Formycon AG

Germany / Biopharmaceuticals
Xetra
Bloomberg: FYB GR
ISIN: DE000A1EWVY8

Covid-19 Update

RATING	**BUY**
PRICE TARGET	**€ 39.00**
Return Potential	97.5%
Risk Rating	High

25% SHARE PRICE FALL SINCE LATE FEBRUARY IS UNWARRANTED

We believe that the 25% decline in Formycon's share price since late February when covid-19 began to affect financial markets greatly overstates the impact of the virus on the company's prospects. In fact one could argue that recent news that Lucentis' successor product Beovu has caused serious side effects among 14 patients means that newsflow over the past six weeks is on balance positive for Formycon's ophthalmology franchise (FYB201 and FYB203). The company's general position remains excellent with three late stage products whose remaining development is fully funded by strong and stable partnerships. The balance sheet has a cash position of ca. €25m and no debt. Cash burn and funding requirements relate only to the early stage pipeline which consists of further biosimilar candidates for blockbuster reference products. We maintain our Buy recommendation and price target of €39.00.

Covid-19 will presumably also affect Samsung Bioepis BLA submission In February Formycon's licensing partner Bioeq announced that it would need to resubmit the BLA (biologics license application) for the Lucentis biosimilar FYB201, which was originally submitted in December 2019. The requirement to resubmit the BLA followed a request from the FDA for additional data following the transfer of a piece of processing equipment to a new location at the original site. In our February note we pencilled in the BLA resubmission for Q3/20, but we gather from talking to management that while the target is still Q3/20, resubmission may slip into Q4/20. However, covid-19 presumably also affects Samsung Bioepis whose Lucentis biosimilar candidate SB11 is FYB201's main competitor. Samsung Bioepis have also still to submit a BLA for SB11 and so we see no negative impact of covid-19 on FYB201's competitive position.

Beovu side effects are positive for Formycon's ophthalmology franchise 14 patients using Novartis' recently (October 2019) FDA-approved Beovu for wet age-related macular degeneration have suffered severe inflammation of the blood vessels in their eyes. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017	2018	2019E	2020E
Revenue (€ m)	16.92	19.53	29.00	42.99	35.00	38.00
Y-o-y growth	34.0%	15.4%	48.5%	48.2%	-18.6%	8.6%
EBIT (€ m)	0.54	-4.07	-1.54	7.13	-2.00	-2.00
EBIT margin	3.2%	-20.8%	-5.3%	16.6%	-5.7%	-5.3%
Net income (€ m)	0.58	-4.07	-1.58	7.10	-1.97	-1.96
EPS (diluted) (€)	0.06	-0.45	-0.17	0.76	-0.20	-0.20
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-0.10	-6.40	-4.66	-3.73	-7.29	-3.47
Net gearing	-81.6%	-66.9%	-60.6%	-37.0%	-45.0%	-39.5%
Liquid assets (€ m)	20.30	13.97	15.48	12.31	21.46	17.99

RISKS

Product failures, lack of funding, change in regulatory environment, new product innovations making biosimilars obsolete

COMPANY PROFILE

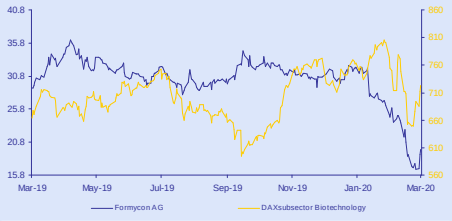
Formycon AG is a Munich, Germany based pharmaceuticals company specialising in the development of biosimilars, e.g. generic versions of biotechnology products.

MARKET DATA

As of 25 Mar 2020	
Closing Price	€ 19.75
Shares outstanding	10.00m
Market Capitalisation	€ 197.50m
52-week Range	€ 16.65 / 36.30
Avg. Volume (12 Months)	7,975

Multiples	2018	2019E	2020E
P/E	22.0	n.a.	n.a.
EV/Sales	3.4	4.2	3.8
EV/EBIT	20.5	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2019	
Liquid Assets	€ 7.96m
Current Assets	€ 28.26m
Intangible Assets	€ 0.72m
Total Assets	€ 54.01m
Current Liabilities	€ 2.13m
Shareholders' Equity	€ 49.81m

SHAREHOLDERS

Institutional Investors	50.0%
Founders and Management	20.0%
Free Float	30.0%

Analyst: Simon Scholes, Tel. +49 (0)30 - 80 93 96 94

Figure 1: Patent expiry date of Formycon biosimilar candidates' reference products

	Formycon biosimilar candidate (reference product)		
Market	FYB201 (Lucentis)	FYB202 (Stelara)	FYB203 (Eylea)
US	6/2020	9/2023	05/2024
EU	7/2022	7/2024	5/2025

Source: Companies

Novartis had positioned Beovu as the successor to Lucentis and the new drug's safety issues enhance the prospects of both the Lucentis biosimilar candidate FYB201 and the Eylea biosimilar candidate FYB203, which constitute Formycon's ophthalmology franchise.

Patents likely to be decisive issue in competition between FYB203 and M710 Covid-19 may also hinder the start of recruitment for the FYB203 phase III trial, which is scheduled for mid-/Q3 2020. The most advanced competing Eylea biosimilar candidate is M710 which is being co-developed by Momenta Pharmaceuticals (headquartered in Cambridge, Massachussetts) and Mylan N.V. (headquartered in Pittsburgh, Pennsylvania). Recruitment to the M710 phase III trial started in August 2018. Primary completion (i.e. completion of recruitment) was planned for the end of February this year but Momenta/Mylan have not yet indicated whether recruitment has actually been completed. Final results are expected in December. Formycon's FYB201 phase trial lasted 28 months (February 2016 - June 2018) while the Momenta/Mylan phase III trial of M710 is also expected to take 28 months (August 2018 to December 2020). The FYB203 phase III trial is likely to enrol fewer participants than the FYB201 phase III trial. Based on fewer participants and experience gained in the course of the FYB201 trial, Formycon's management believe that the FYB203 phase III trial can be completed in under two years. Eylea's US patent expires in May 2024. If we assume six months to one year for submission of the FYB203 BLA, and a further year until FDA approval, FYB203 could reach the US market in time for Eylea's patent expiry. However, this schedule is admittedly tight. Using the same basis of calculation, FDA approval of M710 could be forthcoming some months ahead of Eylea's US patent expiry. But Momenta/Mylan have not yet explained how M710 will circumvent Eylea's formulation patent which runs until 2027. Formycon filed a patent application for an alternative liquid formulation VEGF (vascular endothelial growth factor) antagonist in June 2017. News as to whether this patent has been granted is likely in the near term. In our view the patent issue has a greater bearing on FYB203's competitive position versus M710 than any delay in recruitment to the FYB203 trial.

Despite covid-19-related phase I trial delay, we expect FYB202 to reach major markets ahead of NeuLara Dosing of participants in the phase I trial of the Stelara biosimilar candidate, FYB202, began last October. Covid-19 may also slow completion of recruitment for this trial. The most advanced competing Stelara biosimilar candidate is NeuLara, which is under development at the Australian company, NeuClone. The NeuLara phase I trial began in mid-October and recruitment was completed in December. However, we do not believe this will necessarily give NeuLara an advantage over FYB202. The NeuLara phase I trial is taking place under the Clinical Trial Notification (CTN) scheme of the Australian Therapeutic Goods Administration (TGA). Meanwhile, Formycon and its partners have held scientific advice meetings with the FDA and the EMA at which development steps up to submission of the marketing authorisation dossier were discussed. Given the greater depth of consultation between Formycon, its partners and the regulatory authorities in the US and Europe, we still expect FYB202 to reach major markets ahead of NeuLara.

Buy recommendation maintained at €39.00 price target We have made only minor changes to our valuation model and continue to see fair value for the Formycon share at €39.00. We maintain our Buy recommendation.

Figure 2: Pipeline valuation model

Compound	Project[1)]	Present Value	Patient Pop	Treatment Cost	Market Size	Market Share	Peak Sales	PACME Margin[2)]	Discount Factor	Patent Life[3)]	Time to Market
FYB201	nAMD,DR (ex-US)	€116M	327K	€5,250	€1,716M	17%	€335M	9%	13%	n.a.	3 Years
FYB201	nAMD,DR (US)	€113M	144K	€9,068	€1,305M	17%	€342M	9%	13%	n.a.	2 Years
FYB202	Pso,CrD (ex-US)	€49M	56K	€27,500	€1,532M	17%	€460M	9%	16%	n.a.	5 Years
FYB202	Pso,CrD (US)	€113M	47K	€44,750	€2,115M	17%	€1,071M	9%	16%	n.a.	4 Years
FYB203	nAMD,DR (ex-US)	€54M	417K	€4,859	€2,024M	17%	€576M	9%	16%	n.a.	6 Years
FYB203	nAMD,DR (US)	€79M	392K	€8,591	€3,365M	17%	€765M	9%	16%	n.a.	5 Years
FYB205	n.a.	€85M									
PACME PV		€610M									
Costs PV[4)]		€284M									
NPV		€326M									
Downpayments and Milestones		€39M									
Proforma net Cash		€25M									
Fair Value		€390M									
Share Count		10,000K									
Fair Value Per Share		€39.00									

1) A project typically refers to a specific indication or, where necessary or relevant, a combination between indication and geographic market.

2) PACME (Profit After Costs and Marketing Expenses) reflects the company's profit share on future revenues.
This share may be derived in the form of royalties (outsourced marketing/manufacturing) or operating EBITDA margin (in-house model),

3) Remaining patent life after the point of approval.

4) Includes company-level R&D, G&A, Financing Costs and CapEx; COGS and S&M are factored into the PACME margin for each project.

Source: First Berlin Equity Research estimates

INCOME STATEMENT

All figures in EURm	2015A	2016A	2017A	2018A	2019E	2020E
Revenue	**16.9**	**19.5**	**29.0**	**43.0**	**35.0**	**38.0**
Increase/decrease in unfinished products	0.0	0.0	0.4	0.6	0.0	0.0
Total output	**16.9**	**19.5**	**29.4**	**43.6**	**35.0**	**38.0**
Other operating income	0.2	0.1	0.1	0.1	0.2	0.2
Cost of goods sold	-8.9	-15.4	-21.2	-25.8	-24.2	-26.3
Gross profit	**8.3**	**4.3**	**8.4**	**17.9**	**11.0**	**11.9**
Personnel costs	-3.9	-5.1	-6.3	-7.0	-9.0	-9.8
Depreciation and amortisation	-0.9	-0.7	-0.8	-0.9	-0.7	-0.8
Other operating expenses	-2.9	-2.6	-2.8	-3.0	-3.2	-3.3
Operating income (EBIT)	**0.5**	**-4.1**	**-1.5**	**7.1**	**-2.0**	**-2.0**
Net financial result	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax income (EBT)	**0.6**	**-4.1**	**-1.6**	**7.1**	**-2.0**	**-2.0**
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Net income / loss	**0.6**	**-4.1**	**-1.6**	**7.1**	**-2.0**	**-2.0**
Diluted EPS (in €)	**0.06**	**-0.45**	**-0.17**	**0.76**	**-0.20**	**-0.20**
EBITDA	**1.5**	**-3.4**	**-0.8**	**8.0**	**-1.3**	**-1.2**
Ratios						
Gross margin on output	48.9%	21.9%	28.4%	41.0%	31.3%	31.3%
EBIT margin on output	3.2%	-20.8%	-5.2%	16.4%	-5.7%	-5.3%
EBITDA margin on output	8.7%	-17.3%	-2.6%	18.4%	-3.6%	-3.1%
Net margin on output	3.4%	-20.8%	-5.4%	16.3%	-5.6%	-5.2%
Tax rate	-0.2%	0.1%	-0.2%	0.0%	0.0%	0.0%
Expenses as % of output						
Cost of goods sold	-52.5%	-78.8%	-72.0%	-59.2%	-69.1%	-69.1%
Personnel costs	-22.8%	-26.1%	-21.5%	-16.1%	-25.8%	-25.8%
Depreciation and amortisation	-5.5%	-3.6%	-2.7%	-2.1%	-2.1%	-2.1%
Net other operating exp.	-16.0%	-12.6%	-9.1%	-6.5%	-8.7%	-8.2%
Y-Y Growth						
Revenues	34.5%	15.4%	48.5%	48.2%	-18.6%	8.6%
Operating income	-38.1%	n.m.	n.m.	n.m.	n.m.	n.m.
Net income/ loss	-32.9%	n.m.	n.m.	n.m.	n.m.	n.m.

BALANCE SHEET

All figures in EURm	2015A	2016A	2017A	2018A	2019E	2020E
Assets						
Current assets, total	**23.3**	**20.7**	**26.6**	**18.7**	**27.8**	**26.0**
Cash and cash equivalents	0.6	3.0	4.5	7.3	14.0	11.4
Other liquid assets	19.7	11.0	11.0	5.0	7.5	6.6
Receivables	2.8	5.2	10.5	5.2	4.9	6.1
Inventories	0.2	0.6	0.6	1.2	1.4	1.9
Other current assets	0.0	0.9	0.1	0.1	0.1	0.1
Non-current assets, total	**3.8**	**4.5**	**4.2**	**20.9**	**26.0**	**26.1**
Investment participations	0.0	0.0	0.0	16.0	21.1	21.1
Property, plant & equipment	2.6	3.4	3.3	3.5	3.5	3.8
Goodwill & other intangibles	1.1	1.0	0.9	0.8	0.6	0.4
Prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.0	0.0	0.0	0.5	0.7	0.8
Total assets	**27.1**	**25.2**	**30.8**	**39.6**	**53.8**	**52.2**
Shareholders' equity & debt						
Current liabilities, total	**1.3**	**2.6**	**3.4**	**3.3**	**2.9**	**3.2**
Accounts payable	0.6	2.3	1.8	2.7	2.5	2.7
Other current liabilities	0.7	0.3	1.7	0.6	0.5	0.5
Long-term liabilities, total	**0.9**	**1.7**	**1.8**	**3.1**	**3.2**	**3.5**
Provisions	0.7	0.7	1.3	2.6	2.8	3.0
Other liabilities	0.3	1.0	0.6	0.5	0.4	0.4
Minority interests	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shareholders' equity	**24.9**	**20.9**	**25.5**	**33.2**	**47.7**	**45.5**
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Total consolidated equity and debt	**27.1**	**25.2**	**30.8**	**39.6**	**53.8**	**52.2**
Key figures						
Current ratio (x)	17.45	7.91	7.75	5.64	9.46	8.16
Quick ratio (x)	17.28	7.67	7.59	5.27	8.99	7.56
Financial leverage (%)	-81.6	-66.9	-60.6	-37.0	-45.0	-39.5
Book value per share (€)	2.74	2.30	2.78	3.37	4.77	225.95
Return on equity (ROE)	3.0%	-17.8%	-6.8%	24.2%	-4.9%	-4.2%

CASH FLOW STATEMENT

All figures in EURm	2015A	2016A	2017A	2018A	2019E	2020E
EBIT	**0.5**	**-4.1**	**-1.5**	**7.1**	**-2.0**	**-2.0**
Depreciation and amortisation	0.9	0.7	0.8	0.9	0.7	0.8
EBITDA	**1.5**	**-3.4**	**-0.8**	**8.0**	**-1.3**	**-1.2**
Changes in working capital	-1.1	-1.7	-3.4	5.3	-0.4	-1.4
Other adjustments	0.1	0.1	0.0	0.0	0.0	0.0
Operating cash flow	**0.5**	**-5.0**	**-4.2**	**13.3**	**-1.6**	**-2.6**
CAPEX	-0.6	-1.4	-0.5	-17.0	-5.7	-0.9
Free cash flow	**-0.1**	**-6.4**	**-4.7**	**-3.7**	**-7.3**	**-3.5**
Debt financing, net	**0.0**	**0.0**	**0.0**	**0.6**	**0.0**	**0.0**
Equity financing, net	**11.2**	**0.1**	**6.2**	**0.0**	**16.4**	**0.0**
Other changes in cash	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flows	**11.1**	**-6.3**	**1.5**	**-3.2**	**9.1**	**-3.5**
Cash and liquid assets, start of the year	9.2	20.3	14.0	15.5	12.3	21.5
Cash and liquid assets, end of the year	**20.3**	**14.0**	**15.5**	**12.3**	**21.5**	**18.0**
EBITDA/share (in €)	**0.2**	**-0.4**	**-0.1**	**0.9**	**-0.1**	**-0.1**
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-26.8%	n.m.	n.m.	n.m.	n.m.	n.m.

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	17 April 2013	€3.50	Buy	€7.30
2...28	↓	↓	↓	↓
29	7 June 2019	€32.00	Buy	€51.00
30	11 November 2019	€32.40	Buy	€51.00
31	7 February 2020	€28.10	Buy	€39.00
32	Today	€19.75	Buy	€39.00

Authored by: Simon Scholes, Analyst

Company responsible for preparation:

First Berlin Equity Research GmbH
Mohrenstraße 34
10117 Berlin

Tel. +49 (0)30 - 80 93 96 94 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com
www.firstberlin.com

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

INFORMATION PURSUANT TO SECTION 34B OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO 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 THE GERMAN ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS [FINANV]

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular the German Securities Trading Act [WpHG], Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and the German Ordinance on the Analysis of Financial Instruments [FinAnV] 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 Section 34b Paragraph 1 of the German Securities Trading Act [WpHG] and Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) financial analyses may only be passed on or publicly distributed if circumstances or relations which may cause conflicts of interest among the authors, the legal entities responsible for such preparation or companies associated with them are disclosed along with the financial analysis.

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 (further information and data may be provided on request):

- 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;

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.

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG] (2ND FIMANOG) OF 23 JUNE 2017, 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 is 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.

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: http://firstberlin.com/disclaimer-english-link/

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt

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.