

SFC Energy AG

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

Preliminary 2023
 figures

RATING
BUY

PRICE TARGET
€ 34.00

Return Potential 82.0%
 Risk Rating High

SFC ENERGY HAS TOPPED 2023 GUIDANCE

SFC Energy has presented record preliminary figures which exceeded 2023 guidance and our forecasts. Revenue rose more than 38% y/y to ca. €118m. Adjusted EBITDA amounted to ca. €15m and was 11% ahead of our forecast. The adjusted EBITDA margin widened by 3.1 PP y/y to 12.7%. 2023 was thus an extraordinarily successful year for SFC with strong growth and significant margin expansion. Given SFC's regional expansion (in particular India and the US) and the planned launch of further hydrogen fuel cell products, we believe that the company will continue on its growth trajectory. SFC is the undisputed market leader in direct methanol fuel cells and the only profitable listed fuel cell company. We confirm our Buy rating and €34 price target.

Strong top line growth and margin expansion In 2023, SFC again accelerated its growth (2021: +21%, 2022: +33%, 2023: >38%). Adjusted EBITDA rose 84% y/y to €15m (see figure 1 overleaf). Adjusted EBIT tripled y/y from €3.2m to €9.5m. The adjusted EBIT margin widened from 3.7% to 8.1%. SFC topped guidance due mainly to an improved product mix and additional sales and income in Q4.

2024 guidance in two weeks On 22 February, SFC will publish preliminary 2023 key figures and 2024 guidance. We forecast €151m in revenue and adjusted EBIT of €13.0m.

Medium term outlook hints at strong growth and further margin expansion by 2028 SFC targets 2028 revenue of €400m - €500m. Management expects an organic 2023-2028 CAGR of almost 28% to push revenue to ca. €400m, with the remaining €100m to come from M&A. SFC is aiming for an adjusted EBITDA margin of >15% before 2028.

SFC remains a clear Buy An updated DCF model yields an unchanged €34 price target. We confirm our Buy recommendation.

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	53.22	64.32	85.23	118.00	150.76	195.99
Y-o-y growth	-9.1%	20.9%	32.5%	38.5%	27.8%	30.0%
EBIT (€m)	-4.50	-5.11	3.60	9.13	13.02	19.60
EBIT margin	-8.5%	-7.9%	4.2%	7.7%	8.6%	10.0%
Net income (€m)	-5.18	-5.83	2.02	6.81	9.56	14.24
EPS (diluted) (€)	-0.39	-0.40	0.13	0.39	0.55	0.82
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-4.87	-2.70	-9.96	-5.59	-2.67	-3.87
Net gearing	-37.7%	-34.8%	-50.8%	-42.7%	-37.1%	-30.2%
Liquid assets (€m)	31.75	24.62	64.80	58.20	55.60	51.64

RISKS

The main risks are internationalisation, 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 06 Feb 2024

Closing Price	€ 18.68
Shares outstanding	17.36m
Market Capitalisation	€ 324.35m
52-week Range	€ 15.92 / 25.95
Avg. Volume (12 Months)	42,374

Multiples	2022	2023E	2024E
P/E	160.6	47.6	33.9
EV/Sales	3.2	2.3	1.8
EV/EBIT	76.2	30.0	21.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2023

Liquid Assets	€ 56.80m
Current Assets	€ 120.72m
Intangible Assets	€ 19.72m
Total Assets	€ 157.69m
Current Liabilities	€ 31.12m
Shareholders' Equity	€ 110.39m

SHAREHOLDERS

DWS	4.9%
Acatis	4.7%
Hansainvest	2.5%
Conduit Ventures	2.1%
Free Float	85.9%



Figure 1: Guidance, preliminary figures and FBe forecasts

in €m	Guidance	2023P	FBe	Delta
Sales	115 - 117	118.0	116.0	2%
Adjusted EBITDA	13.0 - 14.1	15.0	13.5	11%
Adjusted EBIT	7.5 - 8.6	9.5	8.0	19%

Source: First Berlin Equity Research, SFC Energy AG

VALUATION MODEL

DCF valuation model								
All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	118,000	150,760	195,988	248,905	310,678	381,005	458,937	542,798
NOPLAT	6,777	9,485	14,331	18,349	23,967	29,677	35,854	42,479
+ depreciation & amortisation	5,523	6,296	6,968	7,428	7,710	8,317	9,204	10,317
Net operating cash flow	12,299	15,781	21,299	25,776	31,676	37,994	45,058	52,797
- total investments (CAPEX and WC)	-17,887	-18,450	-25,168	-27,323	-32,302	-37,233	-41,886	-45,914
Capital expenditures	-9,676	-8,744	-9,015	-8,463	-10,139	-11,915	-13,726	-15,494
Working capital	-8,211	-9,706	-16,152	-18,860	-22,163	-25,318	-28,159	-30,420
Free cash flows (FCF)	-5,588	-2,668	-3,869	-1,546	-626	761	3,172	6,882
PV of FCF's	-5,588	-2,489	-3,339	-1,235	-462	520	2,007	4,031

All figures in thousands		
PV of FCFs in explicit period (2023E-2037E)	97,383	
PV of FCFs in terminal period	456,894	
Enterprise value (EV)	554,278	
+ Net cash / - net debt (pro forma)	50,371	
+ Investments / minority interests	0	
Shareholder value	604,649	
Diluted number of shares	17,530	
Fair value per share in EUR	34.49	
		Terminal growth rate: 3.0%
		Terminal EBIT margin: 11.0%

WACC		Terminal growth rate							
		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	
Cost of equity	11.1%	6.6%	43.66	46.48	50.00	54.50	60.47	68.78	81.12
Pre-tax cost of debt	5.0%	7.1%	38.25	40.35	42.90	46.09	50.17	55.59	63.12
Tax rate	30.0%	7.6%	33.81	35.40	37.30	39.61	42.50	46.20	51.11
After-tax cost of debt	3.5%	8.1%	30.12	31.34	32.77	34.49	36.59	39.20	42.55
Share of equity capital	60.0%	8.6%	27.01	27.96	29.06	30.36	31.91	33.81	36.17
Share of debt capital	40.0%	9.1%	24.37	25.11	25.97	26.96	28.13	29.54	31.25
Price target in EUR	34.00	9.6%	22.11	22.69	23.36	24.13	25.02	26.08	27.35

* for layout purposes the model shows numbers only to 2030, but runs until 2037



INCOME STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	53,223	64,320	85,229	118,000	150,760	195,988
Cost of goods sold	35,307	41,682	53,823	72,924	94,169	123,472
Gross profit	17,915	22,638	31,406	45,076	56,591	72,516
S&M	12,122	15,051	14,187	15,989	20,051	25,086
G&A	7,125	10,292	10,293	14,762	16,885	19,991
R&D	2,843	3,257	4,441	6,018	6,633	7,840
Other operating income	157	904	2,521	2,714	1,508	1,960
Other operating expenses	483	48	1,407	1,888	1,508	1,960
Operating income (EBIT)	-4,501	-5,105	3,599	9,133	13,021	19,599
Net financial result	-443	-410	-609	36	76	-90
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	-4,945	-5,515	2,990	9,169	13,097	19,509
Income taxes	239	315	970	2,357	3,536	5,267
Minority interests	0	0	0	0	0	0
Net income / loss	-5,184	-5,829	2,020	6,813	9,561	14,241
Diluted EPS (in €)	-0.39	-0.40	0.13	0.39	0.55	0.82
Adjusted EBITDA (AEBITDA)	2,936	6,233	8,150	15,023	19,317	26,567
One-off costs / earnings (-/+)	-3,922	-7,030	443	-367	0	0
EBITDA	-986	-797	8,593	14,656	19,317	26,567
Adjusted EBIT (AEBIT)	-579	1,925	3,156	9,500	13,021	19,599
Ratios						
Gross margin	33.7%	35.2%	36.8%	38.2%	37.5%	37.0%
EBITDA margin on revenues	-1.9%	-1.2%	10.1%	12.4%	12.8%	13.6%
Adjusted EBITDA margin on revenues	5.5%	9.7%	9.6%	12.7%	12.8%	13.6%
EBIT margin on revenues	-8.5%	-7.9%	4.2%	7.7%	8.6%	10.0%
Adjusted EBIT margin on revenues	-1.1%	3.0%	3.7%	8.1%	8.6%	10.0%
Net margin on revenues	-9.7%	-9.1%	2.4%	5.8%	6.3%	7.3%
Tax rate	-4.8%	-5.7%	32.4%	25.7%	27.0%	27.0%
Expenses as % of revenues						
S&M	22.8%	23.4%	16.6%	13.6%	13.3%	12.8%
G&A	13.4%	16.0%	12.1%	12.5%	11.2%	10.2%
R&D	5.3%	5.1%	5.2%	5.1%	4.4%	4.0%
Other operating expenses	0.9%	0.1%	1.7%	1.6%	1.0%	1.0%
Y-Y Growth						
Revenues	-9.1%	20.9%	32.5%	38.5%	27.8%	30.0%
Operating income	n.m.	n.m.	n.m.	153.7%	42.6%	50.5%
Net income/ loss	n.m.	n.m.	n.m.	237.2%	40.3%	49.0%



BALANCE SHEET

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
Assets						
Current assets, total	58,447	58,724	113,146	117,692	128,297	145,308
Cash and cash equivalents	31,750	24,623	64,803	58,196	55,604	51,645
Short-term investments	0	385	385	385	385	385
Receivables	13,031	17,851	19,376	27,479	35,108	45,641
Inventories	12,617	14,185	24,921	27,971	33,540	43,976
Other current assets	1,049	1,680	3,661	3,661	3,661	3,661
Non-current assets, total	27,882	28,641	34,025	38,178	40,626	42,674
Property, plant & equipment	9,985	8,887	13,396	15,035	15,799	16,553
Goodwill & other intangibles	15,999	17,698	18,576	21,090	22,774	24,068
Other assets	1,898	2,056	2,053	2,053	2,053	2,053
Total assets	86,330	87,365	147,171	155,870	168,923	187,981
Shareholders' equity & debt						
Current liabilities, total	18,780	20,998	26,591	28,478	31,970	36,787
Short-term debt	4,340	2,735	4,055	3,000	3,000	3,000
Accounts payable	4,742	7,642	9,046	11,988	15,480	20,297
Current provisions	1,583	2,020	2,064	2,064	2,064	2,064
Liabilities under finance leases	1,353	1,860	2,009	2,009	2,009	2,009
Other current liabilities	6,762	6,741	9,417	9,417	9,417	9,417
Long-term liabilities, total	12,711	16,348	17,143	17,143	17,143	17,143
Long-term debt	209	0	0	0	0	0
Liabilities under finance leases	6,548	4,891	8,552	8,552	8,552	8,552
Other liabilities	5,954	11,458	8,591	8,591	8,591	8,591
Minority interests	0	0	0	0	0	0
Shareholders' equity	54,838	50,018	103,437	110,249	119,810	134,052
Share capital	14,470	14,470	17,364	17,364	17,364	17,364
Capital reserve	119,118	119,637	168,262	168,262	168,262	168,262
Other reserves	0	0	0	0	0	0
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-77,631	-83,461	-81,441	-74,628	-65,067	-50,826
Total consolidated equity and debt	86,330	87,365	147,171	155,870	168,923	187,981
Ratios						
Current ratio (x)	3.11	2.80	4.25	4.13	4.01	3.95
Quick ratio (x)	2.44	2.12	3.32	3.15	2.96	2.75
Net cash	20,653	17,382	52,581	47,029	44,437	40,478
Net gearing	-37.7%	-34.8%	-50.8%	-42.7%	-37.1%	-30.2%
Book value per share (€)	4.14	3.46	6.60	6.35	6.90	7.72
Equity ratio	63.5%	57.3%	70.3%	70.7%	70.9%	71.3%
Return on equity (ROE)	-9.5%	-11.7%	2.0%	6.2%	8.0%	10.6%
Return on investment (ROI)	-6.0%	-6.7%	1.4%	4.4%	5.7%	7.6%
Return on assets (ROA)	-5.5%	-6.2%	1.8%	4.8%	6.1%	7.9%
Return on capital employed (ROCE)	-11.2%	-11.6%	6.7%	13.4%	16.2%	20.5%
Days of sales outstanding (DSO)	89	101	83	85	85	85
Days of inventory turnover	130	124	169	140	130	130
Days in payables (DIP)	49	67	61	60	60	60



CASH FLOW STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
EBIT	-4,501	-5,105	3,599	9,133	13,021	19,599
Depreciation and amortisation	3,516	4,308	4,993	5,523	6,296	6,968
EBITDA	-986	-797	8,593	14,656	19,317	26,567
Changes in working capital	-4,300	-5,086	-13,135	-8,211	-9,706	-16,152
Other adjustments	4,691	6,961	-219	-2,357	-3,536	-5,267
Operating cash flow	-595	1,078	-4,761	4,088	6,076	5,147
Investments in PP&E	-943	-1,021	-2,146	-4,720	-4,523	-4,704
Investments in intangibles	-3,336	-2,762	-3,056	-4,956	-4,221	-4,312
Free cash flow	-4,874	-2,705	-9,963	-5,588	-2,668	-3,869
Acquisitions & disposals, net	0	9	0	0	0	0
Other investments	0	-99	0	0	0	0
Investing cash flow	-4,279	-3,873	-5,202	-9,676	-8,744	-9,015
Debt financing, net	-2,953	-654	-239	-1,055	0	0
Equity financing, net	19,665	0	56,432	0	0	0
Dividend paid	0	0	0	0	0	0
Other financing	-1,280	-3,392	-6,017	36	76	-90
Financing cash flow	15,432	-4,046	50,176	-1,019	76	-90
Forex & other effects	0	0	-32	0	0	0
Net cash flows	10,558	-6,842	40,181	-6,607	-2,593	-3,959
Cash, start of the year	21,192	31,750	24,623	64,803	58,196	55,604
Cash, end of the year	31,464	24,908	64,803	58,196	55,604	51,645
EBITDA/share (in €)	-0.07	-0.06	0.55	0.84	1.11	1.53
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	48.6%	-15.3%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.m.	n.m.	n.m.	54.0%	31.8%	37.5%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

The production of this recommendation was completed on 7 February 2024 at 09:52

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

Copyright© 2024 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of SFC Energy AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the SFC Energy AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

First Berlin F.S.B. Investment-Beratungsgesellschaft mbH (hereafter FBIB), a company of the First Berlin Group, holds a stake of under 0.5% of the shares in the company which has been covered in this analysis. The analyst is not subject to any restrictions with regard to his recommendation and is therefore independent, so that we believe there is no conflict of interest.

With regard to the financial analyses of SFC Energy AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the SFC Energy AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

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.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	23 June 2014	€4.84	Buy	€7.40
2...57	↓	↓	↓	↓
58	1 September 2022	€21.75	Buy	€37.00
59	18 November 2022	€20.15	Buy	€35.00
60	17 February 2023	€21.90	Buy	€35.00
61	19 April 2023	€21.25	Buy	€36.00
62	25 May 2023	€21.90	Buy	€36.00
63	24 August 2023	€23.75	Buy	€36.00
64	16 November 2023	€19.86	Buy	€34.00
65	4 December 2023	€21.10	Buy	€34.00
66	Today	€18.68	Buy	€34.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.