EUR 3.90

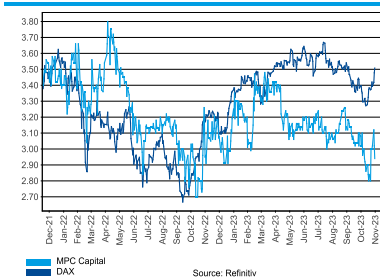
High/Low (12M) EUR 3.48/2.80

Market cap. EUR mn 104

Free float 53.0%

Avg. daily turnover EUR mn 0.02

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-5.2	-5.2	-3.9
rel. DAX	-8.9	-5.0	-2.9
rel. STOXX Europe 600	-5.9	-4.5	-0.9
rel. SXXP Financial Serv.	-7.6	-9.1	-9.5

Analyst:

Gerhard Schwarz, CEFA

+49 89 5150 1812

gerhard.schwarz@baaderbank.de

Another strong quarter beating our forecast – Guidance for FY23 confirmed

Our conclusion

- MPC Capital reported 9M23 key figures today that were above our expectations on both top and bottom line. Thus the group once again demonstrates their ability to both seize the significant growth potential existing in real private asset markets and to generate strong returns for their shareholders due to a very cost efficient management process.
- Besides the slightly stronger numbers than we had expected, surprises to our estimates mainly come from the mix. With respect to the revenue split, recurring management fees were clearly stronger in 3Q23 than we had anticipated, while transaction fees trailed our expectation somewhat. Still the company delivered on their guidance that transaction fees would pick up during 2H23. Further to that, the operating result came in slightly weaker than anticipated but this was more than compensated by a very strong financial result.
- Consequently, we made only minor estimate changes after revisiting our model and only adjust the mix somewhat to better reflect the 9M23 trends. Overall, our forecast for the operating result in FY23 falls from EUR 4.1mn to EUR 1.3mn, whereas our estimate for the financial result in FY23 rises to EUR 18.6mn from EUR 15.7mn. We now project the FY23 EBT to reach EUR 20.0mn (previous estimate: EUR 19.8mn) and thus exactly hit the upper end of the confirmed guidance range. For FY23, we still expect an DPS increase to EUR 0.22 from EUR 0.20, which results in a very attractive dividend yield of 7.5%.

Facts & Analysis

- MPC Capital recorded continued strong interest in investment projects related to the de-carbonization of real assets. At EUR 15.3mn, adjusted earnings before taxes (EBT adj.) already exceeded the previous year's total of EUR 14.8mn after nine months of the current financial year. Our estimate stood at EUR 14.9mn. The operating EBT margin (adj.) improved from 45 % in the previous year to 55 % in the first nine months of FY23.
- 9M23 revenues of EUR 27.6mn (9M22: EUR 27.1mn) came in above our estimate of EUR 27.3mn. Recurring revenues from asset and investment management amounted to EUR 21.8mn (9M22: EUR 21.2mn) which clearly topped our projection of EUR 20.9mn. Revenues from the transaction business were on the level of the same period of the previous year at EUR 5.6mn (9M22: EUR 5.7mn) whereas we expected EUR 6.4mn.
- The profitability of the operating business was once again significantly improved thanks to a more efficient cost base. Other operating expenses decreased significantly to EUR 11.8mn in the first nine months of the year (9M22: EUR 17.9mn). At EUR 14.4mn, personnel expenses were also below the previous year's level (9M22: EUR 14.8mn).
- The financial result also contributed to a further improvement in profitability. It increased by 16 % from EUR 12.5mn in the previous year to EUR 14.6mn in the first nine months of FY23 (our estimate: EUR 12.4mn). It mainly consists of regular income from investments and associates and is therefore an important pillar of MPC Capital's business model.
- Against this backdrop, the confirmed guidance for FY23 comes as no surprise. The group still expects consolidated revenues to be at the previous year's level. Adjusted for the one-off effect from the sale of the Dutch real estate activities in FY22, earnings power is expected to improve further in FY23. Consolidated earnings before taxes (EBT) should range between EUR 15.0mn and EUR 20.0mn due to a lower cost base and continued high income from co-investments.

Key financials

EUR mn	2022	2023E	2024E	2025E	CAGR (%)
Net income	26.0	12.8	14.8	17.5	-12.3
EPS (EUR)	0.74	0.36	0.42	0.50	-12.3
BVPS (EUR)	3.31	3.45	3.63	3.75	4.2

Valuation ratios

x	2022	2023E	2024E	2025E
P/BV	1.0	0.9	0.8	0.8
P/E	4.4	8.2	7.0	5.9
Div. yield (%)	6.2	7.5	8.5	10.2

Source: Company data, Baader Helvea Equity Research

MPC Capital

Key data

FY 31 Dec.	2020	2021	2022	2023E	2024E	2025E
Share data						
EPS (EUR)	-0.03	0.17	0.74	0.36	0.42	0.50
Cash EPS (EUR)	0.04	0.23	0.78	0.45	0.51	0.59
Dividend (EUR)	0.00	0.12	0.20	0.22	0.25	0.30
Book value per share (EUR)	2.67	2.69	3.31	3.45	3.63	3.75
Tangible book value per share (EUR)	2.55	2.61	3.25	3.40	3.58	3.71
Average no. of shares (mn)	33.5	35.2	35.2	35.2	35.2	35.2
Average share price (EUR)	1.45	3.02	3.22	2.94	2.94	2.94
Average market cap. (EUR mn)	48.4	106.4	113.5	103.6	103.6	103.6
Valuation	2020	2021	2022	2023E	2024E	2025E
P/E (x)	-	17.8	4.4	8.2	7.0	5.9
Cash P/E (x)	36.3	13.1	4.1	6.5	5.8	5.0
P/BV (x)	0.5	1.1	1.0	0.9	0.8	0.8
P/TBV (x)	0.6	1.2	1.0	0.9	0.8	0.8
Yield (%)	0.0	4.0	6.2	7.5	8.5	10.2
ROE (%)	-0.9	6.6	24.6	10.7	11.9	13.5
Key company data	2020	2021	2022	2023E	2024E	2025E
Revenue growth (%)	18.2	-16.3	-13.7	2.5	4.0	3.0
Operating profit growth (%)	-147.3	673.3	-107.5	-251.6	40.4	5.9
Cost/Income ratio (%)	-97.0	-72.2	-102.4	-96.4	-95.2	-95.1
Net profit growth (%)	-95.5	-812.2	328.3	-50.8	16.1	18.1
Net profit margin (%)	-1.7	14.4	71.2	34.1	38.1	43.7
Payout ratio (%)	0.0	69.7	27.1	60.7	59.4	60.4
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)	2020	2021	2022	2023E	2024E	2025E
Net interest income	1.3	0.8	18.7	19.7	21.1	23.1
Credit loss expense	-	-	-	-	-	-
Commissions & fees income	50.5	42.3	36.5	37.4	38.9	40.1
Trading income	-1.6	-2.1	-3.0	-1.1	-0.8	-0.6
Other income	9.9	16.4	10.0	5.3	5.9	6.1
Total income	50.5	42.3	36.5	37.4	38.9	40.1
Personnel expenses	-26.3	-21.9	-19.8	-19.5	-20.1	-20.7
General expenses	-30.2	-23.0	-26.3	-18.9	-19.7	-20.3
Depreciation	-2.3	-2.0	-1.4	-3.0	-3.1	-3.3
Goodwill and intangibles	-	-	-	-	-	-
Total expenditure	-49.0	-30.5	-37.4	-36.1	-37.0	-38.1
Total operating profit	1.5	11.7	-0.9	1.3	1.9	2.0
Other items	0.0	0.0	16.5	0.0	0.0	0.0
Taxation	-1.4	-3.2	-3.1	-2.2	-2.6	-2.4
Minority interests	-0.7	-1.1	-2.2	-5.0	-4.7	-4.5
Net income	-0.9	6.1	26.0	12.8	14.8	17.5
Cash net income	-0.9	6.1	26.0	12.8	14.8	17.5
Balance sheet (EUR mn)	2020	2021	2022	2023E	2024E	2025E
Loans	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-
Investment portfolio	67	56	55	46	50	55
Goodwill & Intangibles	4	3	2	2	2	1
Other	55	75	94	106	122	139
Total assets	127	135	151	154	174	196
Deposits	-	-	-	-	-	-
Other liabilities	30	34	28	21	30	46
Minority interests	7	6	6	11	16	17
Shareholders' equity	89	95	117	122	128	132
Total liabilities	127	135	151	154	174	196
Risk weighted assets	-	-	-	-	-	-

Source: Company data, Baader Helvea Equity Research

MPC Capital**Disclaimer**

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

Baader Helvea AG, Freigutstrasse 12, 8002 Zurich, Switzerland

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

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Company	Date	Rating	Currency Target price	Closing price as of	Analyst
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MPC Capital

Contacts

Volker Bosse, CEFA

Head of Research
+49 89 5150 1815
volker.bosse@baaderbank.de

Markus Mayer

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

EQUITY RESEARCH**Capital Goods**

Capital Goods (Switzerland)	Emrah Basic, CFA	+41 43 388 9250	ebasic@helvea.com
Capital Goods (Switzerland)	Michael Roost	+41 43 388 9261	mroost@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

Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Leonildo Delgado, PhD	+41 43 388 9226	ldelgado@helvea.com

Consumer

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

Financial Services

Gerhard Schwarz, CEFA	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Metals & Mining

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

Pharma

Leonildo Delgado, PhD	+41 43 388 9226	ldelgado@helvea.com
Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com

Real Estate

Andre Remke, CFA Co-Head Equity Research	+49 89 5150 1816	andre.remke@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

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
----------------------	------------------	------------------------------

Utilities

Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Rene Rückert	+49 89 5150 1896	rene.rueckert@baaderbank.de

EQUITY STRATEGY

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

Baader Bank AG
Equity Research
Weihenstephaner Strasse 4
85716 Unterschleissheim, Germany

T +49 89 5150 1810

DERIVATIVES SALES

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

Baader Helvea AG
Equity Research

Freigutstrasse 12
8002 Zurich, Switzerland

T +41 43 388 9250

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