Formycon AG

Germany / Biopharmaceuticals
Xetra
Bloomberg: FYB GR
ISIN: DE000A1EWVY8

H1/24 results

RATING	**BUY**
PRICE TARGET	**€ 80.00**
Return Potential	62.8%
Risk Rating	High

H1/24 IN LINE. FDA APPROVAL OF CRUCIAL FYB202 BIOSIMILAR IMMINENT

Formycon has published H1/24 results and held a conference call for analysts. Revenue was in line with our expectations at €26.9m (H1/23: €43.8m) while adjusted EBITDA of €-2.1m (H1/23: €1.1m) matched the number published in the FY/24 guidance upgrade of 6 August. In its 6 August press release Formycon raised FY/24 guidance for adjusted EBITDA (EBITDA + the at-equity result) to €-5m to €5m (previously: €-15m to €-5m) due mainly to a stronger than expected contribution from FYB201 (Lucentis biosimilar) to the result of the at–equity accounted bioeq AG. The company also upgraded its guidance for FY/24 working capital from €10m-€20m to €35m-€45m because of an earlier than expected positive opinion from the EMA's CHMP (Committee for Medicinal Products for Human Use) which indicates that FYB202 (Stelara biosimilar) will be approved in the EU in early rather than late Q4. This means that Formycon will receive a cash milestone in 2024 rather than in 2025. Formycon has also negotiated better payment terms for the clinical development costs of FYB206 (Keytruda biosimilar). FYB201, which was launched in the EU, UK and US in 2022, is only the first of six biosimilars which we expect Formycon to have launched by the end of this decade. Forthcoming biosimilars have higher reference product sales and royalty rates than FYB201. In our view, the most important near-term launch will be the Stelara biosimilar, FYB202, which is expected to receive FDA approval next month. Stelara generated worldwide sales of USD10.9bn in 2023. This compares with USD3.6bn of sales for Lucentis in 2021, before the launch of biosimilars of the drug. Furthermore, Formycon will earn a royalty of 30-40% on FYB202 sales. The current royalty on FYB201 sales is 7-8%. We recommend investors pick up Formycon stock ahead of the lucrative FYB202 launch. We retain our Buy recommendation and price target of €80.

H1/24 revenue down due to reduced success payments/development work
H1/24 revenue and adjusted EBITDA came in at €26.9m (H1/23: €43.8m) and €-2.1m (H1/23: €1.1m) respectively. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024E	2025E	2026E	2027E
Revenue (€ m)	42.5	77.7	62.3	108.6	232.7	212.1
Y-o-y growth	16.1%	82.8%	-19.8%	74.3%	114.3%	-8.8%
EBITDA (€ m)	-15.9	1.5	-23.7	45.0	178.5	149.1
EBITDA margin	-37.3%	2.0%	-38.0%	41.4%	76.7%	70.3%
Net income (€ m)	36.0	75.8	-27.2	34.3	166.8	109.7
EPS (diluted) (€)	2.59	4.72	-1.54	1.92	9.36	6.16
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-55.9	-27.2	-52.7	-69.4	104.2	74.2
Net gearing	-2.8%	-5.4%	-12.8%	-8.1%	-16.6%	-20.3%
Liquid assets (€ m)	9.8	27.0	71.2	48.2	126.0	175.9

RISKS

Product failures, failure to obtain funding, loss of key personnel.

COMPANY PROFILE

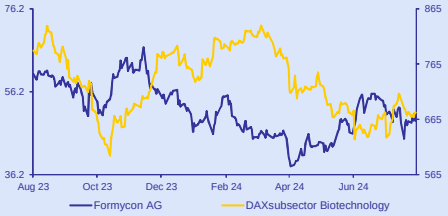
Formycon AG is a Munich, Germany based pharmaceuticals company specialising in the development of biosimilars, i.e. generic versions of biotechnology products.

MARKET DATA

As of 16 Aug 2024	
Closing Price	€ 49.15
Shares outstanding	17.66m
Market Capitalisation	€ 867.84m
52-week Range	€ 38.15 / 66.90
Avg. Volume (12 Months)	9,223

Multiples	2023	2024E	2025E
P/E	10.4	n.a.	25.5
EV/Sales	10.8	13.5	7.7
EV/EBITDA	552.1	n.a.	18.6
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024	
Liquid Assets	€ 40.62m
Current Assets	€ 95.88m
Intangible Assets	€ 569.46m
Total Assets	€ 947.78m
Current Liabilities	€ 45.60m
Shareholders' Equity	€ 576.30m

SHAREHOLDERS

Athos KG	24.3%
Wendeln & Cie. KG	13.6%
Gedeon Richter Plc	9.0%
Active Ownership S.a.r.l.	6.0%
Free Float and other	47.1%

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Figure 1: Bridge between H1/23 and H1/24 revenue/EBITDA numbers (€m)

Revenue bridge	€m	EBITDA bridge	€m	AEBITDA bridge	€m
H1/23 revenue	**43.8**	**H1/23 EBITDA**	**7.3**	**H1/23 AEBITDA**	**1.1**
Δ success payments	-12.3	Δ revenue	-16.9	Δ EBITDA	-24.2
Δ development work FYB201, FYB203	-7.2	Δ cost of sales	1.2	Δ Bioeq AG at-equity result	20.9
Δ income from FYB201	2.6	Δ R&D	-4.5	**H1/24 AEBITDA**	**-2.1**
H1/24 revenue	**26.9**	Δ S,G&A	-3.8		
		Δ other	-0.2		
		H1/24 EBITDA	**-16.9**		

Source: Formycon

Figure 1 above shows the bridge between H1/24 and prior year period revenue and EBITDA/adjusted EBITDA numbers. Since concluding the FYB202 commercialisation agreement with Fresenius Kabi in Q1/23, Formycon has booked €48m in success payments. €11.4m of these were booked in H1/24 (H1/23: €23.7m). Revenues from partners for Formycon's development work on FYB201 and FYB203 (Eylea biosimilar) fell by €7.2m to €11.8m (H1/23: €19.0m) as planned work on these projects nears completion. Meanwhile, royalties on FYB201 (Lucentis biosimilar) jumped to €3.8m (H1/23: €1.1m). Due to lower revenues and higher R&D and administration costs in connection with development work on FYB202 (Stelara biosimilar) and FYB208 and FYB209 (reference products not yet announced), EBITDA came in at €-16.9m (H1/23: €7.3m).

A combination of better than expected revenue from FYB201 and lower costs pushed the at-equity result from bioeq AG to €14.8m (H1/23: €-6.2m). €4.3m of the H1/24 figure was generated in Q1/24 and €10.5m in Q2/24. Q2/24 performance benefitted from successful transfer of the US commercialisation of FYB201 from Coherus to Sandoz, launches in Middle Eastern countries and an associated milestone, as well as lower development costs compared with Q2/23. The increase in FY/24 guidance for bioeq AG to €20m looks modest given H1/24 and particularly Q2/24 performance. We gather that management's FY/24 view on bioeq AG is conditioned by the one-off nature of the Middle Eastern milestone, and caution as to the intensity of price erosion which FYB201 may face in H2/24.

The EMA's CHMP issued a positive opinion on FYB202 on 26 July. The European Commission (EC) has 67 days to make a decision following the publication of the CHMP's opinion. Formycon thus expect EC approval in early October. A decision by the FDA is scheduled for next month.

Figure 2: Competitive landscape for Stelara biosimilars

Company	US launch date no later than	FDA approval status	EC approval status
Amgen	01/01/2025	Yes	Yes
Alvotech	21/02/2025	Yes	Yes
Samsung Bioepis	22/02/2025	Yes	Yes
Celltrion	07/03/2025	BLA submitted June 23	positive CHMP opinion
Formycon	15/04/2025	Expected September 2024	Expected early Q4
Intas Pharma	15/05/2025	BLA accepted 04.01.24	Expected this autumn

Source: companies

Formycon and its competitors on the US ustekinumab (Stelara) market have reached agreement with the drug's developer, Johnson & Johnson, as to the timing of their respective biosimilar launches. In Europe, Alvotech's partner, Stada, and Samsung Bioepis' partner, Sandoz, have recently each launched a ustekinumab biosimilar. However, Amgen has not yet made public its EU launch plans. Formycon has agreed an EU launch date with J&J, but this has not been disclosed. We assume H1/25.

FYB203 approved in the US at end June, EC approval targeted early 2025 Formycon's Eylea biosimilar, FYB203, was approved by the FDA on 28 June. Formycon expects a CHMP opinion in Q4 this year and EC approval in early 2025.

Regeneron legal proceedings against Eylea biosimilar developers ongoing In mid-May 2024 Formycon announced that its marketing partner for FYB203 in the MENA region will be MS Pharma, which is already responsible for marketing FYB201 in MENA. Formycon has still to announce a marketing partner for FYB203 for the US and EU. We believe the absence of an announcement for these markets relates to the legal dispute between Formycon and Regeneron, the developer of the reference product, Eylea. Regeneron's proceedings against Formycon are one of six US actions brought by Regeneron regarding Eylea biosimilars, with the other actions involving Amgen, Biocon, Celltrion, Samsung Bioepis (2 actions). In late November 2023 Regeneron filed a patent infringement lawsuit against Formycon. On 21 June the United States District Court for the Northern District of West Virginia granted Regeneron's motions for preliminary injunctions against Formcyon (unpublished to date), preventing it from launching its Eylea biosimilar in the US. The preliminary injunction order is based on the Court's determination that Formycon infringed Regeneron's US patent 11,084,864 (ophthalmic formulations of a VEGF antagonist). On 25 June Formycon lodged an appeal against the preliminary injunction order. Regeneron has filed similar injunctions against Amgen, Biocon, Celltrion and Samsung Bioepis, who are all seeking to launch Eylea biosimilars on the US market.

FYB202 is a much bigger value driver for Formycon than FYB203 Worldwide sales of Stelara at USD10.9bn exceeded those of Eylea (USD9.2bn) by 18% in 2023 but Formycon stands to generate royalties of 30-40% on Stelara compared with a mid-single to low-double-digit percentage for Eylea. Irrespective of the further developments in the legal proceedings between Regeneron and Formycon, FYB202 looks set to be a far more important value driver for Formycon than FYB203.

Development of second wave projects proceeding briskly Formycon is continuing development work on FYB206, a biosimilar of Keytruda, which with 2023 sales of USD25bn, is the best-selling drug in the world. On 13 June Formycon announced the inclusion of the first patient in a phase 1 trial of FYB206. The trial investigates the pharmacokinetic equivalence of FYB206 with Keytruda as part of a preventive therapy for patients who have had a malignant melanoma (black skin cancer) completely surgically removed. Recruitment of a parallel phase III trial investigating the safety and efficacy of FYB206 compared with Keytruda in patients with non-small cell lung cancer began at the end of July.

Preclinical development work also continues on FYB208 and FYB209, whose reference products have not yet been disclosed. Clones with superior stability, productivity and quality have been identified and lead clones have been transferred to contract development and manufacturing organisations for further process development and scale-up. Meanwhile Formycon is also selecting the reference product for an additional biosimilar candidate, FYB210. The final phase of the selection process is already underway.

We maintain our Buy recommendation at an unchanged price target of €80 Figure 3 overleaf shows changes to our forecasts. The changes we have made since our most recent study of 13 June are a €10m increase in our adjusted EBITDA forecast to reflect the upgrade to guidance for the at-equity contribution from bioeq AG and a €25m increase in our FY/24 cash position estimate. The increase in the cash position estimate reflects the earlier than expected receipt of a cash milestone in connection with the anticipated early Q4 EC approval of FYB202 and the negotiation of better payment terms with respect to the clinical development of FYB206. Given that the increase in our FY/24 adjusted EBITDA forecast equates to only ca. €0.6 per share and that the increase in the cash position is a timing difference of presumably only a few months, we leave our price target unchanged at €80. We maintain our Buy recommendation.

Figure 3: Changes to our forecasts

	2024E			2025E			2026E			2027E		
in € 000s	Old	New	Δ	Old	New	Δ	Old	New	Δ	Old	New	Δ
Revenues	62.30	62.30	0.0%	108.57	108.57	0.0%	232.70	232.70	0.0%	212.12	212.12	0.0%
EBITDA	-23.70	-23.70	-	44.97	44.97	0.0%	178.50	178.50	0.0%	149.12	149.12	0.0%
margin	*-38.0%*	*-38.0%*	-	*41.4%*	*41.4%*	-	*76.7%*	*76.7%*	-	*70.3%*	*70.3%*	-
Adjusted EBITDA	-13.70	-3.70	-	59.97	59.97	0.0%	193.50	193.50	0.0%	164.12	164.12	0.0%
margin	*-22.0%*	*-5.9%*	-	*55.2%*	*55.2%*	-	*83.2%*	*83.2%*	-	*77.4%*	*77.4%*	-

Source: First Berlin Equity Research estimates

Figure 4: Valuation model

Compound	Project[1]	Present Value	Patient Pop	Treatment Cost	Market Size	Market Share	Peak Royalties	PACME Margin[2]	Discount Factor	Patent Life[3]	Time to Market
FYB201	nAMD,DR (ex-US)	€39M	199K	€5,921	€1,178M	20%	€10M	15%	10%	n.a.	-
FYB201	nAMD,DR (US)	€62M	82K	€9,845	€807M	20%	€12M	15%	10%	n.a.	-
FYB202	Pso,CrD (ex-US)	€309M	62K	€34,240	€2,123M	12%	€63M	33%	12%	n.a.	1 year
FYB202	Pso,CrD (US)	€514M	69K	€55,067	€3,800M	12%	€109M	33%	12%	n.a.	1 year
FYB203	nAMD,DR (ex-US)	€23M	425K	€4,486	€1,906M	12%	€6M	9%	12%	n.a.	2 years
FYB203	nAMD,DR (US)	€36M	411K	€7,591	€3,120M	12%	€9M	9%	12%	n.a.	1 year
FYB206	multiple cancer types (ex-US)	€601M	65K	€79,625	€5,176M	12%	€661M	33%	14%	n.a.	7 years
FYB206	multiple cancer types (US)	€1,089M	59K	€138,393	€8,165M	12%	€999M	33%	14%	n.a.	5 years
FYB208	n.a.	€119M									
FYB209	n.a.	€101M									
FYB210	n.a.	€85M									
PACME PV		€2,978M									
Costs PV[4]		€1,740M									
NPV		€1,238M									
Proforma net Cash		€175M									
Fair Value		€1,413M									
Proforma share count		17,657K									
Fair Value Per Share		€80.00									

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, CapEx and Taxes; 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	2022A	2023A	2024E	2025E	2026E	2027E
Revenue	**42.5**	**77.7**	**62.3**	**108.6**	**232.7**	**212.1**
Cost of sales	-30.4	-54.4	-58.2	-43.7	-37.8	-43.6
Gross profit	**12.1**	**23.3**	**4.1**	**64.8**	**194.9**	**168.5**
R&D expenses	-16.9	-9.2	-14.6	-10.8	-9.2	-10.7
Selling expenses	-1.4	-0.8	-2.6	-1.9	-1.6	-1.9
Administrative expenses	-11.4	-13.3	-12.9	-9.5	-8.1	-9.5
Net other op. expenses	0.0	-0.4	0.0	0.0	0.0	0.0
Operating income (EBIT)	**-17.7**	**-0.4**	**-26.0**	**42.6**	**176.0**	**146.5**
Equity participations	76.8	-19.4	20.0	15.0	15.0	15.0
Dividends from Bioeq	0.0	0.0	0.0	0.0	0.0	15.0
Net financial result	-22.5	98.8	-21.2	-23.3	-24.2	-23.7
Pre-tax income (EBT)	**36.6**	**79.1**	**-27.2**	**34.3**	**166.8**	**152.8**
Income taxes	-0.6	-3.3	0.0	0.0	0.0	-43.1
Net income / loss	**36.0**	**75.8**	**-27.2**	**34.3**	**166.8**	**109.7**
Diluted EPS (in €)	**2.59**	**4.72**	**-1.54**	**1.92**	**9.36**	**6.16**
EBITDA	**-15.9**	**1.5**	**-23.7**	**45.0**	**178.5**	**149.1**
Adjusted EBITDA	**-28.8**	**13.3**	**-3.7**	**60.0**	**193.5**	**164.1**
Ratios						
Gross margin on revenue	28.4%	30.0%	6.6%	59.7%	83.8%	79.5%
EBIT margin on revenue	-41.7%	-0.5%	-41.7%	39.2%	75.6%	69.1%
Net margin on revenue	84.7%	97.6%	-43.6%	31.6%	71.7%	51.7%
Tax rate	1.7%	4.1%	0.0%	0.0%	0.0%	28.2%
Expenses as % of revenue						
Cost of sales	71.6%	70.0%	93.4%	40.3%	16.2%	20.5%
R&D expenses	39.8%	11.8%	23.5%	10.0%	4.0%	5.0%
Selling expenses	3.4%	1.1%	4.1%	1.8%	0.7%	0.9%
Administrative expenses	26.9%	17.1%	20.7%	8.8%	3.5%	4.5%
Y-Y Growth						
Revenues	16.1%	82.8%	-19.8%	74.3%	114.3%	-8.8%
Operating income	n.m.	n.m.	n.m.	n.m.	313.5%	-16.8%
Net income/ loss	n.m.	110.6%	n.m.	n.m.	386.2%	-34.2%

BALANCE SHEET

All figures in EURm	2022A	2023A	2024E	2025E	2026E	2027E
Assets						
Current assets, total	**30.5**	**67.1**	**81.1**	**67.9**	**185.1**	**229.5**
Cash and cash equivalents	9.8	27.0	71.2	48.2	126.0	175.9
Other liquid assets	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	0.6	0.5	0.4	0.5	1.5	1.4
Receivables	14.3	11.6	7.5	16.2	48.5	43.9
Contract assets	1.2	16.6	0.8	1.7	5.2	4.7
Other current assets	4.6	11.5	1.2	1.3	3.9	3.5
Non-current assets, total	**823.2**	**823.2**	**882.2**	**928.8**	**1,019.2**	**1,109.5**
Investment participation Bioeq AG	186.4	167.0	187.7	202.7	217.7	232.7
Loan to associate Bioeq AG	92.3	90.9	53.8	0.0	0.0	0.0
Property, plant & equipment	2.6	3.0	3.5	4.1	4.7	5.3
Right of use assets	8.9	9.3	9.7	10.1	10.5	10.8
Goodw ill & other intangibles	533.0	552.9	627.5	712.0	786.4	860.7
Prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	**853.7**	**890.4**	**963.2**	**996.8**	**1,204.3**	**1,339.0**
Shareholders' equity & debt						
Current liabilities, total	**50.7**	**69.3**	**69.8**	**54.8**	**96.4**	**120.8**
Current lease obligations	0.9	1.2	1.2	1.3	1.4	1.4
Accounts payable	11.3	16.3	23.4	21.3	61.7	43.2
Tax liability	0.0	0.0	0.0	0.0	0.0	43.1
Provisions	0.0	0.4	0.0	0.0	0.0	0.0
Shareholder loan	20.8	20.5	0.0	0.0	0.0	0.0
Conditional purchase price payments	14.9	27.2	29.8	31.7	31.5	31.5
Other current liabilities	2.7	3.8	15.4	0.5	1.7	1.6
Long-term liabilities, total	**446.5**	**318.3**	**336.7**	**350.8**	**350.1**	**350.6**
Non-current lease obligations	7.6	7.8	8.2	8.6	9.0	9.5
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder loan	20.0	0.0	0.0	0.0	0.0	0.0
Conditional purchase price payments	299.3	187.7	205.5	219.2	217.7	217.8
Other liabilities	0.0	0.0	0.1	0.2	0.6	0.5
Deferred tax liabilities	119.5	122.8	122.8	122.8	122.8	122.8
Shareholders' equity	**356.6**	**502.8**	**556.8**	**591.1**	**757.9**	**867.6**
Total consolidated equity and debt	**853.7**	**890.4**	**963.2**	**996.8**	**1,204.3**	**1,339.0**

Key figures						
Current ratio (x)	0.60	0.97	1.16	1.24	1.92	1.90
Quick ratio (x)	0.59	0.96	1.16	1.23	1.91	1.89
Financial leverage (%)	-2.8	-5.4	-12.8	-8.1	-16.6	-20.3
Book value per share (€)	23.67	31.35	31.53	33.48	42.92	49.14
Return on equity (ROE)	17.5%	17.6%	-5.1%	6.0%	24.7%	13.5%

CASH FLOW STATEMENT

All figures in EURm	2022A	2023A	2024E	2025E	2026E	2027E
Net profit	**36.0**	**75.8**	**-27.2**	**34.3**	**166.8**	**109.7**
Depreciation and amortisation	1.9	1.9	2.3	2.4	2.5	2.6
Net finance income	-54.3	-79.4	-20.6	-15.0	-15.0	-15.0
Effect of stock options	0.5	1.6	0.0	0.0	0.0	0.0
Net loss (gain) from disposal of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash transactions	0.0	0.0	0.0	0.0	0.0	0.0
Income tax expense	0.6	3.3	0.0	0.0	0.0	43.1
Change in w orking capital	-3.4	-12.8	49.1	-26.8	2.7	-13.2
Change in other financial assets/liabilities	0.2	0.0	21.5	23.5	25.1	24.9
Income taxes paid	-0.3	-0.2	0.0	0.0	0.0	0.0
Operating cash flow	**-18.9**	**-9.8**	**25.1**	**18.4**	**182.1**	**152.2**
CAPEX	-37.1	-17.4	-77.8	-87.8	-77.9	-78.0
Free cash flow	**-55.9**	**-27.2**	**-52.7**	**-69.4**	**104.2**	**74.2**
Repayment of Bioeq loan	0.0	0.0	37.2	53.8	0.0	0.0
Earnout	0.0	0.0	-1.1	-7.8	-26.9	-24.8
Equity financing, net	1.8	68.8	80.8	0.0	0.0	0.0
Shareholder loan	40.0	-23.1	-20.5	0.0	0.0	0.0
Loan	0.0	0.0	0.0	0.0	0.0	0.0
Payment of lease liabilities	-0.9	-1.2	0.5	0.5	0.5	0.5
Interest received/(paid)	-0.1	0.0	0.0	0.0	0.0	0.0
Net cash from financing activities	**40.7**	**44.4**	**96.9**	**46.4**	**-26.4**	**-24.2**
Net cash flows	**-15.2**	**17.2**	**44.2**	**-23.1**	**77.8**	**50.0**
Cash and liquid assets, start of the year	25.0	9.8	27.0	71.2	48.2	126.0
Cash and liquid assets, end of the year	**9.8**	**27.0**	**71.2**	**48.2**	**126.0**	**175.9**
EBITDA/share (in €)	**-1.2**	**0.1**	**-1.4**	**2.5**	**10.1**	**8.4**
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	-26.8%	889.8%	-16.4%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	-28.8%
EBITDA/share	n.m.	n.m.	n.m.	n.m.	296.9%	-16.5%

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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.

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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...37	↓	↓	↓	↓
38	23 September 2021	€50.20	Buy	€78.00
39	14 April 2022	€67.30	Buy	€89.00
40	11 July 2022	€74.20	Buy	€97.00
41	30 August 2022	€76.80	Buy	€103.00
42	7 September 2022	€70.40	Buy	€103.00
43	23 September 2022	€70.40	Buy	€130.00
44	21 August 2023	€60.40	Buy	€105.00
45	13 June 2024	€48.20	Buy	€80.00
46	Today	€49.15	Buy	€80.00

INVESTMENT HORIZON

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

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