

Pro Kapital Grupp AS

December 13, 2018

Basic Report Update

Analyst

Dr. Roger Becker, CEFA
+49 69 71 91 838-46
roger.becker@bankm.de

Evaluation result

BUY

(previous: BUY)

Fair Value

€2.04

(previous: €1.97)



Find BankM Research on Bloomberg, CapitalIQ, Factset, ResearchPool, Thomson Reuters, vwd and www.BankM.de

9M Result confirms operating Momentum

On November 22nd, Pro Kapital Grupp (PKG) published its Q3 financial figures which support our projections published in our previous basic research report. During the first nine months buoyant construction and development activity lifted total sales by 170% to €21.04 mln compared to €7.8 mln in last year's period. Simultaneously, operating result (EBIT) increased by €5.5 mln into positive territory and reached €4.78 mln. Especially the Estonian and Latvian business segments contributed to this strong improvement. However, a change in fair value of the Kalaranna project led to a positive effect in the amount of €1.9 mln. Without this non-cash revaluation effect, EBIT still showed a strong increase of €3.6 mln. Consequently we still expect EBIT to reach €5.3 mln at the end of FY 2018.

The company's topline growth was mainly driven by strong construction and development activities especially in Estonia where real estate sales nearly quadrupled. Even more impressive was Latvian's real estate market sales contribution that jumped from zero to €5.58 mln during the nine months period. Contrary to this, business activity in Lithuania and Germany showed a more stable development with growth rates of 21.8% and 14.4%, respectively. After PKG exited its Baltic hotel businesses last year, the Estonian and Latvian operations mainly consist of development and sale of premium residential apartments. We expect the company to intensify its construction activity in the coming years and anticipate a significant increase in real estate sales, also in Lithuania.

On November 26th PKG held a presentation at the German Equity Forum for the first time and introduced its business model to national and international institutional investors. Besides aiming at broadening its investor base and enhancing trading activity in its shares on the German stock market, this event was also a good opportunity to emphasize PKG's solidity despite its inherently volatile business model. Especially PKG's largest single-project, the T1 shopping and entertainment center in Tallinn, which opened to public on November 9th, has the potential to change PKG's risk-return profile significantly in the coming years and reward investors for their investments. As mentioned before, this should not only stabilize operating profits in the coming years but also enable the company to pay a dividend on a regular basis.

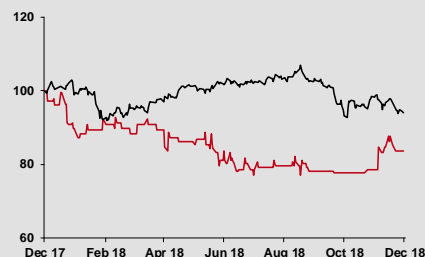
We leave our projections unchanged but adjust our DCF analysis for the basic market input parameters. We calculate a fair value of €2.04 per share and reiterate our "BUY" rating.

Key Financial Figures

Year	Sales (€ m)	EBITDA (€ m)	EBIT (€ m)	EBT (€ m)	Net Profit (€ m)	EPS (€)	DPS (€)	EBIT- Margin	Net- Margin
2015a	18.3	2.1	1.4	-1.2	-2.0	-0.04	0.00	7.8%	-11.0%
2016a	17.6	-0.5	-1.2	-4.5	-4.6	-0.07	0.00	-6.6%	-26.4%
2017a	12.1	2.3	1.8	-1.5	-1.0	-0.01	0.00	14.9%	-7.9%
2018e	29.8	5.7	5.3	0.2	0.2	0.00	0.01	17.7%	0.6%
2019e	46.0	11.2	10.8	5.8	5.2	0.09	0.00	23.6%	11.4%
2020e	53.6	15.7	15.1	10.6	9.6	0.17	0.02	28.2%	17.8%
2021e	57.4	17.2	16.9	9.6	8.7	0.15	0.03	29.5%	15.2%

Source: BankM Research (e)

Sector	Real Estate Development			
WKN	579797			
ISIN	EE310006040			
Bloomberg/Reuters	17E GF			
Accounting standard	IFRS			
Financial year	Dec 31			
FY 2018	April, 2019			
Market segment	Open Market			
Transparency standard	Quotation Board			
Financial ratios	2018e	2019e	2020e	2021e
EV/Sales	6.3	4.1	3.5	3.3
EV/EBITDA	32.8	16.7	11.9	10.9
EV/EBIT	35.5	17.3	12.4	11.0
P/E adj.	492.6	17.9	9.8	10.7
Price/Bookvalue	1.1	1.1	1.0	0.9
Price/FCF	-2.6	23.4	7.3	5.5
ROE (in %)	0.2	6.2	10.5	8.8
Dividend yield (in %)	0.9	0.0	1.1	2.0
Number of shares outs. (in '000)	56,688			
MarketCap / EV (in € m)	93.5 / 187.2			
Free float (in %)	15.94%			
Ø daily trading vol. (3M, in €)	4,423			
12M high / low (in €; close)	1.97 / 1.33			
Price December 11, 2018 (in €; close)	1.65			
Performance	1M	6M	12M	
absolute (in %)	6.5	3.1	-16.3	
relative (in %)	11.6	11.9	-9.8	
Benchmark index	STOXX Europe 600 Real Estate Superindex			



Pro Kapital Grupp AS (red), Performance 1y vs. STOXX Europe 600 Real Estate Superindex Total Return (black)

Source: Bloomberg

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

Note regarding MiFID II: This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG). This document has been prepared due to a service agreement with the respective issuer. BankM – representative office of FinTech Group BankM AG biw AG is the designated sponsor of the company's stock and in this function regularly holds a trading stock or long or short positions in the company's stock. Equity investments generally involve high risks. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Investors may lose some or all of the money invested. Investors make their decisions at their own risk. FinTech Group Bank AG, Frankfurt, is responsible for the preparation of this document.

THIS DOCUMENT MAY NOT BE TAKEN OR TRANSMITTED INTO OR DISTRIBUTED IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY U.S. PERSON.

Tables

Profit and Loss Account

Fiscal Year Dec 31 (IFRS)	2015a	2016a	2017a	2018e	2019e	2020e	2021e	5y - CAGR* 2016 - 2021
in € '000								
Total Sales	18,322	17,610	12,077	29,806	45,956	53,624	57,429	26.7
<i>Growth rate in %</i>	77.3	-3.9	-31.4	146.8	54.2	16.7	7.1	
Real estate sales	10,055	12,902	6,621	22,650	31,226	35,820	38,049	
Hotel revenues	6,489	2,901	3,533	3,657	3,730	3,804	3,880	
Maintenance fees	1,573	1,637	1,748	1,500	0	0	0	
Shopping center & other rental inc.	205	170	175	2,000	11,000	14,000	15,500	
Cost of sales	13,874	12,688	7,516	20,826	28,789	32,079	33,907	21.7
<i>% of sales revenues</i>	76%	72%	62%	70%	63%	60%	59%	
Cost of real estate sold	7,942	8,536	3,303	15,918	21,945	25,174	26,740	
Remaining costs	5,932	4,152	4,213	4,209	3,044	3,105	3,167	
Shopping Center T1 operating costs	0	0	0	700	3,800	3,800	4,000	
Gross Profit	4,448	4,922	4,561	8,980	17,167	21,546	23,522	36.7
Selling and marketing expenses	466	445	822	838	855	872	890	
General and administration expenses	5,250	5,131	5,256	5,361	5,468	5,578	5,689	
Other income	3,353	183	4,114	2,500	0	0	0	
Other expenses	661	697	800	0	0	0	0	
EBIT	1,424	-1,168	1,797	5,280	10,843	15,096	16,943	75.2
Financing Result (Inc.+/Exp.-)	-2,593	-3,314	-3,346	-5,071	-5,071	-4,529	-7,322	
<i>Finance income</i>	13	12	6	0	0	0	0	
<i>Financing expenses</i>	2,606	3,326	3,352	5,071	5,071	4,529	7,322	
EBT	-1,169	-4,482	-1,549	210	5,772	10,567	9,621	n.a.
Taxes on Income (Exp.+/Inc.-)	841	163	-596	20	544	996	907	
Net profit from cont'd operations	-2,010	-4,645	-953	190	5,228	9,571	8,714	
Profit from discont'd operations)	0	620	435	0	0	0	0	
Adjusted net profit before minorities	-2,010	-4,025	-518	190	5,228	9,571	8,714	
- Minorities	-76	-112	-99	4	105	192	175	n.a.
Adjusted net profit after minorities	-1,934	-3,913	-419	186	5,124	9,379	8,540	
<i>For information purposes</i>								
Depreciation and amortization	693	695	455	435	384	581	250	
<i>in % of total sales</i>	3.8	3.9	3.8	1.5	0.8	1.1	0.4	
EBITDA	2,117	-473	2,252	5,716	11,227	15,677	17,194	
No. of shares (Ø '000 outstanding)	54,204	54,272	56,688	56,688	56,688	56,688	56,688	
Net profit / share (EPS)	-0.04	-0.09	-0.02	0.00	0.09	0.17	0.15	
Adj. net profit / share (adj. EPS)	-0.04	-0.07	-0.01	0.00	0.09	0.17	0.15	
Dividend per share (DPS)	0.00	0.00	0.00	0.01	0.00	0.02	0.03	

* If 2016 is negative, then 4y - CAGR

Source: BankM Research (e)

P & L Margins

in %	2015a	2016a	2017a	2018e	2019e	2020e	2021e
Gross Profit Margin	24.3	28.0	37.8	30.1	37.4	40.2	41.0
EBITDA Margin	11.6	-2.7	18.6	19.2	24.4	29.2	29.9
EBIT Margin	7.8	-6.6	14.9	17.7	23.6	28.2	29.5
EBT Margin	-6.4	-25.5	-12.8	0.7	12.6	19.7	16.8
Net Profit Margin	-11.0	-26.4	-7.9	0.6	11.4	17.8	15.2

Source: BankM Research (e)

Pro Kapital Grupp AS

December 13, 2018

Tables - 3/9 -

Cash Flow Statement

Fiscal Year Dec 31 (IFRS)	2015a	2016a	2017a	2018e	2019e	2020e	2021e
in € '000							
Net Profit	-2,010	-4,025	-518	190	5,228	9,571	8,714
+ Depreciation and amortization	693	695	455	435	384	581	250
+ Chg. in long-term provisions	278	-64	-101	0	0	0	0
= Cash Earnings	-1,039	-3,394	-164	625	5,612	10,152	8,965
- Chg. in net working capital	-4,384	384	17,732	-3,394	-18,309	-23,081	-25,737
+ (Incr.) / - (Decr.) Inventory net non-cash transitions from Investment Property	-2,097	1,707	23,880	-11,407	-15,918	-21,945	-25,174
+ (Incr.) / - (Decr.) Trade receivables and pre-payments	-957	2,862	408	2,312	3,901	1,852	919
- (Incr.) / + (Decr.) Trade payables	-1,330	-4,185	-6,556	5,701	-6,293	-2,988	-1,483
+ Net financial Items	2,450	3,499	3,460	5,071	5,071	4,529	7,322
+ Other non-cash items	-2,297	927	9,155	-1,910	0	0	0
= Operating Cash Flow	3,498	648	-5,281	7,180	28,993	37,762	42,024
- Capex in investment property	1,368	9,747	25,207	43,000	25,000	25,000	25,000
+ Proceeds from disposal of LT assets	0	7	13,008	0	0	0	0
= Free Cash Flow	2,130	-9,092	-17,480	-35,820	3,993	12,762	17,024
- Dividends (previous year)	0	0	0	850	37	1,025	1,876
+ Net financial Items	-2,455	-3,359	-3,318	-5,071	-5,071	-4,529	-7,322
+ Change of loan positions	4,469	11,165	21,885	37,334	0	-7,000	-5,000
- Payout to minorities	-153	-276	480	4	105	192	175
+ Increase in share capital (net)	214	0	4,328	0	0	0	0
= Incr. in Cash (+)/Decr. in Cash (-)	4,511	-1,010	4,935	-4,411	-1,220	17	2,651

Source: BankM Research (e)

Balance Sheet

Fiscal Year Dec 31 (IFRS)	2015a	2016a	2017a	2018e	2019e	2020e	2021e
in € '000							
Assets							
Total Non-Current Assets	109,885	118,313	121,929	139,962	128,568	120,280	114,635
Non-current receivables	48	42	37	37	37	37	37
Property, plant and equipment	17,103	18,336	7,435	7,686	7,302	6,720	6,470
Investment property	92,457	99,660	114,140	131,922	120,913	113,206	107,811
Intangible assets	277	275	317	317	317	317	317
Total Current Assets	20,438	24,001	53,229	66,165	88,938	101,568	110,359
Inventories	12,438	14,144	38,024	53,059	73,151	83,912	89,133
Trade receivables	1,608	4,475	4,888	7,200	11,101	12,953	13,872
Cash and cash equivalents	6,392	5,382	10,317	5,906	4,686	4,703	7,354
Balance Sheet Total	130,323	142,314	175,158	206,127	217,506	221,848	224,995
Shareholder's Equity / Liabilities							
Total Equity	83,432	80,204	82,682	82,018	87,104	95,458	102,122
Subscribed capital	10,841	10,854	11,338	11,338	11,338	11,338	11,338
Share premium	1,669	1,816	5,661	5,661	5,661	5,661	5,661
Retained earnings and other reserves	69,287	65,735	64,288	63,624	68,710	77,064	83,728
Minorities	1,635	1,799	1,395	1,395	1,395	1,395	1,395
Long term liabilities	31,741	42,569	68,121	105,623	105,623	98,623	93,623
Provisions	347	365	99	99	99	99	99
Bank loans & corporate bonds	27,054	38,040	62,527	100,029	100,029	93,029	88,029
Non-current payables	837	804	3,437	3,437	3,437	3,437	3,437
Deferred tax	3,503	3,360	2,058	2,058	2,058	2,058	2,058
Short term liabilities	15,150	19,541	24,355	18,486	24,779	27,767	29,249
Trade payables & pre-payments	6,795	10,728	17,315	11,614	17,907	20,895	22,377
Bank loans & corporate bonds	8,004	8,261	6,738	6,570	6,570	6,570	6,570
Tax payables	264	547	132	132	132	132	132
other current liabilities	87	5	170	170	170	170	170
Total Liabilities	46,891	62,110	92,476	124,109	130,402	126,390	122,872
Balance Sheet Total	130,323	142,314	175,158	206,127	217,506	221,848	224,995

Source: BankM Research (e)

Balance Sheet Ratios

in % of Total Assets	2015e	2016e	2017e	2018e	2019e	2020e	2021e
Total Fixed Assets	84.3	83.1	69.6	67.9	59.1	54.2	51.0
Total Current Assets	15.7	16.9	30.4	32.1	40.9	45.8	49.0
Inventories	9.5	9.9	21.7	25.7	33.6	37.8	39.6
Trade receivables	1.2	3.1	2.8	3.5	5.1	5.8	6.2
Total liquid funds	4.9	3.8	5.9	2.9	2.2	2.1	3.3
Shareholders Equity	64.0	56.4	47.2	39.8	40.0	43.0	45.4
Long Term Liabilities	24.4	29.9	38.9	51.2	48.6	44.5	41.6
Short Term Liabilities	11.6	13.7	13.9	9.0	11.4	12.5	13.0
Total Liabilities	36.0	43.6	52.8	60.2	60.0	57.0	54.6

Source: BankM Research (e)

Valuation

DCF Analysis

We apply a 3-phase model to analyze free cash flows:

Phase I	2018 - 2021 (short-term planning horizon)
Phase II	2022 - 2025 (medium-term forecast)
Phase III	Terminal Value

We use the following sources to estimate future cash flows:

- Discussions with Management
- Analyst's visit to PKG's HQ in Tallinn, Estonia
- Annual Report 2017, H1/2018 and 9M/2018 reporting
- Company presentation at the Equity Forum 2018, Frankfurt
- Market Outlook for the Baltics

Discussion on the calculation of weighted capital costs:

The cost of equity is calculated on the basis of the yields for German government bonds with matching maturities. We represent the expected market return with the 5-year performance of the MSCI World. To approximate a beta, we have regressed the weekly returns of the benchmark index "Stoxx Supersector Real Estate Performance" against the MSCI World over the past two-year period. As a result we get a beta of 0.71 with a declared variance of 25%. This sensitive parameter was de-levered with the weighted average capital structure of this index and re-levered with the weighted average capital structure of a hand-selected peer group which consists of European real estate developers.

Calculation of weighted average cost of capital

DCF Analysis

		Phase 1					Phase 2				Terminal
	2017a	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	Value	
in € '000	Basis	1	2	3	4	5	6	7	8		
Growth		146.8%	54.2%	16.7%	7.1%	2.2%	0.9%	0.3%	0.0%	0.0%	
Revenues	12,077	29,806	45,956	53,624	57,429	58,686	59,206	59,359	59,357	59,357	
EBIT	1,797	5,280	10,843	15,096	16,943	17,314	17,466	17,509	17,506	17,510	
- adapted Tax on EBIT (e)	0	498	1,022	1,423	1,597	1,632	1,647	1,651	1,650	1,651	
+ Depreciation and amortization	455	435	384	581	250	250	250	250	250	250	
+ Change in long-term provisions	-101	0	0	0	0	0	0	0	0	0	
- Change in net working capital	17,732	-3,394	-18,309	-23,081	-25,737	-26,926	-27,428	-27,461	-27,262	-12,649	
- Other non-cash items	-10,300	1,910	0	0	0	0	0	0	0	0	
- Capex	12,199	43,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	5,000	
= Free Cash Flow*	-17,480	-36,298	3,515	12,335	16,334	17,859	18,498	18,570	18,368	23,758	
Terminal Value										249,425	
Discount factor	n.a.	0.95	0.88	0.81	0.75	0.69	0.64	0.59	0.54	0.54	
NPV of Free Cash Flows	n.a.	-34,595	3,092	10,014	12,234	12,343	11,796	10,925	9,969		
NPV of Terminal Value										135,369	
Valuation		Proportion of EV									
Result of Future Cash Flows	35,779	21%									
+ Result of Terminal Value	135,369	79%									
= Value of the Entity	171,148	* [2018e - 2021e]: may deviate from Cash Flow Statement in section "Financial Analysis and Discussion" due to adapted tax on EBIT									
+ Cash (as of Dec 31, 2017)	10,317										
- Debt (as of Dec 31, 2017)	69,265										
- Minorities (as of Dec 31, 2017)	1,395										
= Value of Equity	110,805										
Current No. of Shares (in '000)	54,272										
Fair Value per Share (Euro)	2.04										

Source: BankM Research

Key Model Assumptions

	Source	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	TV
Riskfree Return*	Bloomberg	-0.63%	-0.60%	-0.55%	-0.43%	-0.30%	-0.21%	-0.11%	0.00%	0.64%
Expected Market Return MSCI World, 5y; on € basis)	Bloomberg	11.06%	11.06%	11.06%	11.06%	11.06%	11.06%	11.06%	11.06%	11.06%
Market Risk Premium		11.69%	11.66%	11.61%	11.49%	11.36%	11.27%	11.17%	11.06%	10.42%
Sector Beta	Bloomberg	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	1.00
Country Risk Premium (Baltics, mean)	Damodaran	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%	1.19%
Cost of Equity		9.78%	9.78%	9.79%	9.82%	9.85%	9.87%	9.89%	9.91%	12.25%
Target Weight at market value		48%	48%	48%	48%	48%	48%	48%	48%	48%
Cost of Debt		7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%
Target Weight at market value		52%	52%	52%	52%	52%	52%	52%	52%	52%
Tax Shield		9.43%	9.43%	9.43%	9.43%	9.43%	9.43%	9.43%	9.43%	9.43%
WACC		8.34%	8.34%	8.35%	8.36%	8.37%	8.38%	8.39%	8.40%	9.53%

Source: BankM Research

Sensitivity Analysis Terminal Value

		Discount rate of Terminal Value						
		8.00%	8.50%	9.00%	9.53%	10.00%	10.50%	11.00%
Growth in Terminal Value	-2.00%	1.89	1.78	1.68	1.58	1.50	1.42	1.35
	-1.00%	2.17	2.03	1.91	1.79	1.69	1.60	1.51
	0.00%	2.52	2.34	2.19	2.04	1.92	1.81	1.71
	1.00%	2.96	2.74	2.54	2.35	2.20	2.06	1.94
	2.00%	3.56	3.25	2.99	2.75	2.56	2.38	2.22

	EBIT Margin in Terminal Value						
	27.0%	28.0%	29.0%	29.5%	30.0%	31.0%	32.0%
-2.00%	1.47	1.51	1.56	1.58	1.60	1.65	1.70
-1.00%	1.66	1.71	1.76	1.79	1.81	1.87	1.92
0.00%	1.90	1.96	2.01	2.04	2.07	2.13	2.18
1.00%	2.19	2.26	2.32	2.35	2.38	2.45	2.51
2.00%	2.56	2.64	2.71	2.75	2.78	2.86	2.93

Source: BankM Research

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

Pro Kapital Grupp AS

December 13, 2018

Valuation - 7/9 -

Valuation Summary

Our fundamental DCF analysis results in a fair value of €2.04 per share.

Fair Value per share:
€2.04

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

Important information, disclosures and disclaimer

Note regarding MiFID II: This research report has been prepared by order of the issuer based on a contractual agreement and is being compensated for by the issuer. The research report has simultaneously been made publicly available to all interested persons. Hence, the receipt of this research report is to be regarded as a permitted insignificant non-monetary benefit according to § 64 para 7 sentence 2 No. 1 and 2 of the German Securities Trading Act (WpHG).

A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

B. Disclosures according to § 85 WpHG and Regulation (EU) No. 596/2014 (MAR) and the Commission Delegated Regulation (EU) No. 958/2016 and the Commission Delegated Regulation (EU) No. 565/2017:

I. Information about author, company held accountable, regulatory authority:

Responsible for the content of this document: FinTech Group Bank AG (FTG Bank), Frankfurt, Germany.

Authors: Dr. Roger Becker, CEFA. We acknowledge the qualified support of Jonas Müller during his internship.

Regulatory authority for FTG Bank is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analysed instruments is Pro Kapital Grupp AS.

Notice regarding previous publications regarding the issuer within the last 12 months:

Analysts	Date	Evaluation Result	Fair Value
Dr. Roger Becker, CEFA, Enid Omerovic	November 16, 2018	Buy	€1.97

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX, ACMR-IBIS World and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Economist and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no changes in content.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der FinTech Group Bank AG (BankM) uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

HOLD: The calculated fair value of the company's stock lies between –15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

Dezember 13, 2018

4. Date and time of prices of the instruments quoted in this document:

Closing prices of December 11, 2018

5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM to decide on a potential update of this document.

III. Disclosures about potential conflicts of interest:

1. BankM's business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer's stock. BankM has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

BankM (incl. subsidiaries and affiliates), the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:

- do not have a major shareholding (shareholding exceeding 5%) of the share capital of the issuer
- have not, within the past twelve months, participated in leading a consortium for the issue via public offer of the financial instruments that are, or whose issuers are, the subject of this document,
- have not, within the past twelve months, been party to an agreement on the provision of investment banking services with the issuer, that is, or whose financial instruments are, subject of this document and have not received or will not receive a compensation under the terms of this agreement during the same period,
- have no other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this analysis.

2. In the function as a designated sponsor, BankM manages the financial instruments that are, or whose issuers are, the subject of the financial analysis on a market by placing buy or sell orders and will regularly hold a trading stock or long or short positions in the issuer's stock.

3. BankM's internal organisation is aligned with the prevention of conflict of interests in producing and distributing research reports. Possible conflicts of interests will be treated adequately. In particular, physical and non-physical boundaries were installed to keep analysts from gaining access to information that possibly could constitute a conflict of interest for the bank. Insiders' dealings according to § 12 WpHG in conjunction with Art. 14 directive (EU) 596/2014 categorically are prohibited. All staff members of FTG Bank and BankM that have access to inside information categorically have to disclose all dealings in financial instruments to the internal compliance department. The compliance of legal requirements and supervisory regulations is subject to continuous supervision and control of the compliance department of FTG Bank. In this regard, the right to restrict employees' dealings in financial instruments is reserved.

4. The remuneration of the analysts mentioned above is not dependent on any investment banking transactions of BankM or its affiliates. The analysts that compiled this document did not receive or acquire shares in the issuer that is, or whose financial instruments are, the subject of this document at any time. The analysts mentioned above hereby certify that all of the views expressed accurately reflect their personal views about the issuer and that no part of their compensation was, is or will be, directly or indirectly, related to the specific evaluation result or views expressed by the analyst in this document.

5. Updated information according to Commission Delegated Regulation (EU No. 958/2016 Art. 6 sec. 3 is available at: http://www.bankm.de/webdyn/138_cs_Gesetzliche+Angaben.html.

C. Disclaimer:

This document was compiled by BankM solely for informational purposes and for the personal use by persons in Germany that are interested in the company and who purchase or sell transferable securities for their own account or the account of others in the context of their trade, profession or occupation. This document neither constitutes a contract nor any kind of obligation.

This document and its content, in whole or in part, may not be reproduced, distributed, published or passed on to any other person without the prior written consent of BankM.

This publication is for distribution in or from the United Kingdom only with the prior written consent of BankM and only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the order) respectively in the version as amended from time to time and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof.

The distribution of this document in other jurisdictions may be restricted by law, and persons who are in possession of this document have to inform themselves about any such restrictions and observe any such restrictions.

This document is not intended to be an offer, or the solicitation of any offer to buy or sell the securities referred to herein. This document is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Potential investors should seek professional and individual advice before making their investment decisions. Investment decisions must not be based on this document.

The information within this document has been obtained from sources believed by BankM to be reliable, but BankM does not examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Although due care has been taken in compiling this document, it cannot be excluded that the information given is incomplete or the document contains errors. The liability of BankM shall be restricted to gross negligence and wilful misconduct. All opinions expressed in this document are those of BankM respectively the authors and subject to change without notice. Possible errors or incompleteness of this document may be corrected by BankM and do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. Only in case of failure in essential tasks, BankM is liable for simple negligence. In addition BankM does not accept any liability or responsibility for any loss arising from any use of this publication or its contents or otherwise arising in connection herewith. In any case, the liability of BankM is limited to typical, foreseeable damages and the liability for any indirect damages is excluded.

By accepting this document, the reader/user of this document agrees to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user agrees not to distribute this document to unauthorized persons. The user of this document shall indemnify BankM for any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

Should certain specifications of this disclaimer not be legally binding or become legally non-binding, this will have no impact on the legally binding character of this disclaimer and its other legal specifications.

This document is not intended for use by persons resident in any jurisdiction that regulates access to such documents by applicable laws. Investment decisions must not be based on any statement in this document. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In case of uncertainty persons should not access and/or consider the content of this document in any decisions. This document is not intended for use by persons that are classified as US-persons under the United States Securities Act.

© 2018 BankM - Repräsentanz der FinTech Group Bank AG, Mainzer Landstraße 61, D-60329 Frankfurt.

FinTech Group Bank AG, Rotfeder-Ring 7, D-60327 Frankfurt. All rights reserved.