

MLP SE

Financial Services - Germany



Buy (old: Buy)

10.11.2023

EUR 11.00 (old: EUR 11.00)

Q3 review: too cheap to ignore resilience

Total sales grew slightly by 4% yoy to € 208m (eNuW: € 215m) thanks to MLP's diversified sales mix (see p. 2).

Growth was recorded in the areas of **Non-Life Insurance** (€ 34m, +16% yoy ; eNuW: € 36m), **Interest Income** (€ 18m, +259% yoy; eNuW: € 17m), **Old-Age Provision** (€ 51m, +3% yoy; eNuW: € 52m) and **Health Insurance** (€ 15m, 14% yoy; eNuW: € 14m) **offset the decline in Real-Estate** (€ 4m; -72% yoy; eNuW: € 7m), where especially **Real-Estate Brokerage** (€ 3.4m, -51% yoy) and **Development** (€ 1m, -88% yoy) came in soft. Accordingly, the **Loans and Mortgages** business also experienced declines with sales of € 3.3m (-29% yoy), even though a sequential improvement was observed (+7% qoq).

On the other hand, the field of **Wealth Management** (€ 78m sales, -1% yoy; eNuW: 79m) remained weak due to burdened capital markets. Consequently, AuM also decreased qoq by € 3.4bn to € 55.9bn due to net capital outflows of € 0.4bn and capital market related negative valuation effects of € 3bn.

EBIT came in better than expected at € 7.8m (3.4% EBIT margin, -0.3pp yoy; eNuW: € 7.4m), especially driven by the improved **interest result of € 12.5m** (eNuW: € 12m), but also burdened by **higher personnel expenses** (+16% yoy) as well as other OPEX (+6% yoy). Despite the significantly increased cost base, EBIT decreased only slightly by 4% yoy.

Nevertheless, we expect the EBIT guidance of € 75-85m to be well in reach (eNuW: € 80m) thanks to the ongoing support from the interest result, but more importantly due to a strong Q4 ("Old-Age Provision quarter"). **Q4 typically generates 25-30% of FY sales**, as well as **35-45% of FY EBIT**, which is mainly driven by sales from Old-Age Provisions while not incurring additional OpEx.

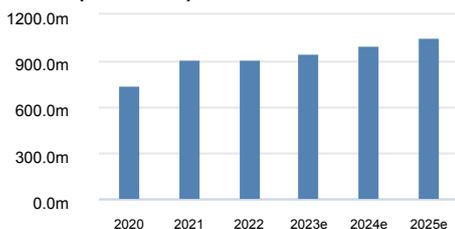
All in all, **MLP continues to deliver in all market environments**. Its diversified business shows superb **resilience against macro-headwinds** and the stock is **too cheap to ignore** at current levels (21.5% FCFY23e, 4.5x EV/EBIT vs. 7.7x average FY'20-22 and a 5.5% dividend yield, based on estimated DPS of € 0.26), in our view.

Hence, we confirm our **BUY recommendation** with unchangend **PT of € 11.00**, based on FCFY24e and SOTP (see p.2).

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	745.5	907.3	913.8	950.3	1,007.4	1,057.7
Sales growth	8.1%	21.7%	0.7%	4.0%	6.0%	5.0%
EBITDA	87.1	124.0	110.6	115.9	128.5	136.1
Net debt (if net cash=0)	-130.0	-104.3	-76.0	-165.8	-205.0	-246.0
FCF	398.8	536.3	-314.7	49.5	167.3	175.6
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.40	0.57	0.47	0.51	0.59	0.63
EBITDA margin	11.7%	13.7%	12.1%	12.2%	12.8%	12.9%
ROCE	9.0%	13.4%	9.9%	9.9%	10.3%	10.4%
EV/sales	0.6	0.8	0.7	0.4	0.3	0.3
EV/EBITDA	5.4	5.8	5.4	3.1	2.5	2.1
PER	13.3	12.6	10.2	9.5	8.2	7.7
Adjusted FCF yield	12.0%	10.4%	11.7%	21.5%	25.9%	31.7%

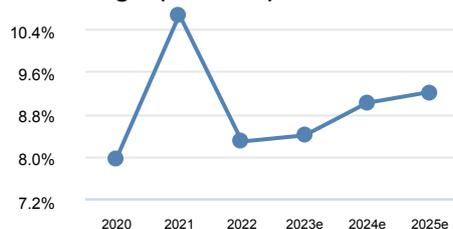
Source: Company data, NuWays, Close price as of 09.11.2023

Sales (2020-25e)



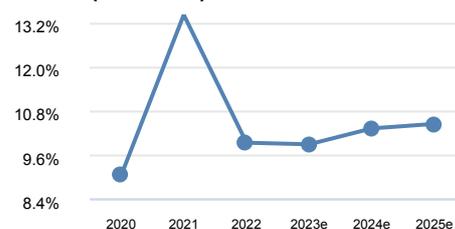
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

ROCE (2020-25e)



Source: NuWays Research

Company description

MLP is a leading financial services provider in Europe with a strong focus on Germany. MLP offers financial services in the fields of old-age provision, wealth management, non-life insurance, banking and real estate. The target group are students, wealthy private and institutional clients.



Market data

Share price (in €)	4.79
Market cap (in € m)	526.4
Number of shares (in m pcs)	109.2
Enterprise value (in € m)	362.6
Ø trading volume (6 months)	29,787

Identifier

Bloomberg	MLP GR
Reuters	MLPG
WKN	656990
ISIN	DE0006569908

Key shareholders

Lautenschläger Family	29.2%
HanseMerkur	10.0%
Barmenia	9.4%
LAIQON	9.2%
Allianz SE	6.2%
Free Float	36.0%

Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

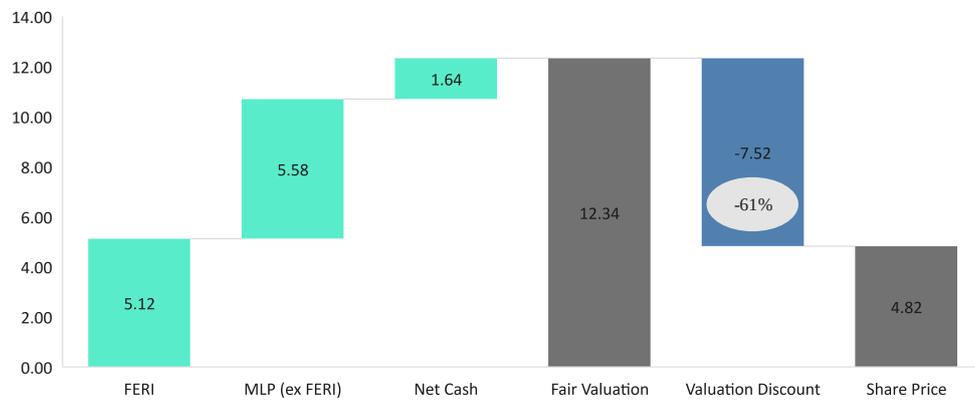
Guidance

- FY 23e EBIT: € 75-85m

MLP SE	Q3 2023	Q3 2023 eNuW	Q3 2022	yoy	9M 2023	9M 2023 eNuW	9M 2022	yoy
Non-Life Insurance	34	36	29	16%	162	164	142	14%
Wealth Management	78	79	79	-1%	228	229	240	-5%
Old-Age Provision	51	52	50	3%	145	145	136	6%
Health Insurance	15	14	13	14%	45	44	42	8%
Real-Estate Brokerage & Development	4	7	16	-72%	25	27	66	-62%
Loans and Mortgages	3	3	5	-29%	10	10	16	-36%
Other Comissions and Fees	1	3	1	-28%	5	6	5	3%
Interest Income	18	17	5	259%	46	44	13	264%
Other Income	4	5	4	-3%	20	20	16	26%
Total Sales	210	215	202	4%	685	690	675	1%
AuM (in € bn)	54.3	57.0	54.4	0%	55.9	57.0	54.4	3%
EBIT	7.8	7.4	8.2	-4%	45.3	44.9	52.2	-13%
<i>EBIT margin</i>	<i>3.7%</i>	<i>3.4%</i>	<i>4.0%</i>	<i>- 0.3 pp</i>	<i>6.6%</i>	<i>6.5%</i>	<i>7.7%</i>	<i>- 1.1 pp</i>
- thereof interest result	12.5	12.0	5.0	151%	34.5	34.0	12.2	182%

Source: Company data, NuWays

SOTP valuation bridge (all numbers per share)



Source: NuWays Research

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	745.5	907.3	913.8	950.3	1,007.4	1,057.7
<i>Sales growth</i>	8.1%	21.7%	0.7%	4.0%	6.0%	5.0%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	745.5	907.3	913.8	950.3	1,007.4	1,057.7
Other operating income	29.1	44.1	35.4	33.2	35.2	35.9
Material expenses	397.0	482.5	477.9	463.7	512.0	542.3
Personnel expenses	148.0	180.5	187.9	208.1	215.5	221.7
Other operating expenses	142.5	164.4	172.7	195.8	186.5	193.5
Total operating expenses	658.5	783.3	803.2	834.5	878.8	921.6
EBITDA	87.1	124.0	110.6	115.9	128.5	136.1
Depreciation	27.7	27.2	35.0	36.1	37.8	38.7
EBITA	59.4	96.8	75.6	79.7	90.7	97.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	59.4	96.8	75.6	79.7	90.7	97.4
Interest income	1.3	0.7	2.8	5.6	5.6	5.6
Interest expenses	4.1	4.9	5.4	10.2	10.4	10.7
Investment income	-0.2	0.6	0.1	0.0	0.0	0.0
Financial result	-3.0	-3.6	-2.5	-4.6	-4.8	-5.1
Recurring pretax income from continuing operations	56.3	93.2	73.1	75.1	85.9	92.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	56.3	93.2	73.1	75.1	85.9	92.3
Income tax expense	13.1	30.4	24.4	22.5	24.9	26.8
Net income from continuing operations	43.2	62.8	48.6	52.6	61.0	65.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	43.2	62.8	48.6	52.6	61.0	65.6
Minority interest	-0.0	0.2	-2.8	-3.0	-3.0	-3.0
Net profit (reported)	43.3	62.6	51.5	55.6	64.0	68.6
Average number of shares	109.3	109.3	109.2	109.2	109.2	109.2
EPS reported	0.40	0.57	0.47	0.51	0.59	0.63

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	8.1%	21.7%	0.7%	4.0%	6.0%	5.0%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	3.9%	4.9%	3.9%	3.5%	3.5%	3.4%
Material expenses	53.3%	53.2%	52.3%	48.8%	50.8%	51.3%
Personnel expenses	19.8%	19.9%	20.6%	21.9%	21.4%	21.0%
Other operating expenses	19.1%	18.1%	18.9%	20.6%	18.5%	18.3%
Total operating expenses	88.3%	86.3%	87.9%	87.8%	87.2%	87.1%
EBITDA	11.7%	13.7%	12.1%	12.2%	12.8%	12.9%
Depreciation	3.7%	3.0%	3.8%	3.8%	3.8%	3.7%
EBITA	8.0%	10.7%	8.3%	8.4%	9.0%	9.2%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	8.0%	10.7%	8.3%	8.4%	9.0%	9.2%
Interest income	0.2%	0.1%	0.3%	0.6%	0.6%	0.5%
Interest expenses	0.6%	0.5%	0.6%	1.1%	1.0%	1.0%
Investment income	-0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	7.6%	10.3%	8.0%	7.9%	8.5%	8.7%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	7.6%	10.3%	8.0%	7.9%	8.5%	8.7%
Tax rate	23.2%	32.6%	33.4%	30.0%	29.0%	29.0%
Net income from continuing operations	5.8%	6.9%	5.3%	5.5%	6.1%	6.2%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	5.8%	6.9%	5.3%	5.5%	6.1%	6.2%
Minority interest	-0.0%	0.0%	-0.3%	-0.3%	-0.3%	-0.3%
Net profit (reported)	5.8%	6.9%	5.6%	5.9%	6.4%	6.5%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	178.9	226.8	234.5	237.5	240.5	243.5
Property, plant and equipment	125.1	128.1	136.6	138.9	142.0	146.4
Financial assets	207.2	206.4	247.1	187.6	189.6	191.6
FIXED ASSETS	511.1	561.2	618.2	564.0	572.1	581.5
Inventories	17.8	34.6	51.9	51.9	51.9	51.9
Accounts receivable	1,632.1	1,439.7	1,902.5	1,952.5	2,002.5	2,052.5
Other assets and short-term financial assets	209.5	268.0	242.4	242.4	257.4	272.4
Liquid assets	859.0	1,377.8	961.2	1,035.6	1,176.8	1,321.7
Deferred taxes	9.7	12.1	8.4	8.4	8.4	8.4
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	2,728.2	3,132.1	3,166.4	3,290.8	3,497.0	3,706.9
TOTAL ASSETS	3,239.3	3,693.4	3,784.6	3,854.8	4,069.1	4,288.4
SHAREHOLDERS EQUITY	453.2	495.2	527.4	627.4	667.0	715.0
MINORITY INTEREST	0.8	1.0	-1.9	-1.9	-1.9	-1.9
Provisions for pensions and similar obligations	27.0	27.0	0.0	2.0	4.0	6.0
Other provisions and accrued liabilities	88.8	110.0	97.6	85.6	88.6	91.6
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	28.7	28.7	37.5	36.6	32.9	34.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	280.9	403.4	371.7	321.7	334.5	347.9
Deferred taxes	9.2	11.3	19.3	11.3	11.3	11.3
Deferred income	0.0	0.0	0.0	0.2	0.2	0.2
CURRENT LIABILITIES	280.9	403.4	371.7	321.7	334.5	347.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3,239.3	3,693.4	3,784.6	3,854.8	4,069.1	4,288.4
Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	5.5%	6.1%	6.2%	6.2%	5.9%	5.7%
Property, plant and equipment	3.9%	3.5%	3.6%	3.6%	3.5%	3.4%
Financial assets	6.4%	5.6%	6.5%	4.9%	4.7%	4.5%
FIXED ASSETS	15.8%	15.2%	16.3%	14.6%	14.1%	13.6%
Inventories	0.6%	0.9%	1.4%	1.3%	1.3%	1.2%
Accounts receivable	50.4%	39.0%	50.3%	50.7%	49.2%	47.9%
Other assets and short-term financial assets	6.5%	7.3%	6.4%	6.3%	6.3%	6.4%
Liquid assets	26.5%	37.3%	25.4%	26.9%	28.9%	30.8%
Deferred taxes	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	84.2%	84.8%	83.7%	85.4%	85.9%	86.4%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	14.0%	13.4%	13.9%	16.3%	16.4%	16.7%
MINORITY INTEREST	0.0%	0.0%	-0.0%	-0.0%	-0.0%	-0.0%
Provisions for pensions and similar obligations	0.8%	0.7%	0.0%	0.1%	0.1%	0.1%
Other provisions and accrued liabilities	2.7%	3.0%	2.6%	2.2%	2.2%	2.1%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.9%	0.8%	1.0%	0.9%	0.8%	0.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	8.7%	10.9%	9.8%	8.3%	8.2%	8.1%
Deferred taxes	0.3%	0.3%	0.5%	0.3%	0.3%	0.3%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	8.7%	10.9%	9.8%	8.3%	8.2%	8.1%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	43.2	62.8	48.6	52.6	61.0	65.6
Depreciation of fixed assets (incl. leases)	27.7	27.2	35.0	36.1	37.8	38.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-12.0	-15.5	0.0	0.0	0.0	0.0
Cash flow from operating activities	392.1	529.4	-307.5	59.8	182.1	192.9
Increase/decrease in inventory	-7.3	-16.8	-17.3	0.0	0.0	0.0
Increase/decrease in accounts receivable	-31.8	192.4	-462.9	-50.0	-50.0	-50.0
Increase/decrease in accounts payable	2.2	0.0	8.8	-0.9	-3.7	1.6
Increase/decrease in other working capital positions	377.1	244.2	117.4	35.0	150.0	150.0
Increase/decrease in working capital	340.2	419.8	-354.0	-15.9	96.3	101.6
Cash flow from operating activities	408.1	546.4	-292.5	74.8	197.1	207.9
CAPEX	9.3	10.1	22.3	25.3	29.8	32.3
Payments for acquisitions	0.0	39.9	13.9	0.0	0.0	0.0
Financial investments	-19.0	4.6	48.3	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.1	56.0	0.0	0.0
Cash flow from investing activities	-28.3	-45.4	-84.4	30.7	-29.8	-32.3
Cash flow before financing	394.9	466.7	-409.7	72.7	138.4	142.0
Increase/decrease in debt position	3.5	54.6	-5.0	3.0	2.8	2.9
Purchase of own shares	0.0	0.0	0.4	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	23.0	25.1	32.8	32.8	28.9	33.5
Others	-12.0	-15.5	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.0	1.0	0.0	0.0	0.0
Cash flow from financing activities	-31.4	14.0	-38.2	-29.8	-26.1	-30.7
Increase/decrease in liquid assets	386.4	505.8	-414.2	75.7	141.2	144.9
Liquid assets at end of period	859.1	1,374.1	959.9	1,035.6	1,176.8	1,321.7

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	8.1%	21.7%	0.7%	4.0%	6.0%	5.0%
EBITDA growth	18.5%	42.5%	-10.8%	4.7%	10.9%	5.9%
EBIT growth	26.0%	63.1%	-21.9%	5.5%	13.8%	7.4%
EPS growth	15.9%	44.8%	-17.7%	8.0%	15.1%	7.2%
Efficiency						
Sales per employee	424.9	507.0	500.6	510.4	530.4	546.0
EBITDA per employee	49.6	69.3	60.6	62.2	67.7	70.3
No. employees (average)	1,754	1,790	1,825	1,862	1,899	1,937
Balance sheet analysis						
Avg. working capital / sales	-32.2%	-51.8%	-50.1%	-66.3%	-50.3%	-51.3%
Inventory turnover (sales/inventory)	41.8	26.2	17.6	18.3	19.4	20.4
Accounts receivable turnover	799.1	579.2	759.9	749.9	725.6	708.3
Accounts payable turnover	14.0	11.5	15.0	14.1	11.9	11.9
Cash flow analysis						
Free cash flow	398.8	536.3	-314.7	49.5	167.3	175.6
Free cash flow/sales	53.5%	59.1%	-34.4%	5.2%	16.6%	16.6%
FCF / net profit	922.2%	853.8%	neg.	94.2%	274.4%	267.8%
Capex / sales	-1.3%	1.6%	7.7%	2.7%	3.0%	3.1%
Solvency						
Net debt	-130.0	-104.3	-76.0	-165.8	-205.0	-246.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	58.2%	52.2%	67.4%	55.0%	55.0%	50.0%
Interest paid / avg. debt	4.0%	4.1%	4.1%	7.4%	7.4%	7.4%
Returns						
ROCE	9.0%	13.4%	9.9%	9.9%	10.3%	10.4%
ROE	9.5%	12.6%	9.8%	8.9%	9.6%	9.6%
Adjusted FCF yield	12.0%	10.4%	11.7%	21.5%	25.9%	31.7%
Dividend yield	4.4%	4.1%	6.2%	5.5%	6.4%	6.2%
DPS	0.2	0.3	0.3	0.3	0.3	0.3
EPS reported	0.40	0.57	0.47	0.51	0.59	0.63
Average number of shares	109.3	109.3	109.2	109.2	109.2	109.2
Valuation ratios						
P/BV	1.3	1.6	1.0	0.8	0.8	0.7
EV/sales	0.6	0.8	0.7	0.4	0.3	0.3
EV/EBITDA	5.4	5.8	5.4	3.1	2.5	2.1
EV/EBIT	7.9	7.4	7.9	4.5	3.6	2.9

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosures
MLP SE	2

Historical target price and rating changes for MLP SE

Company	Date	Analyst	Rating	Target Price	Close
MLP SE	05.12.2022	Wendisch, Henry	Buy	EUR 9.50	EUR 5.30

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the relevant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

ment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 20% within 12 months

Sell: Sustainable downside potential of more than 20% within 12 months.

Hold: Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state. If this communication is distributed in the United Kingdom it is solely directed at (i) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (ii) high net-worth entities as defined in article 49 of the FPO. This document should not be distributed or forwarded, either directly or indirectly, to any other individuals.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

Date of publication creation: 10/11/2023 07:29 AM

Date of publication dissemination: 10/11/2023 07:29 AM

Contacts

NuWays AG

Mittelweg 16-17
20148 Hamburg
Germany

+49 170 119 8648
info@nuways-ag.com
www.nuways-ag.com



Christian Sandherr

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



Frederik Jarchow

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



Philipp Sennewald

Analyst

philipp.sennewald@nuways-ag.com



Henry Wendisch

Analyst

henry.wendisch@nuways-ag.com



Mark-Hendrik Schüssler

Analyst

mark-hendrik.schuessler@nuways-ag.com



Konstantin Völk

Analyst

konstantin.voelk@nuways-ag.com

Find us on Social Media

[Instagram](#)



[Twitter/X](#)



[LinkedIn](#)

