Formycon AG

Germany / Biopharmaceuticals
Xetra
Bloomberg: FYB GR
ISIN: DE000A1EWVY8

2019 annual report

RATING	**BUY**
PRICE TARGET	**€ 39.00**
Return Potential	57.9%
Risk Rating	High

ON TRACK FOR FIRST ROYALTIES FROM 2021/22

Formycon's 2019 results were close to our forecasts. Revenue was €33.2m (FBe: €35.0m; 2018: €43.0m) while EBIT came in at €-2.3m (FBe: €-2.0m; 2018: €7.1m). The 2018 numbers were boosted by an €8.5m credit relating to FYB's investment in FYB202 during 2013-16. As in 2018, revenue stemmed from fees for development work on the outlicensed biosimilar candidates FYB201 and FYB203 and also from payments for the provision of development services to the FYB202 joint venture. Costs related to the development work on these projects as well as on Formycon's unpartnered biosimilar candidates. We expect an increasing volume of clinical development work on FYB202 and FYB203 to push revenues to €40m this year while increased investment in preclinical projects widens the EBIT loss to €4m. However, resubmission of the FYB201 Biologics License Application remains on track for H2/20, which suggests that the company will enter the royalty phase from 2021/22. We maintain our Buy recommendation and price target of €39.0.

FYB201 BLA resubmission, FYB202/FYB203 phase III starts all by end 2020
Guidance on the progress of Formycon's three most advanced biosimilar candidates remains unchanged. Resubmission of the BLA for FYB201 (reference product: Lucentis) by license partner Bioeq AG is scheduled during H2/20. Dosing of participants in the phase I trial of the Stelara biosimilar candidate, FYB202, began last October. The manufacturing process for the active ingredient has already been scaled up to a commercial level. Despite the SARS-CoV-2 pandemic, the start of the phase III trial is still scheduled for Q3/20. Formycon has also already scaled up the manufacturing process for FYB203 (reference product: Eylea) to a commercial level and the start of the phase III clinical trial is planned for mid-2020. The total market for the reference products of these three biosimilar candidates climbed by 14% to USD17.8bn in 2018. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017	2018	2019	2020E
Revenue (€ m)	16.92	19.53	29.00	42.99	33.16	40.00
Y-o-y growth	34.0%	15.4%	48.5%	48.2%	-22.9%	20.6%
EBIT (€ m)	0.54	-4.07	-1.54	7.13	-2.27	-4.00
EBIT margin	3.2%	-20.8%	-5.3%	16.6%	-6.9%	-10.0%
Net income (€ m)	0.58	-4.07	-1.58	7.10	-2.29	-4.00
EPS (diluted) (€)	0.06	-0.45	-0.17	0.76	-0.23	-0.40
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-0.10	-6.40	-4.66	-3.73	-7.19	-6.53
Net gearing	-81.6%	-66.9%	-60.6%	-37.0%	-46.4%	-36.5%
Liquid assets (€ m)	20.30	13.97	15.48	12.31	22.35	15.83

RISKS

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

COMPANY PROFILE

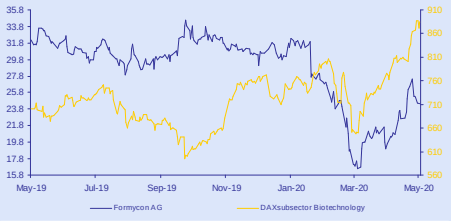
Formycon AG is a Munich, Germany based pharmaceuticals company specialising in the development of biosimilars, e.g. generic versions of biotechnology products.

MARKET DATA

	As of 18 May 2020
Closing Price	€ 24.70
Shares outstanding	10.00m
Market Capitalisation	€ 247.00m
52-week Range	€ 16.65 / 34.60
Avg. Volume (12 Months)	8,451

Multiples	2018	2019	2020E
P/E	32.6	n.a.	n.a.
EV/Sales	5.2	6.8	5.6
EV/EBIT	31.5	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

	As of 31 Dec 2019
Liquid Assets	€ 22.35m
Current Assets	€ 28.06m
Intangible Assets	€ 0.63m
Total Assets	€ 53.56m
Current Liabilities	€ 2.77m
Shareholders' Equity	€ 48.21m

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: FY 2019 results versus our forecasts

in EURm	FY-19A	FY 19E	Delta	FY 18A	Delta
Revenue	33.16	35.00	-5.3%	42.99	-22.9%
EBIT	-2.27	-2.00	n.m.	7.13	n.m.
margin	-6.8%	-5.7%	-	0.00	-
Net income	-2.29	-1.97	n.m.	7.10	n.m.
margin	-6.9%	-5.6%	-	16.5%	-
EPS (€)	-0.23	-0.20	n.m.	0.76	n.m.

Source: Formycon; First Berlin Equity Research estimates

Not much news from competing biosimilar candidates since our last note in March In our studies of 7 February and 26 March, we described the progress of leading competing biosimilar candidates. The only significant development since the end of March is NeuClone's announcement on 7 April that it had completed subject visits in the phase I clinical trial of its Stelara biosimilar, NeuLara. However, NeuClone have not given any timeline for the start of a phase III trial. Meanwhile, Samsung Bioepis have not yet submitted a BLA for their Lucentis biosimilar SB11, and Momenta Mylan have still to complete recruitment for the phase III trial of the Eylea biosimilar M710.

Figure 2: 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	5/2024
EU	7/2022	7/2024	5/2025

Source: Companies

Antibody-based SARS-CoV-2 drugs under development In late April Formycon announced that it has antibody-based SARS-CoV-2 drugs in preclinical development. Results of preclinical development are expected in Q4/20. Depending on the outcome of the preclinical phase, clinical testing could be initiated in Q3 2021. Preclinical development is likely to cost €0.3m-€0.5m which Formycon will finance itself. The company anticipates being able to access grant funding to finance clinical development which is expected to cost €10m-13m. Given the urgent need for SARS-Cov-2 therapies, clinical development is likely to be fast-track. The advantages of an antibody over a vaccine are that an antibody provides immediate protection, whereas with a vaccine two weeks are required to build immunity, and also that not all vaccinated persons develop immunity.

Price target unchanged at €39.0. Buy recommendation maintained FYB205 is an as yet unpartnered biosimilar project in the preclinical phase for which the reference product has not yet been made public. On 15 May Formycon announced the existence of FYB206 – a further unpartnered biosimilar project in the preclinical phase whose reference product has yet to be made public. Formycon has further pipeline biosimilar candidates, details of which have also not yet been made public. Formycon raised €17.3m in new equity capital in 2019 and had a net cash and other securities position of €22.4m at the end of 2019. The company thus has ample funds for further pipeline development. However, pending further news of the reference products behind FYB205, FYB206 and other projects, we leave our valuation of these biosimiliar candidates unchanged. Given the very crowded field of drug candidates for SARS-CoV-2, we have also not included this project in our valuation, which remains unchanged at €39.0 per share. We maintain our Buy recommendation.

Figure 3: Changes to our forecasts

in €m	2020E Old	2020E New	Delta
Revenues	38.00	40.00	5.3%
EBIT	-2.00	-4.00	n.a.
margin	*neg.*	*neg.*	-
Net income	-1.96	-4.00	n.a.
margin	*neg.*	*neg.*	-
EPS (diluted, in €)	-0.20	-0.40	n.a.

Source: First Berlin Equity Research estimates

Figure 4: 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)	€115M	327K	€5,250	€1,716M	17%	€331M	9%	13%	n.a.	3 Years
FYB201	nAMD,DR (US)	€112M	144K	€9,068	€1,305M	17%	€339M	9%	13%	n.a.	2 Years
FYB202	Pso,CrD (ex-US)	€52M	56K	€27,500	€1,532M	17%	€484M	9%	16%	n.a.	5 Years
FYB202	Pso,CrD (US)	€114M	47K	€44,750	€2,115M	17%	€1,080M	9%	16%	n.a.	4 Years
FYB203	nAMD,DR (ex-US)	€53M	417K	€4,859	€2,024M	17%	€558M	9%	16%	n.a.	6 Years
FYB203	nAMD,DR (US)	€86M	392K	€8,591	€3,365M	17%	€830M	9%	16%	n.a.	5 Years
FYB205,6,x	n.a.	€85M									
PACME PV		€616M									
Costs PV[4)]		€288M									
NPV		€328M									
Downpayments and Milestones		€40M									
Proforma net Cash		€22M									
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	2019A	2020E
Revenue	**16.9**	**19.5**	**29.0**	**43.0**	**33.2**	**40.0**
Increase/decrease in unfinished products	0.0	0.0	0.4	0.6	0.8	0.0
Total output	**16.9**	**19.5**	**29.4**	**43.6**	**32.3**	**40.0**
Other operating income	0.2	0.1	0.1	0.1	0.8	0.2
Cost of goods sold	-8.9	-15.4	-21.2	-25.8	-21.3	-27.8
Gross profit	**8.3**	**4.3**	**8.4**	**17.9**	**11.7**	**12.4**
Personnel costs	-3.9	-5.1	-6.3	-7.0	-9.1	-11.0
Depreciation and amortisation	-0.9	-0.7	-0.8	-0.9	-0.9	-0.8
Other operating expenses	-2.9	-2.6	-2.8	-3.0	-4.0	-4.6
Operating income (EBIT)	**0.5**	**-4.1**	**-1.5**	**7.1**	**-2.3**	**-4.0**
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**	**-2.3**	**-4.0**
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**	**-2.3**	**-4.0**
Diluted EPS (in €)	**0.06**	**-0.45**	**-0.17**	**0.76**	**-0.23**	**-0.40**
EBITDA	**1.5**	**-3.4**	**-0.8**	**8.0**	**-1.4**	**-3.2**
Ratios						
Gross margin on output	48.9%	21.9%	28.4%	41.0%	36.3%	31.0%
EBIT margin on output	3.2%	-20.8%	-5.2%	16.4%	-7.0%	-10.0%
EBITDA margin on output	8.7%	-17.3%	-2.6%	18.4%	-4.2%	-7.9%
Net margin on output	3.4%	-20.8%	-5.4%	16.3%	-7.1%	-10.0%
Tax rate	-0.2%	0.1%	-0.2%	0.0%	-0.3%	0.0%
Expenses as % of output						
Cost of goods sold	-52.5%	-78.8%	-72.0%	-59.2%	-66.1%	-69.4%
Personnel costs	-22.8%	-26.1%	-21.5%	-16.1%	-28.1%	-27.4%
Depreciation and amortisation	-5.5%	-3.6%	-2.7%	-2.1%	-2.8%	-2.1%
Net other operating exp.	-16.0%	-12.6%	-9.1%	-6.5%	-10.0%	-11.1%
Y-Y Growth						
Revenues	34.5%	15.4%	48.5%	48.2%	-22.9%	20.6%
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	2019A	2020E
Assets						
Current assets, total	**23.3**	**20.7**	**26.6**	**18.7**	**28.1**	**24.3**
Cash and cash equivalents	0.6	3.0	4.5	7.3	22.1	12.0
Other liquid assets	19.7	11.0	11.0	5.0	0.2	3.8
Receivables	2.8	5.2	10.5	5.2	4.9	6.4
Inventories	0.2	0.6	0.6	1.2	0.4	2.0
Other current assets	0.0	0.9	0.1	0.1	0.4	0.1
Non-current assets, total	**3.8**	**4.5**	**4.2**	**20.9**	**25.5**	**26.0**
Investment participations	0.0	0.0	0.0	16.0	20.7	20.7
Property, plant & equipment	2.6	3.4	3.3	3.5	3.7	4.0
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	0.4	0.8
Total assets	**27.1**	**25.2**	**30.8**	**39.6**	**53.6**	**50.3**
Shareholders' equity & debt						
Current liabilities, total	**1.3**	**2.6**	**3.4**	**3.3**	**2.8**	**3.4**
Accounts payable	0.6	2.3	1.8	2.7	2.2	2.8
Other current liabilities	0.7	0.3	1.7	0.6	0.6	0.6
Long-term liabilities, total	**0.9**	**1.7**	**1.8**	**3.1**	**2.6**	**3.6**
Provisions	0.7	0.7	1.3	2.6	1.9	3.2
Other liabilities	0.3	1.0	0.6	0.5	0.7	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**	**48.2**	**43.3**
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**	**53.6**	**50.3**
Key figures						
Current ratio (x)	17.45	7.91	7.75	5.64	10.15	7.23
Quick ratio (x)	17.28	7.67	7.59	5.27	10.00	6.64
Financial leverage (%)	-81.6	-66.9	-60.6	-37.0	-46.4	-36.5
Book value per share (€)	2.74	2.30	2.78	3.37	4.82	224.41
Return on equity (ROE)	3.0%	-17.8%	-6.8%	24.2%	-5.6%	-8.7%

CASH FLOW STATEMENT

All figures in EURm	2015A	2016A	2017A	2018A	2019A	2020E
EBIT	**0.5**	**-4.1**	**-1.5**	**7.1**	**-2.3**	**-4.0**
Depreciation and amortisation	0.9	0.7	0.8	0.9	0.9	0.8
EBITDA	**1.5**	**-3.4**	**-0.8**	**8.0**	**-1.4**	**-3.2**
Changes in working capital	-1.1	-1.7	-3.4	5.3	0.6	-2.4
Other adjustments	0.1	0.1	0.0	0.0	-0.7	0.0
Operating cash flow	**0.5**	**-5.0**	**-4.2**	**13.3**	**-1.5**	**-5.6**
CAPEX	-0.6	-1.4	-0.5	-17.0	-5.7	-0.9
Free cash flow	**-0.1**	**-6.4**	**-4.7**	**-3.7**	**-7.2**	**-6.5**
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**	**17.3**	**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**	**10.0**	**-6.5**
Cash and liquid assets, start of the year	9.2	20.3	14.0	15.5	12.3	22.4
Cash and liquid assets, end of the year	**20.3**	**14.0**	**15.5**	**12.3**	**22.4**	**15.8**
EBITDA/share (in €)	**0.2**	**-0.4**	**-0.1**	**0.9**	**-0.1**	**-0.3**
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.

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
Mohrenstr. 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: Simon Scholes, Analyst
All publications of the last 12 months were authored by Simon Scholes.

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 19 May 2020 at 13:20

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

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 out in Article 34 (3) 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 (b) 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.

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], 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.

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	26 March 2020	€19.75	Buy	€39.00
37	Today	€24.70	Buy	€39.00

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.