



Buy (old: Buy)

Price target: EUR 26.40 (old: EUR 26.40)

Price:	EUR 16.35	Next result:	FY'19: 03.20
Bloomberg:	A7A GR	Market cap:	EUR 84.2 m
Reuters:	A7AGN.DE	Enterprise Value:	EUR 70.8 m

03-September-19

Simon Bentlage
Analyst

Simon.Bentlage@ha-ib.de
Tel.: +49 40 4506 342 3096

Sound H1 – flatex sale to drive future profits

FinLab AG is a German listed investment company active in buy-and-build mainly in the FinTech sector. While yesterday's H1 results showed a **strong net profit**, NAV remained largely flat. Importantly, the sale of flatex is seen to generate more than € 30m of cash proceeds for FinLab (eH&A) in H1'20E, which should drive profits going forward.

The H1'19 net result was up by € 3m to € 4.6m yoy due to a strong financial result, which includes write ups on portfolio companies as well as income from asset disposals and rose by €2.6m yoy to € 3.5m. Nevertheless, FinLab's **NAV declined slightly to € 20.21**, being held back by the soft share price performance of Heliad (-25% in H1).

Heliad is a German investment company which focuses on minority investments into listed as well as private companies and is FinLab's largest participation (45% stake, 16% of reported NAV). Importantly, Heliad's performance is expected to have a positive impact on NAV in H2. In fact, shares have passed the trough, now trading above € 4.70, i.e. +31% since the end of June as the company looks set to dispose one of its investments in the coming weeks.

Heliad has a 10% share of listed flatex, which is currently considering "strategic options", i.e. the sale of the business to a strategic investor. According to latest rumours, several investors are in line to snap up the renowned low-fee online broker that just started to successfully roll out its platform in the Netherlands, i.e. 18k customers after 3 months (eH&A). With a strategic buyer, the platform looks set to unfold its full potential as a European expansion might be accelerated. This, in our view, should be reflected in a premium of the takeover price relative to current valuation.

Conservatively assuming a sales price of € 30 per share (vs. currently € 27.90) would result in a gain of some € 60m for Heliad. Given its 45% stake in Heliad as well as a 100% stake in Heliad Management GmbH, which receives 20% performance fee on realized profit of Heliad, FinLab is seen to benefit from the sale with approx. € 30m (eH&A). The cash proceeds might be used for both, a special dividend but also further investments.

After all, **FinLab's portfolio companies are seen to be developing nicely as reflected in the financial result**, while the sale of flatex should **lead to meaningful cash proceeds in H1 2020E**. FinLab is currently trading on a 24% discount to reported NAV and a 61% discount to our fair NAV. Reiterate **BUY** with an unchanged **PT of € 26.40** based on Fair NAV calculation.

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018
Sales	2.9	4.2	1.7	1.5	1.9
Sales growth	87 %	46 %	-59 %	-12 %	28 %
EBITDA	0.5	4.0	2.3	1.5	0.8
EBIT	0.5	4.0	2.3	1.5	0.8
Net income	1.6	6.5	14.0	14.2	16.9
Net debt	-4.6	-1.8	-1.4	-4.2	-13.4
Net gearing	-11.7 %	-3.2 %	-2.1 %	-4.0 %	-12.6 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.36	1.44	3.08	2.97	3.14
CPS	-0.01	0.58	0.18	0.37	0.28
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross profit margin	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
EBITDA margin	17.1 %	96.4 %	132.3 %	96.1 %	40.6 %
EBIT margin	17.1 %	96.4 %	132.3 %	96.1 %	40.6 %
ROCE	1.3 %	8.2 %	3.6 %	1.7 %	0.7 %
EV/sales	23.2	16.5	44.5	48.7	36.4
EV/EBITDA	135.3	17.2	33.6	50.6	89.7
EV/EBIT	135.3	17.2	33.6	50.6	89.7
PER	43.1	10.8	5.1	5.3	5.0
Adjusted FCF yield	1.6 %	20.6 %	22.7 %	-4.8 %	-3.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 02.09.2019



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 23.10 / 12.60

Price/Book Ratio: 0.8

Relative performance (SDAX):

3 months 15.8 %

6 months -

12 months -

Changes in estimates

		Sales	EBIT	EPS
2019	old:	1.9	2.3	0.48
	Δ	-	-	-
2020	old:	1.9	2.3	0.49
	Δ	-	-	-
2021	old:	1.9	2.3	0.50
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 5.4
 Authorised capital: (in € m) 0.0
 Book value per share: (in €) 20.2
 Ø trading volume: (12 months) 800

Major shareholders:

BF Holding 43.0 %
 Apeiron Investment Group 35.0 %
 Free Float 22.0 %

Company description:

FinLab is a German investment company active as a company builder for FinTech companies.

Financials

Profit and loss (EUR m)	2014	2015	2016	2017	2018
Net sales	2.9	4.2	1.7	1.5	1.9
<i>Sales growth</i>	87.1 %	46.3 %	-58.9 %	-11.8 %	28.4 %
Increase/decrease in finished goods and work-in-process	1.9	2.3	3.2	2.8	2.7
Total sales	4.8	6.5	4.9	4.4	4.7
Other operating income	0.0	0.0	0.0	0.0	0.0
Material expenses	0.0	0.0	0.0	0.0	0.0
Personnel expenses	2.1	1.6	1.6	1.8	2.4
Other operating expenses	2.2	0.9	1.0	1.1	1.5
Total operating expenses	4.3	2.4	2.7	2.9	3.9
EBITDA	0.5	4.0	2.3	1.5	0.8
Depreciation	0.0	0.0	0.0	0.0	0.0
EBITA	0.5	4.0	2.3	1.5	0.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	0.5	4.0	2.3	1.5	0.8
Interest income	0.0	0.0	0.0	0.1	0.3
Interest expenses	0.0	0.0	0.0	0.0	0.0
Other financial result	0.0	0.0	0.0	0.0	0.0
Financial result	1.2	3.1	11.8	13.0	16.3
Recurring pretax income from continuing operations	1.7	7.1	14.0	14.5	17.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.7	7.1	14.0	14.5	17.1
Taxes	0.0	0.6	0.0	0.2	0.2
Net income from continuing operations	1.6	6.5	14.0	14.2	16.9
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0
Net income	1.6	6.5	14.0	14.2	16.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	1.6	6.5	14.0	14.2	16.9
Average number of shares	4.5	4.5	5.0	5.0	5.4
EPS reported	0.36	1.44	3.08	2.97	3.14

Profit and loss (common size)	2014	2015	2016	2017	2018
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	66.7 %	54.8 %	187.7 %	187.5 %	141.1 %
Total sales	166.7 %	154.8 %	287.7 %	287.5 %	241.1 %
Other operating income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Material expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Personnel expenses	73.2 %	37.3 %	95.7 %	116.2 %	125.4 %
Other operating expenses	76.3 %	21.1 %	59.6 %	75.2 %	75.2 %
Total operating expenses	149.5 %	58.4 %	155.3 %	191.4 %	200.6 %
EBITDA	17.1 %	96.4 %	132.3 %	96.1 %	40.6 %
Depreciation	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITA	17.1 %	96.4 %	132.3 %	96.1 %	40.6 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	17.1 %	96.4 %	132.3 %	96.1 %	40.6 %
Interest income	0.0 %	0.0 %	2.0 %	6.9 %	17.3 %
Interest expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	41.1 %	74.6 %	685.6 %	858.2 %	837.7 %
Recurring pretax income from continuing operations	58.2 %	171.0 %	817.9 %	954.3 %	878.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	58.2 %	171.0 %	817.9 %	954.3 %	878.3 %
Tax rate	1.0 %	8.3 %	0.3 %	1.7 %	1.7 %
Net income from continuing operations	57.6 %	156.8 %	815.4 %	938.2 %	869.7 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	57.6 %	156.8 %	815.4 %	938.2 %	869.7 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	57.6 %	156.8 %	815.4 %	938.2 %	869.7 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018
Intangible assets	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.2	0.1	0.1	0.1	0.1
Financial assets	36.0	52.4	66.6	99.0	91.5
FIXED ASSETS	36.2	52.5	66.7	99.1	91.6
Inventories	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.0	0.0	0.0
Other current assets	0.9	2.5	2.2	1.6	2.3
Liquid assets	5.6	1.8	1.4	4.2	13.4
Deferred taxes	0.1	0.5	1.1	1.2	0.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	6.7	4.7	4.7	7.1	16.6
TOTAL ASSETS	42.9	57.3	71.4	106.2	108.3
SHAREHOLDERS EQUITY	39.5	55.0	67.1	103.9	106.3
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0
Long-term debt	1.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0
Other provisions	1.4	1.5	1.0	0.7	0.7
Non-current liabilities	2.4	1.5	1.0	0.7	0.7
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.1	0.1	0.0	0.1	0.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.7	0.3	2.7	0.5	0.3
Deferred taxes	0.2	0.4	0.5	1.0	0.8
Deferred income	0.0	0.0	0.0	0.0	0.0
Current liabilities	1.0	0.7	3.2	1.5	1.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	42.9	57.3	71.4	106.2	108.3

Balance sheet (common size)	2014	2015	2016	2017	2018
Intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	0.5 %	0.2 %	0.1 %	0.1 %	0.1 %
Financial assets	84.0 %	91.5 %	93.3 %	93.3 %	84.5 %
FIXED ASSETS	84.5 %	91.7 %	93.4 %	93.4 %	84.6 %
Inventories	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other current assets	2.1 %	4.3 %	3.0 %	1.5 %	2.1 %
Liquid assets	13.1 %	3.1 %	2.0 %	3.9 %	12.4 %
Deferred taxes	0.3 %	0.9 %	1.6 %	1.2 %	0.9 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	15.5 %	8.3 %	6.6 %	6.6 %	15.4 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	92.1 %	96.1 %	94.1 %	97.9 %	98.2 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	2.3 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	3.3 %	2.6 %	1.4 %	0.6 %	0.6 %
Non-current liabilities	5.6 %	2.6 %	1.4 %	0.6 %	0.6 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	0.3 %	0.1 %	0.0 %	0.1 %	0.3 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	1.6 %	0.5 %	3.8 %	0.5 %	0.2 %
Deferred taxes	0.5 %	0.7 %	0.7 %	0.9 %	0.7 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	2.3 %	1.3 %	4.5 %	1.5 %	1.2 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2014	2015	2016	2017	2018
Net profit/loss	1.6	6.5	14.0	14.2	16.9
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0
Others	-1.7	-3.9	-13.1	-12.4	-15.4
Cash flow from operations before changes in w/c	-0.1	2.6	0.9	1.8	1.5
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts payable	0.0	0.0	0.0	0.0	0.0
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	-0.1	2.6	0.9	1.8	1.5
CAPEX	0.0	0.0	0.0	0.1	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0
Financial investments	-2.6	6.9	1.8	5.3	7.5
Income from asset disposals	0.0	3.3	0.5	1.0	10.1
Cash flow from investing activities	2.6	-3.7	-1.2	-4.3	2.6
Cash flow before financing	2.5	-1.0	-0.3	-2.5	4.1
Increase/decrease in debt position	-1.4	-1.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	5.6	5.2
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-1.4	-1.0	0.0	5.6	5.2
Increase/decrease in liquid assets	1.1	-2.0	-0.3	3.1	9.3
Liquid assets at end of period	3.3	1.3	1.0	4.1	13.4

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017	2018
Domestic	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a
Rest of Europe	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a
TTL	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014	2015	2016	2017	2018
P&L growth analysis					
Sales growth	87.1 %	46.3 %	-58.9 %	-11.8 %	28.4 %
EBITDA growth	-111.3 %	722.9 %	-43.5 %	-35.9 %	-45.8 %
EBIT growth	-111.3 %	722.9 %	-43.5 %	-35.9 %	-45.8 %
EPS growth	-231.7 %	297.9 %	113.7 %	-3.6 %	5.6 %
Efficiency					
Total operating costs / sales	149.5 %	58.4 %	155.3 %	191.4 %	200.6 %
Sales per employee	n/a	n/a	n/a	n/a	n/a
EBITDA per employee	n/a	n/a	n/a	n/a	n/a
Balance sheet analysis					
Avg. working capital / sales	30.0 %	16.3 %	89.7 %	115.8 %	86.8 %
Inventory turnover (sales/inventory)	n/a	n/a	0.0	0.0	0.0
Trade debtors in days of sales	0.0	0.0	0.0	0.0	0.0
A/P turnover [(A/P*365)/sales]	n/a	n/a	n/a	n/a	0.0
Cash conversion cycle (days)	n/a	n/a	n/a	n/a	n/a
Cash flow analysis					
Free cash flow	-0.1	2.6	0.9	1.8	1.5
Free cash flow/sales	-2.8 %	62.4 %	52.1 %	117.2 %	75.1 %
FCF / net profit	neg.	39.8 %	6.4 %	12.5 %	8.6 %
Capex / depre	n/a	n/a	n/a	n/a	n/a
Capex / maintenance capex	n/a	n/a	n/a	n/a	n/a
Capex / sales	n/a	n/a	n/a	n/a	n/a
Security					
Net debt	-4.6	-1.8	-1.4	-4.2	-13.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.
Interest cover	999.0	999.0	999.0	999.0	999.0
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Asset utilisation					
Capital employed turnover	0.1	0.1	0.0	0.0	0.0
Operating assets turnover	24.4	69.6	41.9	84.2	-10.7
Plant turnover	13.8	36.3	26.8	17.2	20.9
Inventory turnover (sales/inventory)	n/a	n/a	0.0	0.0	0.0
Returns					
ROCE	1.3 %	8.2 %	3.6 %	1.7 %	0.7 %
ROE	4.2 %	11.9 %	20.9 %	13.7 %	15.9 %
Other					
Interest paid / avg. debt	0.0 %	0.0 %	n/a	n/a	6.0 %
No. employees (average)	0	0	0	0	0
Number of shares	4.5	4.5	5.0	5.0	5.4
DPS	0.0	0.0	0.0	0.0	0.0
EPS reported	0.36	1.44	3.08	2.97	3.14
Valuation ratios					
P/BV	1.8	1.3	1.2	0.7	0.8
EV/sales	23.2	16.5	44.5	48.7	36.4
EV/EBITDA	135.3	17.2	33.6	50.6	89.7
EV/EBITA	135.3	17.2	33.6	50.6	89.7
EV/EBIT	135.3	17.2	33.6	50.6	89.7
EV/FCF	-837.8	26.5	85.5	41.5	48.5
Adjusted FCF yield	1.6 %	20.6 %	22.7 %	-4.8 %	-3.0 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA’s rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

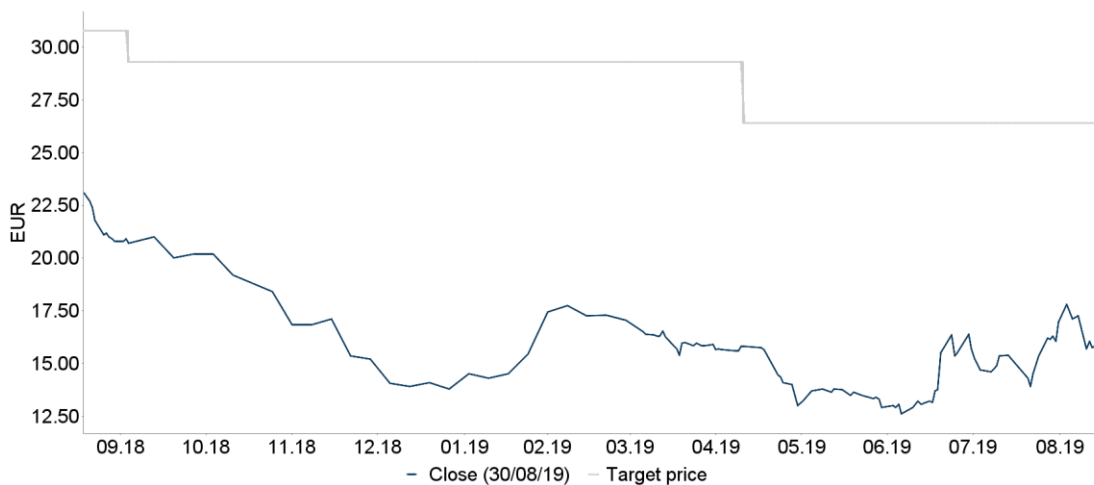
Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
FinLab AG	2, 6, 8

Historical target price and rating changes for FinLab AG in the last 12 months

**Price and Rating History
FinLab AG as of 02/09/19**

Initiation coverage
08-June-17



Company	Date	Analyst	Rating	Target price	Close
FinLab AG	29.04.2019	Bentlage, Simon	Buy	EUR 26,40	EUR 15,80
	20.09.2018	Bentlage, Simon	Buy	EUR 29,30	EUR 20,70

Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	65.19 %	73.68 %
Sell	12.03 %	5.26 %
Hold	22.78 %	21.05 %

Date of publication creation: 03/09/2019 07:54 AM

Date of publication dissemination: 03/09/2019 08:50 AM

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:
<https://www.hauck-aufhaeuser.com/en/investment-banking/equities#institutionalresearch>

Contacts: Hauck & Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 91
Fax: +49 (0) 40 414 3885 71
Email: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-ib.de

Alina Köhler
Analyst
Tel.: +49 40 450 6342 3095
E-Mail: alina.koehler@ha-ib.de

Catharina Claes
Analyst
Tel.: +49 40 450 6342 3092
E-Mail: catharina.claes@ha-ib.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Frederik Bitter
Analyst
Tel.: +49 40 450 6342 3091
E-Mail: frederik.bitter@ha-ib.de

Julius Stinauer
Analyst
Tel.: +49 40 414 3885 84
E-Mail: julius.stinauer@ha-ib.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 450 6342 3096
E-Mail: simon.bentlage@ha-ib.de

Hauck & Aufhäuser Sales

Toby Woods
Head of Sales
Tel.: +44 203 9473 245
E-Mail: toby.woods@ha-ib.de

Christian Alisch
Sales
Tel.: +49 40 414 3885 99
E-Mail: christian.alisch@ha-ib.de

Vincent Bischoff
Sales
Tel.: +49 40 414 3885 88
E-Mail: vincent.bischoff@ha-ib.de

Carlos Becke
Sales
Tel.: +49 40 414 3885 74
E-Mail: carlos.becke@ha-ib.de

Alexander Lachmann
Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-ib.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-ib.de

Christian Schwenkenbecher
Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Imogen Voorspuy
Junior Sales
Tel.: +44 203 9473 244
E-Mail: imogen.voorspuy@ha-ib.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 78
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.com
www.hauck-aufhaeuser.com

Mirko Brueggemann
Trading
Tel.: +49 40 414 3885 78
E-Mail: mirko.brueggemann@hauck-aufhaeuser.com

Christian von Schuler
Trading
Tel.: +49 40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.com

Fin Schaffer
Trading
Tel.: +49 40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.com

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E-Mail: kathleen.jonas@hauck-aufhaeuser.com

Alexander Hanisch
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: alexander.hanisch@hauck-aufhaeuser.com