GBC AG
Investment Research

Research Report (Initial Coverage)

EAMD European AeroMarine Drones AG

EAMD
EUROPEAN AEROMARINE DRONES AG

Innovative drone-based close and remote monitoring with efficiency and cost advantages
-
First order for 5 drones already secured until 2024
-
First revenues expected in 2023
Speculative investment with high future potential

Target price: EUR 80.00

Rating: BUY

IMPORTANT NOTICE:
Please note the disclaimer/risk notice
as well as the disclosure of potential conflicts of interest pursuant to Section 85 WpHG and Art. 20 MAR from page 28

Note in accordance with MiFID II regulation for research "Minor Non-Monetary Contribution": The present research meets the requirements for classification as "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the study: German Version: 24.06.2022 (11:10 a.m.) English Version: 28.06.2022 (5:30 p.m.)
Date and time of the first disclosure of the study: German Version: 27.06.2022 (11:00 a.m.) English Version: 29.06.2022 (9:00 a.m.)
Validity of the target price: until max. 31.12.2023

EAMD European AeroMarine Drones AG*5a,11

Rating: BUY
Target price: EUR 80.00

current price: € 25.00
22.06.22 12:02 / DUS

Data overview:

ISIN: DE0006611957
WKN: 661195
Stock exchange code: U9P
Number of shares[3]: 0.34
Marketcap[3]: 8.46
EnterpriseValue[3]: 7.98
[3] in million / in € million

Free float: 15%

Market segment:
Freiverkehr

Accounting:
HGB

Skontroführer:
ICF BANK AG

Financial year: 31.12.

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* Catalog of possible conflicts of interest on page 29

Company profile

Industry: Participations

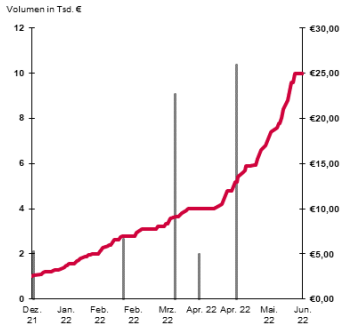
Focus: Aviation

Employees: 3

Foundation: 2018

Headquarters: Berlin

Management Board: Dr. Marco Metzler, Ulrich T. Grabowski, Andre Baalhorn



EAMD European AeroMarine Drones AG, based in Berlin, is an investment company for technology companies with a focus on military and civil aviation.

EAMD's focus is on companies involved in the development, manufacture and distribution of aircraft and aircraft systems, particularly alternative propulsion systems and products for airborne military operations, remote sensing and surveillance.

The company is positioning itself as a provider of sustainable replacement of machines with conventional propulsion technology at lower operating costs. EAMD will bring hybrid solutions with absolutely new developments (submarine AeroDrone) to market for existing and new application areas in security, infrastructure and the environment, both in military and civil aviation.

in € million \ FY-end	31.12.2022e	31.12.2023e	31.12.2024e	31.12.2025e
Sales	0.00	2.81	7.13	14.25
EBITDA	-0.50	1.43	4.57	9.90
EBIT	-0.50	-0.57	2.57	7.90
Net income	-0.50	-0.59	1.81	5.55

Key figures				
Earnings per share	-1.48	-1.74	5.35	16.41
Dividend per share	0.00	0.00	0.00	0.00

Key figures				
EV/Sales	n.a.	2.84	1.12	0.56
EV/EBITDA	-15.95	5.57	1.75	0.81
EV/EBIT	-15.95	-14.07	3.10	1.01
PE	-16.91	-14.40	4.67	1.52
PB	19.21			

Financial Calendar
September 30, 2022: HJ Report 2022

**last research from GBC:
Date: Publication / Target price in EUR / Rating
-

** Research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

EXECUTIVE SUMMARY

- In the medium term, the management of EAMD European AeroMarine Drones AG (EAMD) plans to build up a portfolio of high-tech SMEs in the aviation sector with a focus on close and remote surveillance. To develop new prototypes, SMEs often lack access to capital and the distribution strength to sell fleets to large customers. EAMD plans to fund SME prototype development in exchange for pre-sales rights or exclusivity of product distribution.

- Currently, the first cooperation exists with Reiner Stemme Aero GmbH (RS.Aero). RS.Aero has two drones in development, which can be used manned and unmanned. As part of their cooperation, a sister company of RS.Aero, Reiner Stemme Red Eagle AG (RS Red Eagle), is to be contributed to EAMD in the near future by way of a capital increase in kind. RS.Aero has two drones in development, the EAMD Whisper, which is expected to reach market maturity in 2023, and a larger model, the Geo-Explorer, which is expected to reach market maturity in 2024. EAMD, through Red Eagle, will receive a pre-sale right to the production of the Whisper and the Geo-Explorer from RS.Aero. For the successful sale, EAMD will receive a sales commission of 15% from RS.Aero.

- There is currently no operational development in EAMD, so the balance sheet is very lean with insignificant sales and a low net result. Red Eagle also has a very lean balance sheet and should, in the case of a contribution in kind of around € 20 million, create goodwill as well as equity for the most part.

- Management assumes a very dynamic development of Whisper and Geo-Explorer sales, with revenues of € 3.75 million in 2023, € 15 million in 2024, € 28.5 million in 2025 and € 48.75 million in 2026. With sales figures totaling 5 (2023), 16 (2024), 28 (2025) and 47 (2026). In our opinion, the expected development of the EAMD management is subject to certain uncertainties. Against the backdrop of the still outstanding non-cash capital increase and the high level of planning uncertainty, we have assumed probabilities of occurrence for revenues in the coming years. The probability of occurrence is 100% for the year 2022, followed by 75% for the year 2023 and 50% for the years 2024 and 2025. Thus, in accordance with the probability of occurrence, we plan revenues of € 0.00 million for the fiscal year 2022, followed by € 2.81 million in 2023 and € 7.13 million in 2024 and € 14.25 million in 2025.

- As there is no production at EAMD, but only sales, very high EBITDA margins can be achieved. We therefore expect EBITDA of € -0.5 million in 2022, followed by € 1.43 million in 2023 and € 4.57 million in 2024, and € 9.9 million in 2025.

- **Based on our DCF model, we have determined a fair enterprise value of € 27.06 million. Based on an outstanding number of shares of 0.34 million, this corresponds to a target price of € 80.00. The share of EAMD European AeroMarine Drones AG represents a speculative investment and has a very high price potential in case of success. We assign a Buy Rating.**

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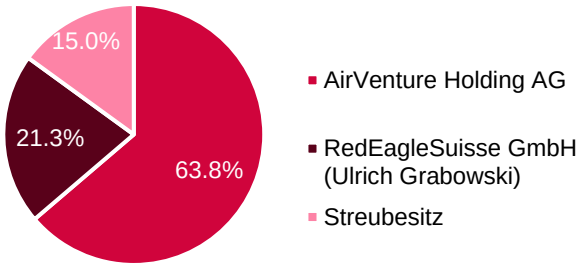
COMPANY

Shareholder structure

Shareholders	Share
AirVenture Holding AG	63.8%
RedEagleSuisse GmbH (Ulrich Grabowski)	21.3%
Free float	15.0%

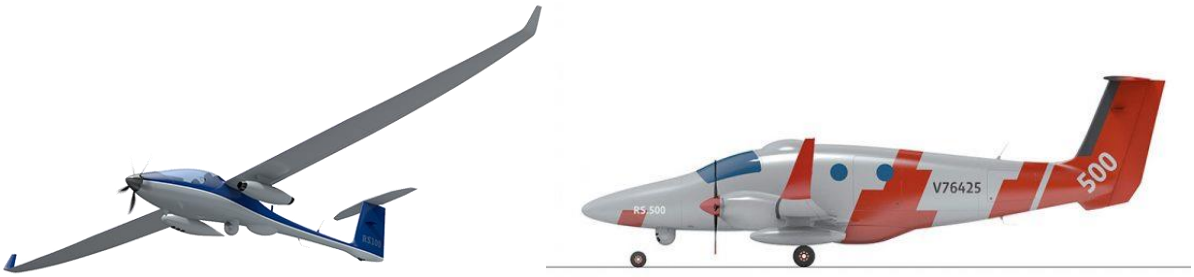
Sources: EAMD European AeroMarine Drones AG; GBC AG



Business activity

EAMD European AeroMarine Drones AG (EAMD) is an associated company in the field of innovative aviation. Currently, the focus is on hybrid surveillance drones and aircraft. EAMD invests in innovative SMEs that develop, manufacture and sell drones, aircraft and drone/aircraft systems for ground surveillance and monitoring applications. Core target technologies are low-carbon hybrid propulsion systems and reconnaissance and remote sensing systems. The main purpose of the investments made is to facilitate access to capital and support sales. EAMD's revenues will primarily consist of portfolio company earnings and licensing income. As a listed holding company, EAMD seeks to provide investors with unique access to a portfolio of high-growth and innovative companies in the aviation industry in the future.

Products from the EAMD portfolio: EAMD Whisper and Geo-Explorer



Source: EAMD

Management Team

Dr. Marco Metzler

Dr. Marco Metzler is a trained investment banker and has over 20 years of experience in the European insurance industry. Before dedicating himself to mobility, he was CFO of Prisma Life, the largest life insurance company in Liechtenstein.

After obtaining his PhD in Business Administration from EBS - European Business School, he worked as a Director for Fitch Ratings as well as for Deutsche Bank. His expertise includes business planning, mergers & acquisitions (M&A) and corporate finance.

As CEO, Dr. Metzler is responsible for all commercial aspects at EAMD, making urban air mobility services an integral part of transportation systems around the world.

Ulrich T. Grabowski

Ulrich T. Grabowski studied business administration and computer science in Munich. He has 30 years of experience in the automotive industry and the insurance industry, and most recently as a consultant for startups in aircraft construction.

He spent more than 12 years at ADAC, where he held management positions in corporate strategy and sales, among other things, before joining the AXA Insurance Group as Managing Director and later as a member of the Management Board. After five years, he helped lead cash.life AG into the S-DAX and built up Deutsche Kautionskasse AG. In recent years, he has accompanied numerous start-ups on their growth course. His large network in industry and the public sector supports him here.

Andre Baalhorn

Since January 2011, Mr. Baalhorn has been the sole managing director of 4free AG. Since 2015, this company and its subsidiaries have been part of Value Management & Research AG, listed on the Frankfurt Stock Exchange in the regulated market (ISIN DE000A1RFHN7).

Mr. Baalhorn is a trained insurance salesman (IHK) and has meanwhile become a financial specialist (FH) through numerous advanced training courses. In his professional curriculum vitae (employment at Concordia VVaG, his own owner-managed brokerage agency with online processing, many years of employment at Netfonds AG), he has been acquiring expertise in the financial industry for over 20 years and continues to further his education.

Business activity

Company history at a glance

Date	Development
11.2021	An existing Mantel AG was renamed EAMD European AeroMarine Drones AG, with adjustment of the registered office and the articles of association. Appointment of the members of the Executive Board: Andre Baalhorn, Ulrich T. Grabowski, and Dr. Marco Metzler
22.12.2022	Note taking on the Dusseldorf Stock Exchange
19.04.2022	Cooperation with RS.aero GmbH - Secured order volume of € 30 million until 2024

Sources: EAMD European AeroMarine Drones AG; GBC AG

Business model

EAMD European AeroMarine Drones AG (EAMD) is to be set up as a holding company. Currently, the establishment of the first investment is planned. In the long term, further investments should follow. The target investments are small and medium-sized enterprises (SMEs) in the high-tech aviation sector. These highly innovative SMEs often have outstanding products, but fail in financing and sales to reach a higher growth level. EAMD seeks to bring these highly innovative companies together under one umbrella. The company can realize financing for the holding companies via their stock exchange listing and receives, in return, access to a very exclusive product portfolio and can generate technical as well as sales synergies among the holdings. The management has many years of experience in integrating companies and should therefore be able to build up a reliable holding structure.

The aim is not only to build up a portfolio of companies, but also to provide them with extensive support in selling the products. The focus here is on selling entire fleets. The aim is not to acquire a large number of small individual customers, but primarily to address major customers. This also simplifies customer support, as the customer base is less dispersed. In return, however, large customers require extensive support. SMEs are usually not able to take on key account management during their day-to-day operations. This would then be the EAMD's area of responsibility.

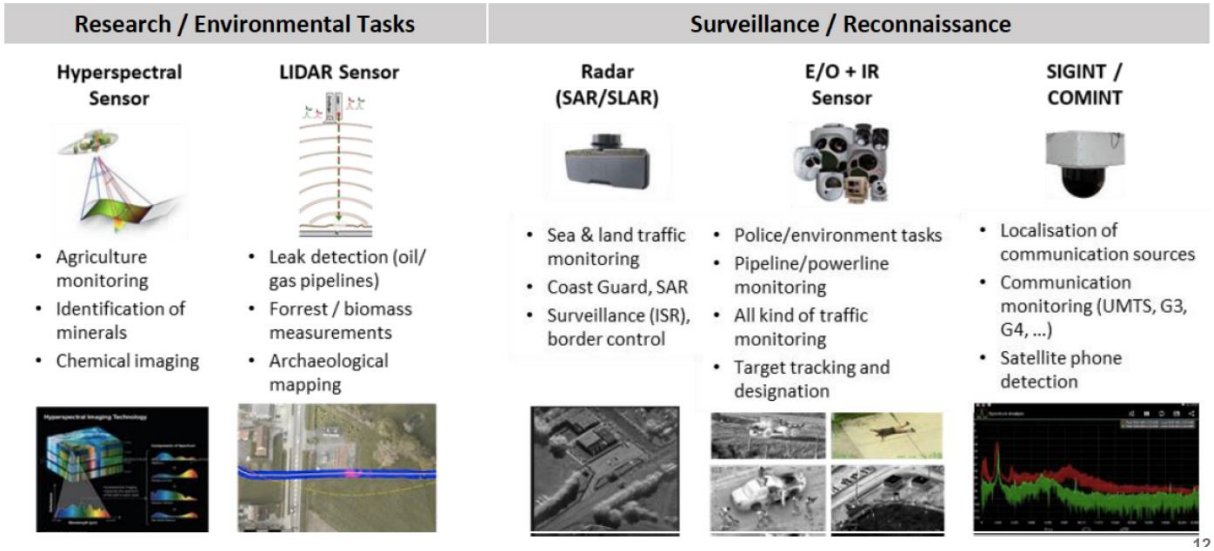
EAMD's portfolio is to be steadily expanded. The maxim is that the company should be able to produce a prototype within three years so that it can then go into sales. Furthermore, the companies should be able to look back on a long technical history. According to the management, numerous other companies have already been identified that meet the requirement profile and could fit the portfolio. First of all, the transaction with R.S. Red Eagle is to be successfully integrated before further acquisitions are made. For the portfolio expansion, further capital increases would probably take place via the stock exchange. Nevertheless, the next transaction could still be announced at the end of the current year 2022.

Since most professional customers purchase the products exclusively via leasing, a leasing partner is still being sought in the background. According to the management, discussions are already underway. However, sales will continue to be handled by EAMD.

EAMD is addressing a segment that is not very well represented on the capital market. At the same time, the still young industry of high-tech drone and aircraft technologies could offer a lot of growth potential. Demand is driven by the steadily increasing need for data that can be obtained via aerial surveillance. For instance, constant data collection is required in numerous fields such as the energy sector, climate research, disaster management, maritime and port surveillance, insurance and others. Longer drone-based flight times can more easily achieve this goal because there is no need to change pilots in the

aircraft. In addition, sensor technology has been steadily evolving. Moreover, the new sensor technologies could also contribute to the increase in demand for drone-based aerial surveillance. By using a variety of smaller and lighter sensors and new powerful multispectral cameras, a new variety of data can be collected.

Examples of sensors for the use of sensor technology



Source: EAMD

To achieve climate neutrality, the European Green Deal envisages a 90% reduction in transport emissions by 2050 (compared with 1990 levels). An important step in this direction is the development of innovative propulsion systems and lighter aircraft. EAMD's current product portfolio would make an important contribution to the emissions target via their electrically-powered hybrid aircraft / drones. In addition to lower emissions, their noise level is also around 90% lower than that of helicopters.

The first portfolio company is to be Reiner Stemme.Red Eagle AG (RS Red Eagle AG).

RS.RED EAGLE AG

RS Red Eagle AG was originally founded by the Stemme family. The company focuses on short- and long-range surveillance to achieve separation from RS.Aero's traditional sport aviation business. In addition, the company serves as a financing and sales vehicle. RS Red Eagle AG was acquired by AirVenture Holding AG (63.75% major shareholder of EAMD, belonging to Dr. Marco Metzler). In the medium term, RS Red Eagle AG is to be contributed to EAMD AG by way of a capital increase against contribution in kind. There is no interlocking relationship under company law yet, but the contribution in kind is planned for the third quarter of 2022.

As RS Red Eagle and RS.Aero continue to have strong ties, innovations from RS.Aero will also be automatically incorporated into RS Red Eagle products.

EAMD has secured a certain sales exclusivity or pre-sale right for RS.Aero via RS.Red Eagle (provided it was contributed by way of a capital increase in kind). This means that EAMD can always secure the entire production in advance, provided a buyer can be presented in good time beforehand (usually one year). In view of the production pipeline, EAMD's management is confident that it will always be able to sell their entire production every year.

The details of potential buyers have not yet been made public, but according to management there is already very high interest from six different potential buyers that are positioned very differently internationally. These potential major customers could actually lead to an excess demand for the production of the RS.Aero.

Products of RS.RED EAGLE AG

Red Eagle has no products of its own, but relies on the distribution of RS.Aero's close and remote monitoring products. With Red Eagle's planned large distribution force and exclusive pre-sales rights, EAMD's management plans to distribute RS.Aero's entire production capacity in the close and long-range surveillance sector. Their remote sensing and surveillance aircraft can be manned and unmanned. In unmanned missions, an additional ground station is used. The main objective of the aircraft is to provide unmanned flight for ground surveillance. However, regulations for drones over 25 kg is still in its infancy in many countries, including Europe. Therefore, manned operation will also be enabled for the time being. In addition, a flyover across several national borders is usually only possible when manned, since almost no country grants a flight permit for an unmanned drone for flyover.

A major unique selling point is the hybrid drive. Hybrid drives are already represented in some cases in larger aircraft classes, but the use of hybrid drives in the light aircraft class for surveillance is currently unique. An exception to this rule exists with some purely military drones, but these should not be in competition with the aircraft from RS.Red Eagle AG, as RS.Red Eagle's products are primarily intended for use in civil aviation.

The big advantage of unmanned flying is the duration of the flight. Since there is no pilot in the cockpit, drones can remain in the air for 24 hours at a stretch. In addition, flying a helicopter is much more demanding than flying a drone. This could also lead to personnel cost savings.

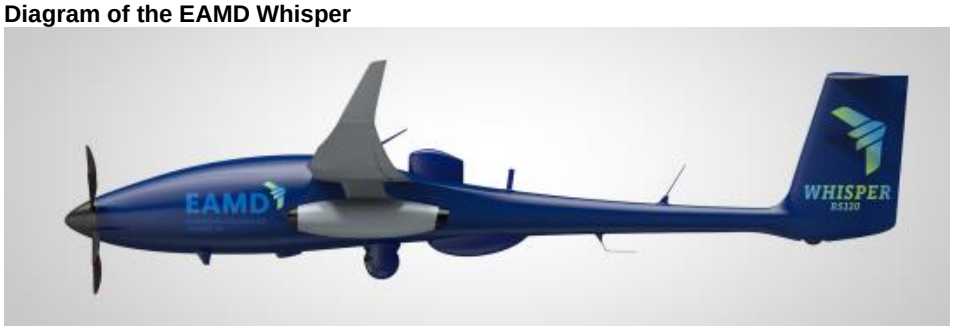
In the EU, a regulation for hybrid large drones is still pending, but other regions and countries are already further along. This is reflected in EAMD's already reported order backlog of € 30 million for five Whisper drones plus ground station. Moreover, no additional licenses are required in the military sector.

Many of the components of the products, especially in the area of sensor technology, come from large partner companies.

EAMD Whisper
Two major unique selling points of the EAMD-Whisper series are that the aircraft can be operated manned or unmanned, and that a unique hybrid propulsion system (battery and diesel) is used. The hybrid propulsion system also enables operation over urban areas through a redundant propulsion system. The EAMD Whisper can operate at low altitudes up to 30,000 feet with an average range of up to 1,000 km. Top speed is up to 250 mph for cross-country flights and 185 mph over surveillance areas. At 24 hours, the unmanned flight time significantly exceeds that of conventional manned aircraft. In addition, the EAMD Whisper is characterized by being particularly quiet and having only a low acoustic signature and infrared signature. The remote control systems are standardized assemblies that can be controlled by the usual matching ground stations.

The certification process with EASA is scheduled to begin in the current fiscal year 2022. Market readiness is planned for the end of 2022 and the first flight of the prototype is scheduled for 2023. The Whisper is protected via nine patents, but these are held by RS.Aero GmbH.

Diagram of the EAMD Whisper



Source: EAMD

The EAMD Whisper can be used in a wide range of applications, from border surveillance to infrastructure, natural resources, environmental impact and agriculture. The Whisper was designed to replace helicopters and light aircraft. According to EAMD management, there is already strong buying interest from the German Ministry of Defense and police forces. In addition to being much quieter and, in some cases, flying longer, the EAMD Whisper is also much more economical than, for example, a helicopter. While helicopters and small aircraft cost around $1,000 per hour, the Whisper costs less than $300 per hour. The company currently assumes a sales price of € 5 million.

Geo-Explorer

The Geo-Explorer is the larger model in the Whisper range with a pressurized cabin and twin-engine propulsion. The aircraft is intended to fill the market gap as a sensor platform with a payload of up to one ton.

Geo-explorer charts

Source: EAMD

Other light aircraft usually require modifications to install sensor technology in the aircraft. The Geo-Explorer can also be operated manned and unmanned. The lightweight carbon construction and electric hybrid propulsion system can save up to 50% in fuel. Over the long term, hydrogen propulsion is also under consideration. The Geo-Explorer is designed for high altitudes of up to 50,000 feet and long ranges of up to 5,000 km. The aircraft can manage speeds of up to 450 km/h for fast, long-distance flights and can reduce speed to 120 km/h for sensor operation. The high maximum speed is particularly important for getting to the target site in a timely manner and then collecting data at a much slower speed.

The flight time is up to 24 hours and the Geo-Explorer is similar to the Whisper in being particularly quiet with a low acoustic signature and infrared signature. The application fields of the Geo-Explorer are similar to those of the Whisper, but significantly greater distances can be covered and potentially even more sensor technology can be installed.

Thus, the application areas here also include security, offshore and coastal protection, energy infrastructure, climate research, agriculture and other tasks. Since the Geo-Explorer has up to six seats, it could also be used for travel purposes or larger transport of goods weighing up to one ton in total. The selling price is expected to be € 10 million. Market maturity is planned for 2024, with a theoretical sales potential of up to 2,000 systems.

Triton - drone for use in the air as well as underwater

The Triton is not being developed by RS.Aero or Red Eagle, but by another possible future portfolio company. The goal is to develop an unmanned drone that can operate both in the air and underwater. Development is taking place in collaboration with an Italian partner and the first prototype should be ready for presentation from 2025. Again, it will use an electric propulsion system with little to no acoustic and infrared signature. One field of application could be the monitoring of pipelines and underwater infrastructure, for example.

MARKET AND MARKET ENVIRONMENT

The best comparative market for EAMD European AeroMarine Drones AG (EAMD) should be the market for unmanned aerial vehicle (UAV) or large drones. Nevertheless, this market does not fully reflect EAMD's potential, as EAMD's current product range can also be used manned.

Another important submarket for EAMD is likely to be the airborne surveillance market, as this is expected to be the main application area for EAMD products.

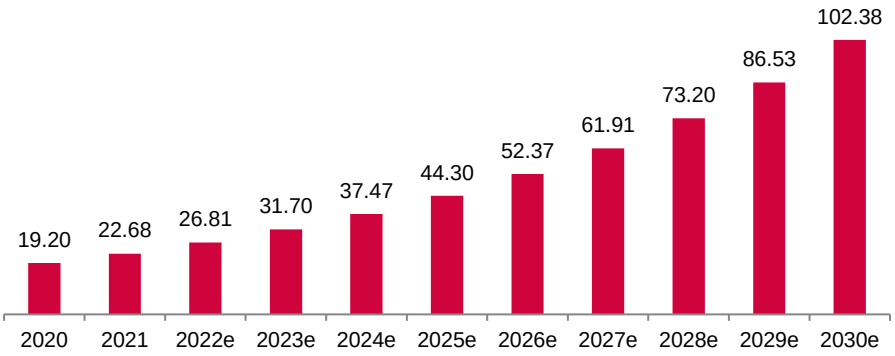
In the long term, a large proportion of helicopters in use could theoretically be replaced by drones. Therefore, in the context of this study, we still consider the overall market of current helicopter use.

Medium-term UAV drone market

Unmanned aerial vehicles (UAVs) are the main components of the unmanned aerial system (UAS), also known as the drone. These autonomous flying vehicles are equipped with on-board computers that are remotely controlled from ground-based controllers. This technology was originally introduced for dangerous military missions where human life should not be endangered.

Companies such as Google, Amazon, DHL, Uber, Boeing and Airbus have invested heavily in UAV technology research and development in recent years, due to lucrative market opportunities around the world. The use of UAVs has also expanded into numerous other application areas in commercial, scientific, recreational, and other civil services. Furthermore, UAVs are used to collect a large amount of information in disaster relief, forest monitoring, and vegetation monitoring. Nowadays, consumer drones are mainly used for filming, surveying and aerial mapping.

Global UAV Drone Market (in USD billion)



Source: Precedence Research

According to Precedence Research, the global unmanned drones market was valued at USD 22.68 billion in 2021. Increasing use of unmanned drones in various end-use industries such as military and event management is expected to be the major driver for the growth of the unmanned drones market during the forecast period. On the other hand, an increasing number of regulations and restrictions imposed by government organizations in various countries for flying drones in public places are limiting the market growth for unmanned aerial vehicles.

In the UAV market, cameras accounted for the largest revenue share by component in 2020. Camera systems are used in applications such as remote monitoring, video surveillance and border security, thermographic surveys of inaccessible buildings, and important infrastructure protection and security.

The global unmanned drones market, apart from its military utility, was dominated by the media and entertainment industry in 2020, and is expected to remain so throughout the forecast period. Unmanned drones offer many advantages over traditional imaging methods, including lower cost and higher film and photo quality.

Region-wise, North America is the major market for the unmanned drones market. Increasing use of drones in the commercial sector for various operational purposes such as delivery of products to consumers in their respective countries is expected to drive the growth of the unmanned drones market in the North America region.

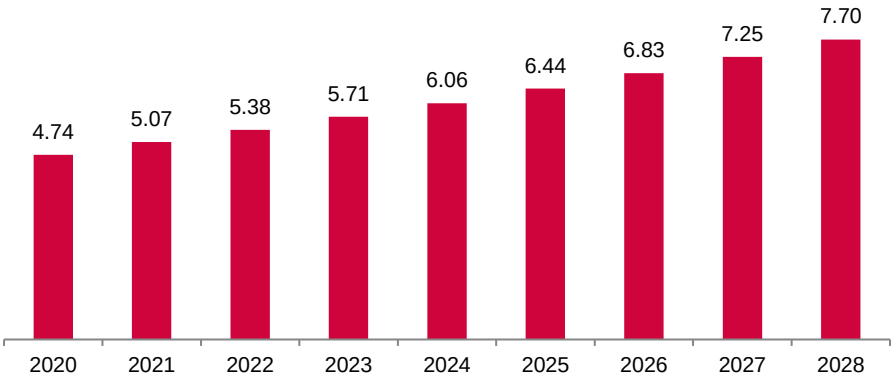
Asia Pacific is the fastest growing region in the UAV market. The increasing use of drones in agriculture to monitor the cultivation process and achieve better results is expected to boost the market for unmanned drones in Asia Pacific.

Precedence Research's market analysis does not distinguish between different sizes of drones. EAMD is active in the large drone market with its products. Nevertheless, the market analysis shows the enormous demand for UAVs and the increasing demand for airborne analysis activities. EAMD should be able to benefit from this huge growth trend.

Market for airborne surveillance

The global airborne surveillance market amounted to USD 4.74 billion in 2020. The global impact of COVID-19 has resulted in exceptionally high demand in the airborne surveillance sector. The market is expected to grow from USD 5.07 billion in 2021 to USD 7.7 billion in 2028, at a CAGR of 6.14% during 2021-2028, according to Fortune Business Insights.

Airborne surveillance market (in USD billion)



Source: Fortune Business Insights

Airborne surveillance is used to monitor activities and behavior in the environment. Surveillance is conducted by airborne vehicles such as unmanned aerial vehicles (UAVs), helicopters, and airborne warning and control system (AWACS) aircraft. Rapid advances in aerial surveillance hardware such as Forward-Looking Infrared (FLIR), high-resolution imagery, and micro air vehicles capable of identifying objects at a very long range are driving market growth.

The COVID-19 virus has spread rapidly around the world. Most countries took action by implementing lockdowns to contain the spread of the virus. However, in some areas,

people did not comply with the restrictions. This prompted judicial and law enforcement agencies to find a solution to drone surveillance. U.S. law enforcement agencies have begun using drones to monitor the movements of people in a large area without having to intervene themselves. The use of drones for investigative purposes originated in countries such as Spain and China.

Drones are gaining attention in various sectors for surveillance tasks. Technological advances in cameras, microcontrollers, sensors, processors, etc. have upgraded the drone product portfolio. Companies are developing built-in measurement tools that can calculate volume, area, and distance. With the help of AI, IoT and machine learning, drones can store and analyze a huge amount of data.

Drones in the military collect information on military missions using their Intelligence, Surveillance, and Reconnaissance (ISR) capabilities in real time. Increasing procurement of UAVs to enhance defense capabilities is expected to fuel the growth of the airborne surveillance market. Moreover, increasing defense budget is expected to boost market growth, owing to an increasing need for advanced intelligence collection and analysis capabilities.

Traditional aerial surveillance methods use fixed-wing aircraft and helicopters. These methods are time-consuming and costly. The cost of drones is lower and the time required for operation is less compared to other aircraft. Therefore, due to their low price and efficient results, there has been an increase in the procurement of drones for surveillance applications. In addition, rapid industrialization and automation in the manufacturing industry have reduced the production cost of drones. Thus, drones are available in large numbers at a low price, which is expected to boost market growth.

However, the high cost of deploying air surveillance systems also inhibits growth. Air surveillance systems consist of sensors, radars, cameras and other components. The advanced sensors are capable of providing accurate information. However, the sensors are expensive to develop due to their complicated design. The components are exposed to critical environmental conditions; therefore, the design is complicated, which increases the cost.

The military and government segment held a major share of the market in 2020. The dominance of the segment can be attributed to the increasing need for border protection and security in various countries such as the U.S., China, India, and others. The military & government segment is further sub-segmented into search & rescue, law enforcement, and border surveillance. Increasing cross-border conflicts and geopolitical tensions are encouraging governments of various countries to enhance surveillance capabilities for military defense and security.

The commercial segment is expected to grow at a high CAGR throughout the forecast period, owing to increasing adoption of drones for various commercial applications such as agricultural monitoring, terrain mapping, and surveying. The commercial segment is further sub-segmented into agriculture & forestry, inspection & surveillance, engineering, surveying & mapping, and others. Rising demand for smart agriculture is expected to increase the demand for UAVs for agricultural monitoring purposes. Moreover, aerial surveillance is also used for wildlife protection. Further, increasing use of drones for surveying and mapping for designing and construction of roads, railroads, etc. is expected to drive market growth.

The North American market was valued at USD 1.69 billion in 2020. North America is expected to hold a higher share of the global market owing to the presence of key players such as Lockheed Martin Corporation, Northrop Grumman Corporation, L3 Harris

Technologies Inc. and others in this region. The United States has a large defense budget, leading to increasing demand for airborne surveillance systems in the defense sector.

Asia Pacific is expected to be the fastest growing region in the airborne surveillance systems market. The growth can be attributed to the increasing awareness of the benefits of UAVs. Moreover, increasing demand for aerial reconnaissance from military and defense sectors of countries such as China and India is expected to drive the market in the region.

Europe is expected to witness significant growth due to increasing investment in UAV LiDAR (Light Detection and Ranging) technology by European countries such as France and Germany.

Since RS.Aero's close and remote monitoring products are optimally designed for monitoring, EAMD could participate in this growth market.

Drone market development for Europe until 2050

Europe now has just under 1,000 military drones in its member states. These include mainly small and mini-drones for surveillance, as well as a number of tactical drones and a few, about 40 drones, for medium- and high-altitude MALE (Medium Altitude Long Endurance) & HALE (High Altitude Long Endurance). Comparing only MALE and HALE drones to manned aircraft, drones still represent a very small fraction of the fleet.

In the civilian sector, there are a smaller number of commercial drones, estimated at over 10,000. These drones are mainly used for filming and surveying purposes. So far, these commercial drones are more like recreational drones than complex military systems.

Defense missions are expected to rely increasingly on drones, as the following examples show. The European MALE program is a strong indication that today's aircraft fleets may one day be partially replaced by drones or include optionally piloted systems. In the long term, military growth of the total drone fleet is expected to amount to around 4%. Assuming a comparatively stable number of aircraft, drones would account for about one-third of the fleet in Europe by 2050, or 3,000 units.

Although the number of military surveillance drones is rather small, these complex systems serve as the basis for research and development and are expected to be used in other public safety applications (e.g., maritime, forestry, and border security) as well as in future mobility and transportation.

Civil government missions and commercial uses are expected to increase the number of complex certified drone systems by an additional 10,000, which will represent only a portion of the total of approximately 400,000 civil drones. This increase also includes commercial solutions for mobility, which will likely initially take the form of optional pilot-controlled systems for today's cargo aircraft and rotorcraft before being used by scheduled airlines. At this rate of growth, which will be incremental, about 20% of freighters, business jets, rotorcraft, and airliners in the civil sector would have some form of ground control capability by 2050. Before such mobility systems enter the market, there is near-term potential for strategic drones to be used by government agencies. These systems represent a dual-use opportunity for defense technologies. They will support border security and maritime surveillance, as well as a variety of related tasks, such as forestland assessment (including fires) and disaster relief. The number of drones deployed for these purposes is estimated to be around 1,000 across Europe, as they are capable of flying at speeds in excess of 300 kilometers per hour for many hours.

This dynamic development could allow unmanned systems to account for nearly 25% of aircraft by 2050 (excluding general aviation).

Although government and commercial demand will greatly increase the number of complex systems affecting conventional airspace by 2050, the majority of demand will be at lower levels of airspace, which today are primarily specified at 150 meters or below. The increase in civil government missions and commercial activities is just beginning. By 2035, there is the potential for more than 400,000 drones, most of which will fly beyond line of sight and many of which will be in demand, including for delivery purposes, in populated areas at these very low airspace altitudes.

Demand forecast by type of use
The number of current government and commercial users and corresponding operators is growing rapidly. Most of this growth today is in multicopter drones used for local surveys, including mapping and inspections (e.g., inspection of an oil and gas flare stack).

The use of drones for local surveying, mostly within the line of sight (VLOS), has the potential to grow rapidly, including in energy infrastructure inspections (solar farms, wind turbines, power plants, dams, refineries, and oil platforms), public safety (police and fire operations using in-vehicle units), mining and construction (both quarries and industrial sites, with the potential to survey residential buildings in the future), insurance (property inspections), and media (new reporting). Overall, the potential for there to be over 100,000 drones is estimated for the period 2030 to 2050. These drones have a relatively low regulatory hurdle to overcome, as many of these operations can be conducted within line of sight. However, as the example of police and fire operations shows, these drones must be able to fly in densely populated areas to achieve this projected potential.

The possibilities beyond the line of sight offer even greater potential. This is also where EAMD's products come into play. For mapping and surveying alone, 180,000 drones are estimated by 2035, with fixed-wing drones (such as Whisper & Geo-Explorer) being the primary mode of operation. These include agricultural remote sensing of crops and livestock, and inspection of power lines, pipelines, and rail networks, which currently require expensive helicopters. In the future, agencies could operate drones directly from any station, supplementing or replacing VLOS units in vehicles. Media drones used to monitor traffic or sporting events such as bicycle races are also conceivable, as is their use on major construction sites and in mining, and to conduct new forms of research by universities and other institutes.

The majority of light-load drone operations are expected to take place beyond the line of sight. By 2035, 90,000 drones are projected to be used primarily for delivery purposes, flying at low altitudes. These include emergency medical deliveries, light industrial deliveries (e.g., from a port to a ship or transporting tools on a large construction site), and completing traditional forms of package and courier delivery to businesses and consumers. Agricultural chemical spraying and seeding also accounts for a smaller portion, about 25,000 of the estimated number of light-duty drones flying at these low altitudes.

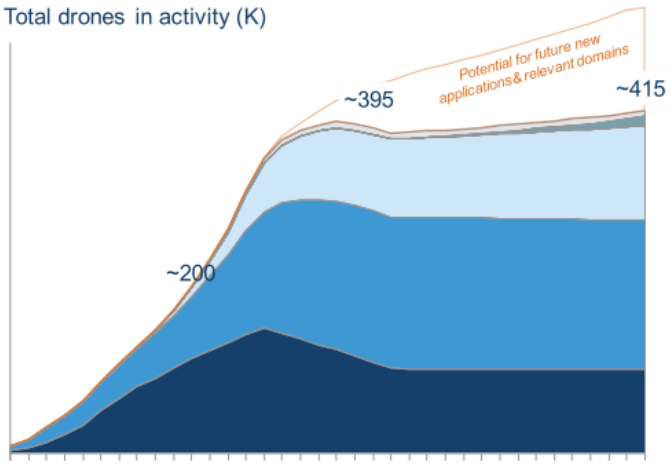
More complex certified drones are expected primarily in the areas of public safety and mobility. Longer-life drones capable of flying well above 150 meters are expected for border security, maritime surveillance, and other environmental assessments (e.g., forest and national park monitoring). Consequently, they are likely to be acquired by national and regional authorities and represent low volume (a fleet size of about 100 units total, which could increase to several hundred over time). Other longer-life missions include telecommunication mission exploration, although this is more applicable to less developed markets and would require a very small number of units even if deployed in Europe (one U.S. report estimated

that the entire country could be covered with eight such drones, including redundancy capacity).

Complex certified drones also include remotely piloted or highly automated flight capabilities for today's aircraft fleet - including rotorcraft and commercial airlines. However, public acceptance is critical, as is ensuring the robustness of the technology, which likely originated in the military. It is likely that over the decades there will be a gradual transition to systems without pilots on board, in line with society's evolution in automation. Therefore, the estimates include optionally-piloted systems. About 10,000 units are estimated for 2050, assuming that the market starts first for cargo aircraft after 2030 and then for passenger transport at the earliest from 2035, a delay of at least 10 years after the introduction of fully autonomous self-driving vehicles expected in 2025.

Drone market by type

Evolution of drone demand – view through 2050



Split between 'certified' and other, primarily 'specific', drones under EASA framework

	2035		2050	
	Specific	Certified	Specific	Certified
Others - tethered	--	~5	--	~5
Unmanned aviation	--	<1	--	~10
Long endurance surveying	--	<1	--	<1
BVLOS with light load[1]	~95	--	~115	--
BVLOS surveying[2]	~185	--	~180	--
Localized VLOS surveying[3]	~110	--	~100	--
Total	**~390**	**~5**	**~400**	**~15**
excl. tethered	*~390*	*~1*	*~400*	*~10*

Source: SESAR. (Explanation: BVLOS - Beyond visual line of sight, VLOS - Visual line of sight)

A distinction is made between "certified" drones and "specific" drones. Specific drones, which pose a medium risk, Have generally been defined as drones weighing less than 25 kilograms that fly at an altitude of 150 meters or below. The "certified" category has been used for drones flying well above 150 meters - i.e., impacting controlled and uncontrolled airspace or of sufficient size to pose a greater risk. These classifications should not be considered absolute, as weight and size are not specifically used to determine whether a mission is classified as "certified" or "specific"; instead, the risk assessment of individual missions (including their proximity to densely populated areas) is the determining factor. The "specific" category was used as a general rule for commercial applications versus the "open" category, which is intended for low-risk missions that do not require training. Portions of the "specific" category could be classified as "open" under the future EASA performance-based framework, particularly those missions that remain within visual range outside of densely populated areas.

In the area of certified drones, EAMD could benefit greatly from the significant increase in demand.

Certification

For military use, certification in Europe is not necessary. Since the export is also to take place outside Germany, the drone must not be capable of being armed. EAMD's drones are currently only designed for close and remote surveillance, so we do not think this should be a problem. Concrete regulation in the EU for unmanned civilian drones over 25kg is still pending. Therefore, EAMD still offers the possibility of flying the Whisper and the Geo-Explorer manned, which are equivalent to small aircraft.

CORPORATE DEVELOPMENT

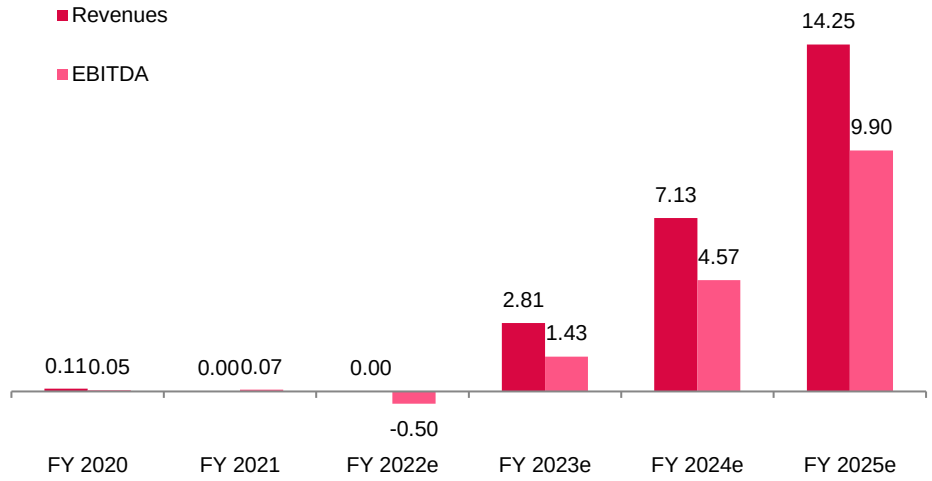
Key figures at a glance

(in € million)	FY 2021	FY 2022e	FY 2023e	FY 2024e	FY 2025e
Revenues	**0.00**	**0.00**	**2.81**	**7.13**	**14.25**
Other operating income	0.14	0.00	0.00	0.00	0.00
Cost of materials	0.00	0.00	-0.56	-1.43	-2.85
Other operating expenses	-0.07	0.00	-0.17	-0.30	-0.50
Personnel expenses	0.00	-0.50	-0.65	-0.83	-1.00
EBITDA	**0.07**	**-0.50**	**1.43**	**4.57**	**9.90**
Depreciation	0.00	0.00	-2.00	-2.00	-2.00
EBIT	**0.07**	**-0.50**	**-0.57**	**2.57**	**7.90**
Other interest and similar income	0.01	0.00	0.21	0.21	0.42
Interest and similar expenses	0.00	0.00	-0.20	-0.20	-0.40
Income tax	-0.03	0.00	-0.03	-0.77	-2.37
Net result	**0.06**	**-0.50**	**-0.59**	**1.81**	**5.55**

Revenues	0.00	0.00	2.81	7.13	14.25
EBITDA	0.07	-0.50	1.43	4.57	9.90
EBITDA margin	*n.a.*	*n.a.*	*51.0%*	*64.1%*	*69.5%*
EBIT	0.07	-0.50	-0.57	2.57	7.90
EBIT margin	*n.a.*	*n.a.*	*-20.2%*	*36.1%*	*55.4%*
Net result	0.06	-0.50	-0.59	1.81	5.55
Net margin	*n.a.*	*n.a.*	*-20.9%*	*25.4%*	*38.9%*

Sources: GBC AG, EAMD European AeroMarine Drones AG

Development of revenue, EBITDA (in € million) and EBITDA margin (in %)



Source: GBC AG

Business Development 2021

Income statement (in € million)	FY 2019	FY 2020	FY 2021
Revenues	0.12	0.11	0.00
EBITDA	0.07	0.05	0.07
EBIT	0.07	0.05	0.07
Net income	0.05	0.04	0.06
EPS in €	0.16	0.11	0.16

Sources: EAMD European AeroMarine Drones AG, GBC AG

Sales development

EAMD European AeroMarine Drones AG (EAMD) did not generate any revenues in the past fiscal year (PY: € 0.11 million). The company is still in the start-up phase and revenue will only be generated in the context of sales successes; we therefore expect initial revenue in 2023.

Earnings development

Due to other operating income of € 0.14 million (previous year: € 0.02 million) and other operating expenses of € 0.07 million (previous year: € 0.05 million), EBITDA amounted to € 0.07 million (previous year: € 0.47 million). The net result amounted to € 0.06 million (previous year: € 0.04 million).

Balance sheet and financial situation as of Dec. 31, 2021

in € million	31.12.2019	31.12.2020	31.12.2021
Equity	0.34	0.38	0.44
EC ratio (in %)	95.3%	92.9%	83.6%
Operating fixed assets	0.00	0.01	0.05
Working capital	0.02	0.01	0.00
Net Cash	0.00	0.00	0.48

Sources: EAMD European AeroMarine Drones AG; GBC AG

The balance sheet is currently very lean with equity of € 0.44 million (Dec. 31, 2020: € 0.38 million) and an equity ratio of 83.6% (Dec. 31, 2020: 92.9%). The balance sheet consists mainly of cash and cash equivalents in the amount of € 0.49 million (12/31/2020: € 0.00 million).

Planned contribution of RS.Red Eagle AG

The contribution of RS.Red Eagle AG (Red Eagle) at around € 20 million should significantly increase equity but also bring goodwill of almost € 20 million. As of Dec. 31, 2021, Red Eagle had total assets of € 0.01 million with negative equity of € 0.61 million. In addition, there are liabilities of approximately € 0.6 million in the context of an ICO that has been carried out, which provides indefinite debt capital but is nevertheless to be repaid in the medium term.

SWOT analysis

Strengths	Weaknesses
• Extensive management experience in business integration and sales • Unique selling points such as the planned hybrid drive • Dr. Reiner Stemme is world-renowned on the aviation scene as a developer • Innovations from RS.Aero-Sport could have a positive impact on remote monitoring developments. • Drones are significantly more economical and quieter than helicopters, making drones indispensable as public budget pressures increase. • Unique business model on the capital market • Very high margins and very high growth expected	• Key management board risk • The young company still has to prove the viability of their business model • The very high market entry barriers in the area of military procurement must be overcome • Public funds are often very slow to be accessed, which can lead to delays in contract awards • Pending proof of concept • Further financing required for investments and prototypes
Opportunities	**Risks**
• Profitable exits of the investments • Increasing demand for drones could further accelerate demand • Drones could replace numerous helicopters and light aircraft, representing a huge market potential • Emissions requirements for aviation could make EAMD hybrid propulsion drones even more attractive to the market • Major licensees could lead to significant sales leaps	• The drones might not get approvals • Planning could be delayed or less than expected • Development of regulation and competition may change significantly • The clear growth expectations could be missed • Sales processes in the key account segment could take much longer than expected • Possible future financing difficulties

FORECAST AND VALUATION

Income statement (in € million)	FY 2021	FY 2022e	FY 2023e	FY 2024e	FY 2025e
Revenues	0.00	0.00	2.81	7.13	14.25
EBITDA	0.07	-0.50	1.43	4.57	9.90
EBITDA margin	*n.a.*	*n.a.*	*51.0%*	*64.1%*	*69.5%*
EBIT	0.07	-0.50	-0.57	2.57	7.90
EBIT margin	*n.a.*	*n.a.*	*-20.2%*	*36.1%*	*55.4%*
Net income	0.06	-0.50	-0.59	1.81	5.55
EPS in €	0.16	-1.48	-1.74	5.35	16.41

Source: GBC AG

Sales forecast

The company RS.aero GmbH is currently still in the prototype development phase. The first prototype of the EAMD Whisper with hybrid drive is to be presented at the end of 2022. Subsequently, we assume that EAMD will start product sales. No guidance has been given to the market yet, but a success story has already been published. For example, an order volume of € 30 million for the production of five EAMD Whispers including ground station for unmanned military application has already been announced.

Through RS.Red Eagle (provided it is contributed by way of a capital increase in kind), EAMD has secured a distribution exclusivity or pre-sale right to RS.Aero. This means that EAMD can always secure the entire production in advance, provided that buyers can be presented for the production one year in advance. In view of the production pipeline, EAMD's management is confident that it will always be able to sell the entire production each year.

The details of the potential buyers have not yet been made public, but according to management there is already very high interest from six different potential buyers that are positioned very differently internationally. These potential major customers could actually lead to an excess demand for the production of the RS.Aero.

Nevertheless, cooperation with major international customers can also be difficult. For example, different nations have their own licensing procedures, which then also have to be applied to EAMD's products.

The management of EAMD assumes a very dynamic growth. As shown in the table below, the production pipeline of RS.Aero is expected to increase steadily. In 2022, the prototype of the Whisper will be finalized, after which production should increase to five units (2023), 12 units (2024), 18 units (2025) and 29 units (2026). For the larger Geo-Explorer series, the prototype is to be completed in 2023 and production will then begin in 2024.

Piece numbers	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Whisper	0	5	12	18	29
Geo-Explorer	0	0	4	10	18
Total	**0**	**5**	**16**	**28**	**47**

Source: EAMD

The number of units for the Geo-Explorer series is to be four units (2024), 10 units (2025) and 18 units (2026). The price for the Whisper is to be € 5 million and for the Geo-Explorer € 10 million.

The sale of the entire production line would generate revenues of € 25 million (2023), € 100 million (2024), € 190 million (2025) and € 325 million (2026), respectively. Sales are generated in the independent RS.Aero GmbH, which, however, pays a 15% sales

commission to EAMD. This forms the revenue base for EAMD, which would mean sales of € 3.75 million in 2023, € 15 million in 2024, € 28.5 million in 2025 and € 48.75 million in 2026.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Whisper	0.00	25.00	60.00	90.00	145.00
Geo-Explorer	0.00	0.00	40.00	100.00	180.00
Total	**0.00**	**25.00**	**100.00**	**190.00**	**325.00**
EAMD Commission	*15%*	*15%*	*15%*	*15%*	*15%*
EAMD turnover		**3.75**	**15.00**	**28.50**	**48.75**

Source: EAMD

In addition, EAMD plans to issue licenses. This is particularly possible if larger countries have a greater demand for EAMD products than production in Germany can handle. It is still difficult to predict when licensing will take place and what quotas will be created. A model in which EAMD receives a 3% license fee on total production would be conceivable. If, for example, a country license were issued for the Whisper and an annual production of 20 units were to take place (20 x € 5 million = € 100 million), this would mean external sales of € 100 million or annual license sales of € 3 million for EAMD. Similarly, out-licensing the geo-explorers of, for example, 15 units (15 x € 10 million = € 150 million) would mean external revenue of € 150 million and annual license revenue of € 4.5 million for EAMD. In the case of licenses, a further distinction can be made between country licenses and per-unit licenses. These are usually local companies that are supported by the respective country. The commission for the country licenses would then be divided between EAMD and RS.Aero GmbH, or the respective portfolio company.

Since major customers usually pay for larger production orders in advance, the financing of the production chain is secured with the first sales successes. However, sales can usually only take place with a successfully tested prototype. For this reason, EAMD is providing financing for the Whisper and Geo-Explorer prototypes. EAMD was to provide around € 5 million in credit to RS.Aero for the development of the Whisper prototype, and another € 10 million or so for the development of the Geo-Explorer prototype. EAMD's loan is initially to be self-financed via banks, unless this is covered by capital increases.

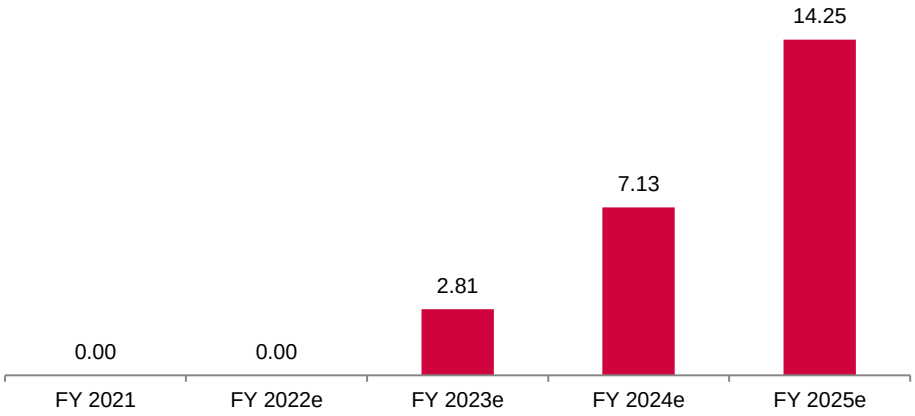
GBC forecast model

	FY 2022	FY 2023	FY 2024	FY 2025
EAMD Sales according to management	**0.00**	**3.75**	**15.00**	**28.50**
GBC probability of occurrence	*100%*	*75%*	*50%*	*50%*
GBC sales expectation	0.00	2.81	7.13	14.25

Source: GBC AG

In our opinion, the expected development of EAMD's management is subject to certain uncertainties. The market for local and remote monitoring could be much more competitive in the future and there are no historical indications yet for the long-term sales success of EAMD. Against the background of the still outstanding capital increase in kind and the high level of planning uncertainty, we have assumed probabilities of occurrence for sales revenues in the coming years. The probability of occurrence is 100% for 2022, followed by 75% for 2023 and 50% for 2024 and 2025. With an approximation of the dates, we allow the probabilities of occurrence to increase in the future to reflect the actual development.

Revenue forecast (in € million)



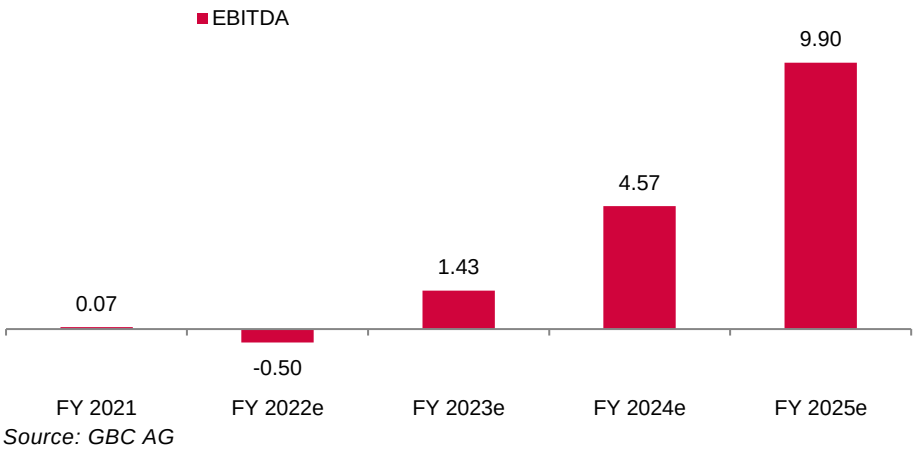
Source: GBC AG

Thus, we are planning for sales of € 0.00 million in fiscal 2022, followed by € 2.81 million in 2023 and € 7.13 million in 2024 and € 14.25 million in 2025. Since an order volume of € 30 million for five Whisper aircraft has already been announced, we consider the planning for 2023 to be extremely realistic. The big jump in 2024 will show whether sales success can be achieved so quickly. In our valuation model, we initially plan slower sales growth of 2.5% for the years 2026 to 2029.

Earnings forecast

As the entire production of the Whisper drones takes place in the external RS.Aero, EAMD still has hardly any operating costs or assets. Therefore, a very high EBITDA margin can be achieved. For the earnings forecast, we refer to the GBC forecast model. Essentially, there are personnel expenses for the three board members and possible sub-commissions for external sales people. Therefore, we expect EBITDA of € -0.5 million in 2022, followed by € 1.43 million in 2023 and € 4.57 million in 2024, respectively, and € 9.9 million in 2025. In the DCF model, we expect a long-term EBITDA margin of 52.5% due to higher subcommissions from steady sales with increasing competition.

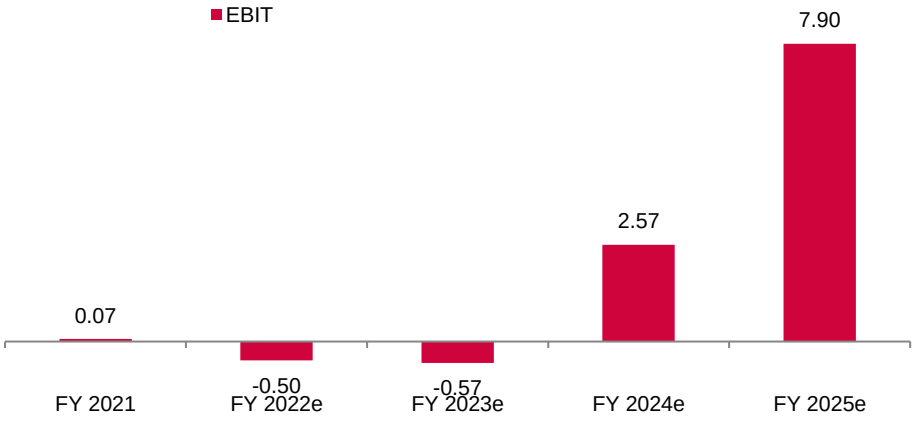
EBITDA forecast (in € million)



Source: GBC AG

Due to the contribution of RS Red Eagle AG as non-cash capital, the goodwill should be amortized for 10 years, which corresponds to an annual amortization of € 2 million (HGB accounting). We therefore assume EBIT of € -0.5 million in 2022, followed by € 0.57 million in 2023 and € 2.57 million in 2024 and € 7.9 million in 2025.

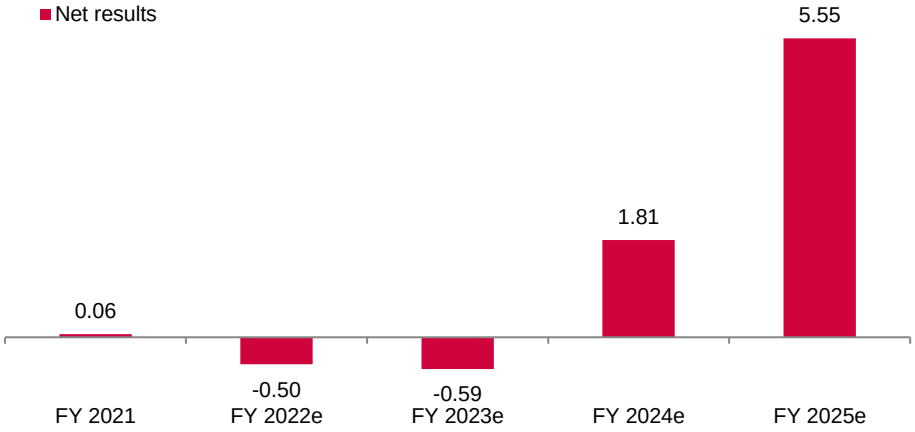
EBIT forecast (in € million)



Source: GBC AG

EAMD plans to take over the financing of the prototype development for RS.Aero and to grant a loan of around € 5 million for the Whisper prototype. We therefore expect interest income of € 0.21 million to accrue for the years 2023 to 2024. As the loan itself has to be financed for EAMD, we expect interest expenses of € 0.2 million for the years 2023 and 2024. Under the premise that loss carryforwards cannot be used, we expect a tax burden of 30% and anticipate a net result of € -0.50 million in 2022, followed by € -0.59 million in 2023 and € 1.81 million in 2024, respectively, and € 5.55 million in 2025.

Forecast of net income (in € million)



Source: GBC AG

Valuation

Model assumptions

EAMD European AeroMarine Drones AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2022 - 2024 in phase 1, the forecast is made from 2025 to 2029 in the second phase by applying value drivers. We expect sales to increase by 0.0%. We have assumed a target EBITDA margin of 49.1%. We have taken the tax rate into account at 30.0% in phase 2. In the third phase, a residual value is also determined after the end of the forecast horizon using the perpetual annuity. In the terminal value, we assume a growth rate of 1.0%.

Determination of the cost of capital

The weighted average cost of capital (WACC) of EAMD European AeroMarine Drones AG is calculated from the cost of equity and the cost of debt. For the calculation of the cost of equity, the fair market premium, the company-specific beta and the risk-free interest rate have to be determined.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. This is based on the zero bond interest rates published by the Deutsche Bundesbank using the Svensson method.

The currently used value of the risk-free interest rate is 0.8%.

We set the historical market premium of 5.5% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 2.86 is currently determined.

Using the assumptions made, we calculate a cost of equity of 16.51% (beta multiplied by risk premium plus risk-free interest rate). As we assume a sustainable weighting of 100% for the cost of equity, the weighted average cost of capital (WACC) is 16.51%.

Valuation result

As part of our DCF valuation model, we have determined a target price of € 80.00.

The share of EAMD European AeroMarine Drones AG represents a speculative investment and has a very high price potential in case of success.

EAMD European AeroMarine Drones AG - Discounted cash flow (DCF) analysis

Value drivers of the DCF model after the estimate phase:

consistency - phase	
Sales growth	2.5%
EBITDA margin	64.1%
AFA to operating fixed assets	5.0%
Working capital to sales	5.0%

final - phase	
perpetual sales growth	2.0%
perpetual EBITA margin	52.5%
Effective tax rate in terminal value	30.0%

three-stage DCF - model:

Phase	estimate				consistency				final
in EUR million	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	terminal value
Sales (US)	0.00	2.81	7.13	14.25	14.61	14.97	15.35	15.73	
US Change	0.0%	n.a.	153.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.0%
US to operating fixed assets	0.00	0.47	1.02	2.03	2.07	2.11	2.16	2.20	
EBITDA	-0.50	1.43	4.57	9.14	9.37	9.60	9.84	10.09	
EBITDA margin	n.a.	51.0%	64.1%	64.1%	64.1%	64.1%	64.1%	64.1%	
EBITA	-0.50	-0.57	2.57	8.79	9.02	9.25	9.49	9.73	
EBITA margin	n.a.	-20.2%	36.1%	61.7%	61.7%	61.8%	61.8%	61.9%	52.5%
Taxes on EBITA	0.00	-0.03	-0.77	-2.64	-2.71	-2.77	-2.85	-2.92	
to EBITA	0.0%	-5.4%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	-0.50	-0.60	1.80	6.15	6.31	6.47	6.64	6.81	
Return on investment	-1080.8%	-13.3%	29.3%	83.6%	81.5%	83.1%	84.7%	86.4%	74.2%
Working capital (WC)	0.00	0.14	0.36	0.71	0.73	0.75	0.77	0.79	
WC to turnover	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Investments in WC	0.00	-0.14	-0.22	-0.36	-0.02	-0.02	-0.02	-0.02	
Operating assets (OAV)	4.50	6.00	7.00	7.03	7.06	7.09	7.12	7.15	
AFA on OAV	0.00	-2.00	-2.00	-0.35	-0.35	-0.35	-0.35	-0.36	
AFA to OAV	0.0%	33.3%	28.6%	5.0%	5.0%	5.0%	5.0%	5.0%	
Investments in OAV	-4.45	-3.50	-3.00	-0.38	-0.38	-0.38	-0.38	-0.39	
Invested capital	4.50	6.14	7.36	7.74	7.79	7.84	7.89	7.94	
EBITDA	-0.50	1.43	4.57	9.14	9.37	9.60	9.84	10.09	
Taxes on EBITA	0.00	-0.03	-0.77	-2.64	-2.71	-2.77	-2.85	-2.92	
Total investments	-4.45	-3.64	-3.22	-0.74	-0.40	-0.40	-0.40	-0.41	
Investments in OAV	-4.45	-3.50	-3.00	-0.38	-0.38	-0.38	-0.38	-0.39	
Investments in WC	0.00	-0.14	-0.22	-0.36	-0.02	-0.02	-0.02	-0.02	
Investments in goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cash flows	-4.95	-2.24	0.58	5.77	6.26	6.43	6.59	6.76	39.50

Value of operating business (reporting date)	27.05	33.76
Present value of explicit FCFs	13.50	17.97
Present value of the continuing value	13.55	15.79
Net debt	4.47	6.70
Value of equity	22.58	27.06
Minority interests in profits	0.00	0.00
Value of share capital	22.58	27.06
Shares outstanding in million	0.34	0.34
Fair value of the share in EUR	66.76	**80.00**

Cost of Capital Determination:

risk-free return	0.8%
Market risk premium	5.5%
Beta	2.86
Cost of equity	16.5%
Target weighting	100.0%
Cost of debt	5.0%
Target weighting	0.0%
Tax shield	25.0%
WACC	**16.5%**

Return on Investment	WACC				
	15.9%	**16.2%**	**16.5%**	**16.8%**	**17.1%**
73.7%	83.20	81.39	79.68	78.04	76.49
74.0%	83.37	81.56	79.84	78.20	76.64
74.2%	83.55	81.73	**80.00**	78.35	76.79
74.5%	83.72	81.90	80.16	78.51	76.94
74.7%	83.89	82.06	80.32	78.67	77.09

APPENDIX

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