

SFC Energy AG

Germany / Energy
 Primary exchange: Frankfurt
 Bloomberg: F3C GR
 ISIN: DE0007568578

Q2 figures

RATING
PRICE TARGET **REDUCE**
€ 14.00
 Return Potential -5.8%
 Risk Rating High

CHALLENGING PRESENT, BRIGHTER FUTURE

SFC reported Q2 figures and held a conference call. Q2 sales were down 21% y/y, and EBIT amounted to €3.6m. All segments were hit by the pandemic and the resulting recession except for the Clean Energy and Mobility segment, which grew at a spectacular 69% y/y although many countries were in shutdown mode in Q2. In June, the German government presented its national hydrogen strategy which entails investment of €9bn in the hydrogen market ramp-up in Germany and the forging of international hydrogen alliances. In July the EU Commission announced its hydrogen plan. We believe that the hydrogen market is at the beginning of a period of strong long-term growth and that SFC as a supplier of hydrogen and direct methanol fuel cells will significantly benefit from this development. We have thus increased our mid- to long-term forecasts. The company gave no guidance for 2020, but SFC is financially strong enough to weather the current crisis. We have adjusted our 2020 segment forecasts resulting in a lower 2020 group earnings forecast due to a lower-margin product mix. Furthermore, higher (non-cash) SAR costs are reflected in our EBIT forecast. An updated DCF model yields a significantly higher price target of €14.00 (previously: €9.40). However, our recommendation remains at Reduce due to the strong share price rise in recent months.

Q2 was better than it looks Hit by pandemic and recession, revenue fell 21% y/y to €11.6m and was close to our forecast of €11.9m. Gross profit declined 25% y/y to €3.5m, which was 7% below our estimate. EBIT amounted to €-3.6m versus €-2.0m in Q2/19. This was below our forecast of €-2.5m due to higher than expected sales and administration costs. But taking the high one-off costs of €2.9m, mainly for the stock appreciation rights (SAR) program, into consideration, Q2 was not too bad with underlying EBIT of €-0.7m (Q2/19: €-0.2m). The net result was €-3.7m versus €2.2m in the prior year period (see figure 1 overleaf).

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Revenue (€m)	54.29	61.70	58.54	54.50	66.80	81.27
Y-o-y growth	23.3%	13.7%	-5.1%	-6.9%	22.6%	21.7%
EBIT (€m)	-0.88	1.33	-1.29	-5.32	0.43	3.41
EBIT margin	-1.6%	2.1%	-2.2%	-9.8%	0.6%	4.2%
Net income (€m)	-2.07	0.00	-1.93	-4.71	0.06	2.28
EPS (diluted) (€)	-0.23	0.00	-0.17	-0.36	0.00	0.17
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	0.36	-0.37	-4.95	0.99	-2.86	-0.51
Net gearing	37.7%	13.2%	-15.2%	-20.1%	-11.3%	-8.2%
Liquid assets (€m)	4.69	7.81	21.19	19.02	19.81	19.98

RISKS

The main risks are internationalisation, unfavourable exchange rate changes, technological innovations, and increasing competition.

COMPANY PROFILE

SFC Energy AG is a leading provider of integrated power solutions for mobile and stationary off-grid applications. The company is a pioneer in developing and commercialising fuel cells which provide reliable, efficient, and clean power for its energy solutions. Main markets are oil & gas, defence & security, industry, and clean energy & mobility. SFC is headquartered near Munich in Germany.

MARKET DATA

As of 24 Aug 2020

Closing Price € 14.86
 Shares outstanding 13.15m
 Market Capitalisation € 195.47m
 52-week Range € 7.64 / 17.52
 Avg. Volume (12 Months) 52,070

Multiples	2019	2020E	2021E
P/E	n.a.	n.a.	3423.8
EV/Sales	3.2	3.5	2.8
EV/EBIT	n.a.	n.a.	440.2
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2020

Liquid Assets € 14.85m
 Current Assets € 41.79m
 Intangible Assets € 15.19m
 Total Assets € 67.58m
 Current Liabilities € 16.65m
 Shareholders' Equity € 36.34m

SHAREHOLDERS

HPE 16.0%
 Dt. Asset & Wealth Mgmt 7.4%
 Conduit Ventures 2.8%
 Natixis 2.7%
 Free Float 69.4%



Figure 1: Reported group figures versus forecasts

All figures in €m	Q2-20A	Q2-20E	Delta	Q2-19A	Delta	H1-20A	H1-19A	Delta
Sales	11.59	11.88	-2.4%	14.62	-20.7%	27.71	31.08	-10.8%
EBITDA	-2.49	-1.48	-	-1.15	-	-2.11	-0.37	-
margin	-21.5%	-12.5%	-	-7.9%	-	-7.6%	-1.2%	-
Adjusted EBITDA	0.42	1.50	-72.1%	0.65	-35.1%	1.24	2.20	-43.7%
margin	3.6%	12.6%	-	4.4%	-	4.5%	7.1%	-
EBIT	-3.57	-2.46	-	-1.97	-	-4.00	-1.99	-
margin	-30.8%	-20.7%	-	-13.5%	-	-14.4%	-6.4%	-
Adjusted EBIT	-0.66	0.52	-	-0.17	-	-0.47	0.58	-
margin	-5.7%	4.4%	-	-1.2%	-	-1.7%	1.9%	-
Net income	-3.71	-2.75	-	-2.24	-	-4.34	-2.56	-
margin	-32.0%	-23.1%	-	-15.3%	-	-15.7%	-8.2%	-
EPS (diluted, in €)	-0.28	-0.21	-	-0.22	-	-0.33	-0.25	-

Source: First Berlin Equity Research, SFC Energy AG

No concrete guidance for 2020 Visibility remains low due to the uncertain future development of the pandemic as well as the global recession and the low oil price. In March management had withdrawn guidance given in February and now expects significantly lower revenues and profitability than in 2019.

Low oil price and SARS-CoV-2 hit Oil & Gas segment The low oil price resulted in a general reluctance of oil & gas companies to invest, which is reflected in the 26% y/y retreat in Q2 segment sales to €4.2m (see figure 2). But the segment gross profit margin remained stable at above 26% y/y. Management expects market conditions to remain difficult for the rest of this year and has reduced the cost base. Our segment forecast anticipates a weak H2. We have lowered our 2020 gross margin assumption from 29% to 25%.

Figure 2: Reported segment figures versus forecasts

All figures in €m	Q2-20A	Q2-20E	Delta	Q2-19A	Delta	H1-20A	H1-19A	Delta
Oil & Gas								
Sales	4.21	4.06	3.6%	5.68	-25.9%	10.35	11.91	-13.1%
Gross profit	1.11	1.01	9.7%	1.50	-26.1%	2.60	3.33	-22.0%
margin	26.3%	24.9%	-	26.4%	-	25.1%	27.9%	-
Defence & Security								
Sales	0.58	0.78	-25.2%	1.68	-65.3%	1.40	4.63	-69.7%
Gross profit	0.08	0.33	-74.7%	0.75	-88.9%	0.34	2.03	-83.1%
margin	14.5%	42.7%	-	45.0%	-	24.5%	43.9%	-
Clean Energy & Mobility								
Sales	4.30	3.07	39.9%	2.55	69.0%	9.43	5.54	70.2%
Gross profit	1.68	1.30	28.5%	1.09	54.0%	3.94	2.41	63.8%
margin	39.0%	42.4%	-	42.8%	-	41.8%	43.4%	-
Industry								
Sales	2.50	3.97	-37.0%	4.72	-47.0%	6.53	9.00	-27.4%
Gross profit	0.66	1.17	-43.1%	1.35	-50.6%	1.90	2.64	-28.1%
margin	26.6%	29.4%	-	28.5%	-	29.0%	29.3%	-
Group								
Sales	11.59	11.88	-2.4%	14.62	-20.7%	27.71	31.08	-10.8%
Gross profit	3.53	3.81	-7.4%	4.69	-24.6%	8.78	10.40	-15.6%
margin	30.5%	32.1%	-	32.1%	-	31.7%	33.5%	-

Source: First Berlin Equity Research, SFC Energy AG



Defence & Security segment without significant orders Many customers such as Israel and India imposed restrictive lockdown measures, which have slowed down government decision making and sales activities. In Q2, segment sales fell 65% to €0.6m. Gross profit almost evaporated (€0.1m versus €0.8m in Q2/19). We still expect a pick-up in Q4 due to the typically strong year-end business, but have lowered our 2020 segment forecasts as visibility especially regarding potential German Army orders remains low.

Clean Energy & Mobility segment with spectacular performance Q2 segment revenue was seemingly unaffected by the virus and recession and rocketed 69% y/y to €4.3m. This was 40% above our forecast. Although the segment gross margin was down 3.8 PP to 39.0%, it remains at a high level and segment gross profit jumped 54% to €1.7m. We have significantly increased our 2020 segment forecast to reflect the outstanding H1 performance and continued high activity in H2.

Industry segment particularly affected by national shutdown measures Q2 sales fell 47% y/y to €2.5m due mainly to the postponement of orders from major customers. Gross profit declined to €0.7m versus €1.4m in Q2/19. We now expect Q3 to remain similarly weak, but anticipate recovery in Q4. This expectation is based on several new orders in H1, especially a follow-up order with a volume of €3m. Given the lower than expected Q2 segment figures and weak activity in Q3, we lower our segment forecasts for 2020.

Enough cash to weather the pandemic and recession SFC's cash position declined from €20.9m to €14.9m. Financial debt including lease liabilities amounted to €11.2m at the end of H1. The net cash position was thus €3.6m versus €6.4m at the end of 2019. In the worst recession since the end of World War II, SFC is in the comfortable position of having sufficient financial means to weather the crisis. Equity was down 10% to €36.3m. The equity ratio retreated 1.5 PP to 53.8%, but remained at a high level.

Low operating cash outflow despite €4.3m net loss Operating cash flow was €-0.9m as the €3.1m SAR expenses are a non-cash item. CAPEX of €24m resulted in negative free cash flow of €3.3m. Cash flow from financing was €2.7m due mainly to a €1.0m lease liability repayment and a €1.6m outflow because of changes in current account liabilities. Net cash flow amounted to €-6.1m.

Higher order backlog As of 30 June the order backlog was up +9% y/y at €12.5m. This is a better basis for H2 than in the prior year's period, but order entry in H1 retreated 13% y/y to €24.7m, which reflects the recessionary environment.

Hydrogen fuel cell demand picking up In June, SFC and its partner adKor received a call order to deliver JUPITER hydrogen fuel cell systems for more than 100 radio tower sites in another German federal state by December 2020. The call order has a volume of more than €2.5m. It is planned to equip up to 1,500 radio sites all across Germany.

Germany presented its national hydrogen strategy in June The German government expects hydrogen demand of 90-110 TWh (currently: ca. 55 TWh) by 2030. To support the hydrogen market ramp-up, the government will invest €7bn and an additional €2bn in international hydrogen alliances.

Hydrogen is also a top priority of the EU In July, the EU Commission published its "Hydrogen Strategy for a Climate-Neutral Europe" which envisages the development of a European hydrogen economy.



Japan has already proclaimed the hydrogen society As long ago as 2017, Japan decided on an ambitious plan for the transition of its power and transport sectors to hydrogen by 2050 with concrete intermediate targets for 2030. ("Strategic Road Map for Hydrogen and Fuel Cells"). This hydrogen strategy was updated in 2019 and is to lead to the establishment of a hydrogen society.

2020 forecast lowered, but medium-term forecasts increased due to significantly improving global hydrogen regulation We have lowered our 2020 forecast to reflect the heterogeneous segment development and higher than expected SAR costs. But we stick to our 2021 forecast as we anticipate strong recovery potential across all segments. Given the enormous efforts to further the hydrogen market ramp-up in Asia and Europe, we have increased our medium-term forecasts to reflect SFC's strong potential in the hydrogen fuel cell market.

Figure 3: 2020 segment sales and gross profit forecast

All figures in €m	2019A	2020E	Delta	2020E old
Oil & Gas				
Sales	21.95	18.00	-18%	18.00
Gross profit	6.41	4.50	-30%	5.22
margin	29.2%	25.0%	-	29.0%
Defence & Security				
Sales	7.59	4.50	-41%	8.50
Gross profit	3.39	1.94	-43%	3.91
margin	44.6%	43.0%	-	46.0%
Clean Energy & Mobility				
Sales	11.76	19.00	62%	13.00
Gross profit	5.09	7.88	55%	5.39
margin	43.2%	41.5%	-	41.5%
Industry				
Sales	17.24	13.00	-25%	15.00
Gross profit	5.24	3.77	-28%	4.50
margin	30.4%	29.0%	-	30.0%
Group				
Sales	58.54	54.50	-7%	54.50
Gross profit	20.13	18.08	-10%	19.02
margin	34.4%	33.2%	-	34.9%

Source: First Berlin Equity Research, SFC Energy AG

Figure 4: Revisions to forecasts

All figures in €m	2020E			2021E			2022E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	54.50	54.50	0.0%	66.80	66.80	0.0%	81.27	81.27	0.0%
EBIT	-1.28	-5.32	-	0.43	0.43	0.0%	3.41	3.41	0.0%
margin	-2.3%	-9.8%	-	0.6%	0.6%	-	4.2%	4.2%	-
Net income	-2.14	-4.71	-	0.06	0.06	0.0%	2.28	2.28	0.0%
margin	-3.9%	-8.6%	-	0.1%	0.1%	-	2.8%	2.8%	-
EPS (diluted) in €	-0.16	-0.36	-	0.00	0.00	0.0%	0.17	0.17	0.0%

Source: First Berlin Equity Research

Reduce rating reiterated at significantly increased price target An updated DCF model based on increased medium-term forecasts yields a new price target of €14.00 (previously: €9.40). Despite this higher price target, our rating remains Reduce due to the strong share price rise in recent months.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	54,500	66,800	81,273	97,528	115,526	135,060	155,810	177,341
NOPLAT	-5,323	414	2,697	4,840	6,796	8,360	9,972	11,639
+ depreciation & amortisation	3,392	3,495	3,816	3,685	3,655	3,779	4,020	4,344
Net operating cash flow	-1,932	3,909	6,513	8,525	10,451	12,139	13,992	15,983
- total investments (CAPEX and WC)	1,746	-6,767	-7,028	-7,581	-8,555	-9,482	-10,328	-11,046
Capital expenditures	-3,270	-3,540	-3,657	-3,804	-4,358	-4,924	-5,482	-6,013
Working capital	5,016	-3,226	-3,371	-3,778	-4,197	-4,558	-4,846	-5,033
Free cash flows (FCF)	-186	-2,858	-515	944	1,895	2,657	3,665	4,937
PV of FCF's	-181	-2,580	-431	733	1,366	1,776	2,272	2,840

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	41,334
PV of FCFs in terminal period	136,625
Enterprise value (EV)	177,959
+ Net cash / - net debt	6,360
+ Investments / minority interests	0
Shareholder value	184,319
Diluted number of shares	13,154
Fair value per share in EUR	14.01

		Terminal growth rate							
WACC		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	
Cost of equity	10.2%	3.8%	44.60	54.68	72.50	112.60	286.37	-408.70	-110.82
Pre-tax cost of debt	6.0%	4.8%	28.67	32.46	37.90	46.36	61.32	94.99	240.89
Tax rate	30.0%	5.8%	20.34	22.14	24.49	27.67	32.23	39.34	51.90
After-tax cost of debt	4.2%	6.8%	15.30	16.27	17.46	18.97	20.94	23.61	27.44
Share of equity capital	60.0%	7.8%	11.96	12.52	13.20	14.01	15.02	16.28	17.93
Share of debt capital	40.0%	8.8%	9.61	9.96	10.37	10.84	11.41	12.09	12.93
		9.8%	7.89	8.12	8.37	8.67	9.01	9.41	9.88
Price target in EUR	14.00	10.8%	6.60	6.74	6.91	7.10	7.31	7.56	7.84

* for layout purposes the model shows numbers only to 2027, but runs until 2034



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Revenues	54,292	61,704	58,538	54,500	66,800	81,273
Cost of goods sold	36,566	40,623	38,410	36,419	44,070	53,721
Gross profit	17,726	21,082	20,128	18,081	22,730	27,552
S&M	9,786	10,792	12,438	12,800	12,100	13,410
G&A	5,016	5,230	5,994	7,350	5,700	6,014
R&D	3,892	3,525	3,104	3,200	4,500	4,714
Other operating income	277	320	178	164	200	244
Other operating expenses	194	529	57	218	200	244
Operating income (EBIT)	-885	1,325	-1,288	-5,323	430	3,413
Net financial result	-1,150	-737	-752	-558	-357	-416
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	-2,035	588	-2,040	-5,882	72	2,997
Income taxes	37	589	-113	-1,176	15	716
Minority interests	0	0	0	0	0	0
Net income / loss	-2,072	-1	-1,927	-4,705	57	2,281
Diluted EPS (in €)	-0.23	0.00	-0.17	-0.36	0.00	0.17
EBITDA	862	2,478	2,042	-1,932	3,924	7,229
One-off costs / earnings	592	1,227	1,589	0	0	0
Underlying EBITDA	1,454	3,705	3,631	-1,932	3,924	7,229
Underlying EBIT	177	2,553	301	-5,323	430	3,413
Ratios						
Gross margin	32.6%	34.2%	34.4%	33.2%	34.0%	33.9%
EBITDA margin on revenues	1.6%	4.0%	3.5%	-3.5%	5.9%	8.9%
EBIT margin on revenues	-1.6%	2.1%	-2.2%	-9.8%	0.6%	4.2%
Net margin on revenues	-3.8%	0.0%	-3.3%	-8.6%	0.1%	2.8%
Tax rate	-1.8%	100.1%	5.5%	20.0%	21.2%	23.9%
Expenses as % of revenues						
S&M	18.0%	17.5%	21.2%	23.5%	18.1%	16.5%
G&A	9.2%	8.5%	10.2%	13.5%	8.5%	7.4%
R&D	7.2%	5.7%	5.3%	5.9%	6.7%	5.8%
Other operating expenses	0.4%	0.9%	0.1%	0.4%	0.3%	0.3%
Y-Y Growth						
Revenues	23.3%	13.7%	-5.1%	-6.9%	22.6%	21.7%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	694.5%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	3894.9%



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Assets						
Current assets, total	21,849	28,289	47,818	38,529	43,798	48,924
Cash and cash equivalents	4,694	7,805	21,192	19,022	19,807	19,976
Short-term investments	0	0	0	0	0	0
Receivables	8,712	10,158	13,773	9,705	11,896	14,473
Inventories	7,939	9,753	12,032	8,980	10,867	13,246
Other current assets	504	573	822	822	1,229	1,229
Non-current assets, total	12,684	13,776	25,040	24,919	24,965	24,806
Property, plant & equipment	1,197	1,596	9,869	8,471	7,355	6,368
Goodwill & other intangibles	10,950	11,497	13,921	15,198	16,359	17,188
Other assets	537	684	1,250	1,250	1,250	1,250
Total assets	34,534	42,065	72,859	63,448	68,763	73,730
Shareholders' equity & debt						
Current liabilities, total	18,563	18,865	20,514	15,058	21,216	20,039
Short-term debt	9,410	7,154	5,352	2,000	6,900	4,137
Accounts payable	5,520	7,093	8,090	5,987	7,244	8,831
Current provisions	800	972	1,263	1,263	1,263	1,263
Liabilities under finance leases	0	44	2,278	2,278	2,278	2,278
Other current liabilities	2,833	3,602	3,531	3,531	3,531	3,531
Long-term liabilities, total	2,076	4,996	12,085	12,085	11,184	15,048
Long-term debt	529	3,056	3,953	3,953	3,053	6,916
Liabilities under finance leases	0	54	5,755	5,755	5,755	5,755
Other liabilities	1,547	1,886	2,376	2,376	2,376	2,376
Minority interests	0	0	0	0	0	0
Shareholders' equity	13,895	18,204	40,260	36,305	36,362	38,643
Share capital	9,659	10,250	12,950	13,154	13,154	13,154
Capital reserve	75,475	79,498	100,417	100,962	100,962	100,962
Other reserves	0	0	0	0	0	0
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-70,423	-70,520	-72,447	-77,153	-77,096	-74,815
Total consolidated equity and debt	34,534	42,065	72,859	63,448	68,763	73,730
Ratios						
Current ratio (x)	1.18	1.50	2.33	2.56	2.06	2.44
Quick ratio (x)	0.75	0.98	1.74	1.96	1.55	1.78
Net cash	-5,245	-2,405	6,132	7,314	4,099	3,168
Net gearing	37.7%	13.2%	-15.2%	-20.1%	-11.3%	-8.2%
Book value per share (€)	1.51	1.79	3.50	2.76	2.76	2.94
Equity ratio	40.2%	43.3%	55.3%	57.2%	52.9%	52.4%
Return on equity (ROE)	-14.9%	0.0%	-4.8%	-13.0%	0.2%	5.9%
Return on investment (ROI)	-6.0%	0.0%	-2.6%	-7.4%	0.1%	3.1%
Return on assets (ROA)	-2.6%	1.8%	-1.6%	-6.5%	0.6%	3.8%
Return on capital employed (ROCE)	-4.1%	6.1%	-4.2%	-14.7%	1.2%	8.9%
Days of sales outstanding (DSO)	58.6	60.1	85.9	65.0	65.0	65.0
Days of inventory turnover	79.3	87.6	114.3	90.0	90.0	90.0
Days in payables (DIP)	55.1	63.7	76.9	60.0	60.0	60.0



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	-885	1,325	-1,288	-5,323	430	3,413
Depreciation and amortisation	1,747	1,153	3,330	3,392	3,495	3,816
EBITDA	862	2,478	2,042	-1,932	3,924	7,229
Changes in working capital	1,362	-1,417	-5,026	5,016	-3,226	-3,371
Other adjustments	-519	945	1,723	1,176	-15	-716
Operating cash flow	1,704	2,005	-1,261	4,260	683	3,142
Investments in PP&E	-497	-928	-1,110	-872	-1,002	-1,219
Investments in intangibles	-844	-1,445	-2,582	-2,398	-2,538	-2,438
Free cash flow	363	-368	-4,952	990	-2,858	-515
Acquisitions & disposals, net	33	0	64	0	0	0
Other investments	0	0	0	0	0	0
Investing cash flow	-1,308	-2,373	-3,628	-3,270	-3,540	-3,657
Debt financing, net	2,252	-1,786	-5,258	-3,352	4,000	1,100
Equity financing, net	400	4,220	27,000	750	0	0
Dividend paid	0	0	0	0	0	0
Other financing	-394	1,045	-3,467	-558	-357	-416
Financing cash flow	2,258	3,479	18,275	-3,160	3,643	684
Forex & other effects	-2	0	0	0	0	0
Net cash flows	2,653	3,111	13,387	-2,170	785	169
Cash, start of the year	1,756	4,409	7,520	21,192	19,022	19,807
Cash, end of the year	4,409	7,520	20,907	19,022	19,807	19,976
EBITDA/share (in €)	0.09	0.24	0.18	-0.15	0.30	0.55

Y-Y Growth

Operating cash flow	n.m.	17.7%	n.m.	n.m.	-84.0%	360.3%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.m.	160.5%	-27.2%	n.m.	n.m.	84.2%

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	23 June 2014	€4.84	Buy	€7.40
2...36	↓	↓	↓	↓
37	24 May 2019	€14.50	SELL	€11.30
38	16 July 2019	€12.50	ADD	€12.60
39	29 August 2019	€10.10	ADD	€11.90
40	18 November 2019	€9.22	Add	€10.00
41	13 February 2020	€12.20	Reduce	€11.40
42	23 March 2020	€9.00	Add	€9.40
43	2 April 2020	€9.02	Add	€9.40
44	20 May 2020	€9.79	Reduce	€9.40
45	Today	€14.86	Reduce	€14.00

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- key sources of information in the preparation of this research report
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