

RESULTS COMMENTARY

MTA released a trading update on the Mutlu squeeze out transaction.

MTA acquired another minority shareholding in Mutlu to secure a 99% shareholding in Mutlu. It is in the process of finalizing the squeeze out transaction in order to acquire Mutlu as a wholly-owned subsidiary.

EFFECT ON OUTLOOK AND VALUATION

Revenue is forecast to increase to R6.92bn for FY14 and further increase to R7.64bn in FY15. Operating margins are expected to increase from 8.5% to 11.8% in FY14 and 12.4% in FY15. This translates into an operating profit of R819m for FY14 and R947m for FY15. HEPS is expected to increase to 299cps for FY14 and 357cps for FY15. HEPS is diluted compared to our previous forecast due to the issue of shares to fund the acquisition of the minority shareholding of Mutlu. MTA expects HEPS to be between 290cps and 305cps for FY14, which is in line with our current forecast.

Our relative PE model places the share at a price of R34.61 and DCF valuation places the share at a price of R33.81, which indicates that the share is currently **at value**.

DCF Discount rate

Growth

rate	12.6%	14.6%	16.6%	18.6%	25.0%
0%	31.19	26.66	23.23	20.55	14.86
2%	36.18	30.15	25.79	22.49	15.79
4%	43.49	34.96	29.16	24.96	16.90
6%	55.27	42.02	33.81	28.22	18.24
8%	77.39	53.39	40.63	32.71	19.90
10%	134.12	74.75	51.61	39.30	22.00
12%	598.97	129.51	72.24	49.92	24.75

Automotive	Price	Mkt cap (m)	1 year fwd PE
Metair	34.50	6865	9.4
Altron*	17.76	1877	7.4
Imperial*	202.50	41148	11.6
Average			9.5
*consensus forecasts used			
Metair	34.50	6865	9.4
Premium (Discount) applied to average:			
			0%
Metair: Implied current gain/(loss):	34.61	0%	9.47

MTA – Metair Investments Limited – Trading Update

Valuation: At Value

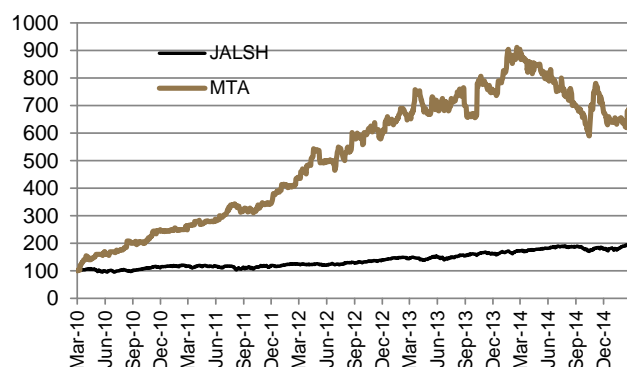
MTA released a trading update on 18 February 2015

Price (R)	33.90
PE Fair Value (R)	34.61
DCF Value (R)	33.81
Upside(Dow nside) to DCF (%)	-0.3%
DY %	2.1%

Price Performance	Absolute	Relative to JALSH
1 month	6.5%	-0.5%
3 month	-3.9%	-9.0%
12 month	-22.2%	-31.5%
12 month	High	Low
(SA Rands)	46.99	29.00

No. of shares (m)	199	Price (R)	33.90
Ave. volume 3 month # ('000)	436	Mkt cap (Rm)	6746

Financial Year	2012	2013	2014F	2015F
Turnover (Rm)	4603	5227	6918	7638
EBITDA	682	589	1105	1244
EBIT	570	446	819	947
PAT	475	360	624	742
HEPS (cents)	310.2	219.2	299.3	356.8
Dividend (cents)	72.0	95.0	129.6	154.5
P/E ratio	11.0	16.4	12.0	10.1
EV/EBITDA	7.1	10.5	7.1	6.1
EBITDA margin (%)	14.8%	11.3%	16.0%	16.3%
EBIT margin (%)	12.4%	8.5%	11.8%	12.4%
Net debt/equity	0.02	0.21	0.17	0.11
ROCE (%)	27.7%	12.8%	13.2%	14.0%
ROE (%)	23.5%	11.2%	14.8%	16.0%



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