

Schloss Wachenheim AG

Germany / Food & beverages
 Primary exchange: Frankfurt
 Bloomberg: SWA GR
 ISIN: DE0007229007

2019/20 Annual
 Report

RATING
BUY

PRICE TARGET
€ 20.00

Return Potential 27.4%
 Risk Rating Medium

RAISING FORECASTS ON GOOD FINAL QUARTER IN GERMANY

Schloss Wachenheim's (SWA) 2019/20 results showed a 0.3% rise in sales to €338.2m (2018/19: €337.2m; FBe: €334.3m) and a 17.4% decline in EBIT to €19.0m (2018/19: €23.0m; FBe: €17.5m). The results were above our forecast mainly because SWA's German operations were less hard hit by the pandemic in the final quarter of the financial year (ends 30 June) than we had expected. The dividend proposal of €0.40 is below our projection of €0.50 which would have represented a repeat of the 2018/19 payout but we expect a return to the €0.50 level in 2021/22. SWA's 2020/21 guidance for the group as a whole is for stable volume, sales and profits. This guidance assumes that the second wave of the pandemic does not result in restrictions on SWA's major markets of Germany, France and East Central Europe as severe as those imposed during the lockdown between mid-March and mid-May. We think this assumption is reasonable and following the stronger than expected Q4 results have revised up our own forecasts in line with management guidance. We now see fair value for the SWA share at €20.00 (previously: €18.90) and maintain our Buy recommendation.

Stable sales despite 3.0% volume decline SWA reported a 3.0% decline in volume to 214.0m bottles (2018/19: 220.7m bottles) as a sharp decline in France (-13.6%) cancelled our rises in Germany (1.3%) and East Central Europe (2.0%). Group sales were stable despite the volume decline due to positive shifts in the product mix in Germany and East Central Europe (see figure 1 overleaf). Gross profit was flat at €146m but EBIT fell because of organic sales declines in Germany and France, higher operating costs in Germany due to the acquisition of the wine merchant Vino Weinhandels GmbH, and the remaining after effects of higher wine prices following the 2017 harvest.

SWA's sparkling wine volume rose slightly in 2019/20 Volume in Germany climbed 1.3% to 80.1m bottles (2018/19: 79.1m bottles). The rise stemmed from the contribution from Vino Weinhandels GmbH... (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2016/17	2017/18	2018/19	2019/20	2020/21E	2021/22E
Revenue (€m)	296.06	324.53	337.16	338.21	336.87	350.21
Y-o-y growth	1.0%	9.6%	3.9%	0.3%	-0.4%	4.0%
EBIT (€m)	22.18	23.83	22.98	18.97	18.03	22.39
EBIT margin	7.5%	7.3%	6.8%	5.6%	5.4%	6.4%
Net income (€m)	11.50	11.12	10.89	7.62	7.94	10.87
EPS (diluted) (€)	1.45	1.40	1.38	0.96	1.00	1.37
DPS (€)	0.48	0.50	0.50	0.40	0.40	0.50
FCF (€m)	10.40	8.80	9.27	0.23	24.84	20.11
Net gearing	25.3%	23.3%	20.9%	35.9%	25.4%	18.2%
Liquid assets (€m)	5.70	7.76	9.53	6.02	6.74	3.50

RISKS

Risks to our price target include, but are not limited to: intensification of price pressure in Germany; currency volatility on the group's East Central Europe markets.

COMPANY PROFILE

Schloss Wachenheim AG is one of the world's largest producers of sparkling wine. The company is the number three producer in its home market of Germany (36% of 2019/20 group sales) and number one in France with a 40% market share. Some 38% of group sales are generated in East Central Europe through the 61%-owned subsidiary, Ambra.

MARKET DATA

As of 28 Sep 2020

Closing Price	€ 15.70
Shares outstanding	7.92m
Market Capitalisation	€ 124.34m
52-week Range	€ 11.25 / 17.85
Avg. Volume (12 Months)	2,436

Multiples	2019/20	2020/21E	2021/22E
P/E	16.3	15.7	11.4
EV/Sales	0.6	0.6	0.6
EV/EBIT	10.4	11.0	8.8
Div. Yield	2.5%	2.5%	3.2%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2020

Liquid Assets	€ 6.02m
Current Assets	€ 179.51m
Intangible Assets	€ 93.47m
Total Assets	€ 372.77m
Current Liabilities	€ 117.85m
Shareholders' Equity	€ 167.77m

SHAREHOLDERS

Günther Reh AG	70.1%
Free float	29.9%



...following its first-time consolidation on 2 August 2019. The sparkling wine market accounts for almost 60% of SWA's volume in Germany. The German sparkling wine market was broadly stable in 2019/20 but the number of bottles sold by SWA rose slightly as increased volume in the private label segment outweighed a decline in own-brand product.

Figure 1: Full year 2019/20 results versus our forecasts

€m	FY 19/20A	FY 19/20E	Δ	FY 18/19A	Δ
Sales	338.2	334.3	1.2%	337.2	0.3%
by region					
Germany	122.8	115.4	6.4%	113.6	8.1%
France	85.9	87.5	-1.8%	101.4	-15.3%
East Central Europe	135.9	137.7	-1.3%	128.4	5.9%
Eliminations	-6.4	-6.3	n.a.	-6.3	n.a.
EBIT	19.0	17.5	8.2%	23.0	-17.4%
margin (%)	5.6%	5.2%		6.8%	
by region					
Germany	1.8	-0.8	n.a.	3.4	-45.9%
margin (%)	1.5%	-0.7%		3.0%	
France	3.4	4.4	-21.9%	6.7	-48.4%
margin (%)	4.0%	5.0%		6.6%	
East Central Europe	13.7	14.0	-1.5%	13.0	5.7%
margin (%)	10.1%	10.1%		10.1%	
Other/eliminations	0.0	0.0	n.a.	-0.1	n.a.
Net profit	7.6	6.4	18.2%	10.9	-30.1%
EPS (€)	0.96	0.81	18.2%	1.38	-30.1%
DPS (€)	0.40	0.50	-20.0%	0.50	-20.0%

Source: SWA; First Berlin Equity Research estimates

De-alcoholised drinks volume up 11% in 2019/20... SWA's second most important product area in Germany is de-alcoholised drinks. SWA's leading product in this area is Light Live which is available in both sparkling and still variants and is supported with extensive marketing campaigns. SWA's de-alcoholised drinks business has grown briskly in recent years and volume rose 11% in 2019/20.

...but Robby Bubble volume fell 5.4% The children's party drink Robby Bubble retains a dominant position in its category. However, volume fell 5.4% in 2019/20 mainly due to the development in the domestic market.

3% organic sales decline in Germany Sales in Germany rose 8.1% to €122.8m (2018/19: €113.6m) and the gross margin came in at 42.3% (2018/19: 41.8%). VINO Weinhandels GmbH contributed ca. €13m of sales from the point of its first consolidation in August 2019. Overall sales outpaced volume growth and the gross margin widened because of an increase in the average bottle price due to the consolidation of VINO Weinhandels GmbH. However, the rise in gross profit was not enough to compensate for a rise in costs as a consequence of the consolidation of VINO Weinhandels GmbH. Segment EBIT came in at €1.8m (2018/19: €3.4m) equivalent to a margin of 15% (2018/19: 3.0%).

Volume in France down 13.6% due to private label contract expiries and pandemic In France volume declined by 13.6% to 57.4m bottles (2018/19: 66.4m bottles). The first half of the financial year was adversely affected by the SARS-CoV-2 pandemic. During the lockdown in France between mid-March and mid-May the local sparkling wine market temporarily contracted by up to 50%. The lockdown hit the champagne market hardest but SWA's products also suffered.



The reduction in volume was concentrated on the French domestic market. Exports, which account for around 35% of segment volume, nearly reached the prior year level, with a weak second half cancelling out a rise in business in the first six months of the financial year.

Charles Volner remains clear market leader in its category on French sparkling wine market Volume of SWA's most important French own-brand product, Charles Volner, fell by 8.7% after several years of strong growth, but remains the undisputed leader in its category. SWA's two other most important French sparkling wine brands are Opéra and Muscador. Opéra's volume fell 10.6% but the product retained its no. 3 ranking. In volume terms Muscador remains one of the leading sparkling wines in France, but the number of bottles sold declined 3.9% in 2019/20, due both to the pandemic and new French legislation to restrict discounting campaigns by retailers. Exports, which account for around 15% of Muscador volume, were slightly up in 2019/20.

EBIT nearly halved in France as sales fell 15.3% Sales in France fell 15.3% to €85.9m (2018/19: €101.4m). Sales fell further than volume because of changes in the product mix. Segment gross profit was down 14.8% at €35.7m (2018/19: €41.9m) while EBIT came in at €3.4m (2018/19: €6.7m).

Robust development in Poland crimped by the pandemic Volume in East Central Europe climbed 2.0% to 82.5m bottles (2018/19: 80.9m bottles). Volume on the segment's most important market - Poland - nearly reached the 2018/19 level. During the first eight months of the financial year, i.e. from July 2019 to February 2020, volume in Poland climbed 5.7%. The increase was driven mainly by still wine and children's party drinks. But volumes of spirits, sparkling wine, wine-containing cocktails - and for the first time in several years - vermouth, also rose. Meanwhile cider volume fell sharply (by ca. 20%) in line with the general development of this category on the Polish market. The robust development on the Polish market was curtailed from March 2020 by the onset of the SARS-CoV-2 pandemic. Volumes were hit by falling demand from hotels and restaurants as well as the temporary closure of several of the company's own wine outlets. However, due to favourable product mix changes, sales in Poland outpaced volume and rose 5% in local currency.

Local currency sales up in Romania, Czech Republic and Slovakia In Romania, which accounts for around 15% of East Central Europe segment sales, volume and local currency sales rose by 20.1% and 18.9% respectively. Sales were helped by the acquisition of the wine brand Sange de Taur at the beginning of the financial year as well as by high volumes of Robby Bubble. Volumes of other product categories including sparkling wine, brandy, cider and vermouth fell, but Zarea retained its position as the country's number one sparkling wine. In the Czech Republic and Slovakia, which each account for less than 10% of segment sales, local currency sales climbed by 8.6% and by over 20% respectively.

East Central Europe sales growth of 5.9% outpaced volume growth of 2.0% Overall East Central Europe segment sales rose 5.9% to €135.9m (2018/19: €128.4m). On a constant currency basis the increase was 7.5%. Sales rose further than volume because of changes in the product mix. Gross profit came in at €58.1m (2018/19: €56.4m) equivalent to a margin of 42.8% (2018/19: 44.0%). The margin narrowed due to changes in the product mix and the depreciation of the Polish currency against the Euro. EBIT at €13.7m was slightly above the prior year level of €13.0m.

Cashflow impacted by pandemic-related inventory build Cashflow before changes in net working capital at €26.2m was little changed on the 2018/19 figure of €25.8m. However, working capital consumed €13.2m in 2019/20 whereas in 2018/19 it yielded €1.2m. The main cause of the higher working capital requirement in 2019/20 in comparison with the prior year was a €10.8m rise in inventories. The first-time consolidation of Vino Weinhandels GmbH pushed inventories up by ca. €3m while SWA also built inventory in East Central Europe to ensure reliability of supply.



On the liabilities side, reductions in payables, tax liabilities and other current liabilities consumed over €5m in 2019/20. Operating cashflow was €13.0m (2018/19: €27.0m). Investing cashflow at €-12.7m (2018/19: €-17.8m) was below the prior year due both to lower maintenance CAPEX of €11.6m (2018/19: €14.3m) and lower expenditure on acquisitions. In 2019/20 the acquisition of Vino Weinhandels GmbH and of three wine merchants in the Czech Republic cost €1.6m whereas in 2018/19 the acquisition of the outstanding 30% in the wine merchant Rindchen's Weinkontor cost €3.8m. Dividends to Schloss Wachenheim shareholders and minority shareholders in SWA's group companies in East Central Europe consumed €6.9m of cash (2018/19: €6.6m). Cashflow after investing and dividend payments was €-6.7m (2018/19: €2.7m). Net debt including pension liabilities rose during the year by €31.2m to €73.4m, equivalent to net gearing of 35.9% (2018/19: net debt including pension liabilities of €42.2m and net gearing of 20.9%). However, €18.3m of the 2019/20 net debt figure stemmed from the first-time inclusion of lease liabilities in accordance with IFRS 16. Stripping out these lease liabilities 2019/20 net debt was €55.1m. Calculated on this basis, 2019/20 net gearing at 14.8% was not far above the prior year figure of 11.1%.

Buy recommendation maintained; price target raised to €20.00 (previously: €18.90)

Management guidance for 2020/21 is for stable volume and sales. EBIT is expected in the range €18.0m - €20.0m (2019/20: €19.0m) and net profit before minorities in the range €12.5m - €14.5m (2019/20: €13.0m). In Germany management expects volumes of both own-brand and private label product to rise, but in both France and East Central Europe the pandemic is expected to cause a further slight decline in volumes. Profits are expected to rise in France and Germany but fall slightly in East Central Europe. This guidance assumes that the second wave of the pandemic does not result in restrictions as severe as those imposed during the lockdown between mid-March and mid-May. We think this assumption is reasonable and following the stronger than expected Q4 results have moved our own forecasts into line with management guidance. In figure 2 below, we also show detailed forecasts for 2021/22 for the first time. These numbers assume broad recovery of SWA's business from the pandemic. We now see fair value for the SWA share at €20.00 (previously: €18.90). We maintain our Buy recommendation.



Figure 2: Changes to our forecasts

All figures in €m	2020/21E		Δ	2021/22E
	old	new		new
Sales	336.22	336.87	0.2%	350.21
by region:				
Germany	113.07	125.87	11.3%	130.28
France	84.87	84.18	-0.8%	86.71
East Central Europe	144.59	133.20	-7.9%	139.86
Eliminations	-6.31	-6.38		-6.64
EBIT	16.41	18.03	9.9%	22.39
Margin	4.9%	5.4%		6.4%
by region:				
Germany	0.00	1.89	<i>n.a.</i>	3.26
margin (%)	0.0%	1.5%		2.5%
France	3.39	3.79	11.6%	4.77
margin (%)	4.0%	4.5%		5.5%
East Central Europe	13.01	12.39	-4.8%	14.41
margin (%)	9.0%	9.3%		10.3%
Eliminations	0.00	-0.03		-0.04
Net profit before minorities	11.07	12.58	13.7%	16.28
Net profit after minorities	6.19	7.94	28.2%	10.87
EPS €	0.78	1.00	28.5%	1.37

Source: First Berlin Equity Research estimates



DCF MODEL

All figures in EUR 000s	2020/21E	2021/22E	2022/23E	2023/24E	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E	2029/30E	FY 30/31E
Net sales	336,871	350,209	360,668	370,340	377,435	384,788	390,893	397,169	403,621	410,254	417,073
NOPLAT	13,884	17,241	17,552	18,300	18,840	19,400	19,451	19,911	20,385	20,127	20,606
+ depreciation & amortisation	-14,313	-14,880	-15,324	-15,735	-16,037	-16,349	-16,608	-16,875	-17,149	-17,431	-17,721
Net operating cash flow	28,197	32,121	32,876	34,035	34,876	35,749	36,060	36,786	37,534	37,558	38,326
- total investments (CAPEX and WC)	-2,200	-11,195	-21,558	-17,240	-18,467	-19,246	-19,330	-19,269	-18,795	-22,596	-19,489
Capital expenditures	-12,644	-14,651	-18,985	-14,861	-16,722	-17,437	-17,829	-17,726	-17,208	-17,478	-17,754
Working capital	10,443	3,457	-2,572	-2,379	-1,745	-1,809	-1,502	-1,544	-1,587	-5,119	-1,735
Free cash flows (FCF)	25,997	20,926	11,318	16,795	16,409	16,503	16,729	17,517	18,739	14,962	18,837
PV of FCF's	24,555	18,323	9,188	12,639	11,447	10,673	10,030	9,736	9,655	7,147	8,341

All figures in EUR 000s	
PV of FCFs in explicit period (2020/21-2034/35)*	161,891
PV of FCFs in terminal period	103,896
Enterprise value (EV)	265,786
Average net debt (most recent four quarters)	-72,680
Investments / minority interests	-34,667
Shareholder value	158,439

Fair value per share in EUR	20.00
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WACC	7.9%
Cost of equity	9.7%
Pre-tax cost of debt	3.0%
Tax rate	23.0%
After-tax cost of debt	2.3%
Share of equity capital	70.0%
Share of debt capital	30.0%

Price target in EUR	20.00
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*for layout purposes the model shows numbers only to 2030/31 but runs until 2034/35

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
5.9%	31.25	32.45	33.92	35.76	38.16	41.39	45.98	
6.4%	27.36	28.21	29.23	30.49	32.07	34.13	36.90	
6.9%	24.08	24.69	25.42	26.29	27.36	28.71	30.45	
7.4%	21.29	21.73	22.25	22.86	23.59	24.50	25.63	
7.9%	18.89	19.21	19.58	20.00	20.51	21.13	21.88	
8.4%	16.80	17.03	17.29	17.59	17.95	18.36	18.87	
8.9%	14.97	15.13	15.31	15.53	15.77	16.05	16.39	
9.4%	13.35	13.46	13.59	13.73	13.90	14.09	14.32	



INCOME STATEMENT

All figures in €000s	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21E	FY 21/22E
Revenues	293,175	296,062	324,527	337,159	338,212	336,871	350,209
Change in inventories	-3,678	257	3,341	107	240	0	0
Cost of materials	-167,105	-169,778	-190,920	-191,505	-196,653	-191,680	-197,518
Gross Profit	122,392	126,541	136,948	145,761	145,799	145,191	152,691
Other operating income	4,872	4,582	7,994	3,981	5,117	5,097	5,299
Personnel expenses	-43,326	-43,593	-50,249	-53,303	-56,274	-56,594	-56,734
Depreciation	-7,665	-7,844	-9,171	-9,447	-14,401	-14,313	-14,880
Other operating expenses	-55,944	-57,505	-61,694	-64,016	-61,272	-61,349	-63,985
Operating Income (EBIT)	20,329	22,181	23,828	22,976	18,969	18,031	22,391
Associates	78	-6	-1	-27	0	0	0
Net interest income	-964	-1,102	-1,554	-1,291	-1,818	-1,691	-1,254
Pretax profit (EBT)	19,443	21,073	22,273	21,658	17,151	16,340	21,137
Taxes	-5,897	-5,361	-5,900	-5,657	-4,160	-3,758	-4,862
Net profit before minorities	13,546	15,712	16,373	16,001	12,991	12,582	16,276
Minorities	-3,361	-4,211	-5,258	-5,111	-5,376	-4,645	-5,402
Net attributable profit	10,185	11,501	11,115	10,890	7,615	7,937	10,874
EPS (€)	1.29	1.45	1.40	1.38	0.96	1.00	1.37
EBITDA	27,994	30,025	32,999	32,423	33,370	32,344	37,271
Ratios							
Gross margin	41.7%	42.7%	42.2%	43.2%	43.1%	43.1%	43.6%
EBIT margin on revenues	6.9%	7.5%	7.3%	6.8%	5.6%	5.4%	6.4%
EBITDA margin on revenues	9.5%	10.1%	10.2%	9.6%	9.9%	9.6%	10.6%
Net margin on revenues	4.6%	5.3%	5.0%	4.7%	3.8%	3.7%	4.6%
Tax rate	30.3%	25.4%	26.5%	26.1%	24.3%	23.0%	23.0%
Expenses as % of revenues							
Personnel costs	-14.8%	-14.7%	-15.5%	-15.8%	-16.6%	-16.8%	-16.2%
Depreciation	-2.6%	-2.6%	-2.8%	-2.8%	-4.3%	-4.2%	-4.2%
Other operating expenses	-19.1%	-19.4%	-19.0%	-19.0%	-18.1%	-18.2%	-18.3%
Y-Y Growth							
Revenues	1.6%	1.0%	9.6%	3.9%	0.3%	-0.4%	4.0%
Operating income	-1.9%	9.1%	7.4%	-3.6%	-17.4%	-4.9%	24.2%
Net profit before minorities	-2.1%	16.0%	-100.0%	-2.3%	-18.8%	-3.1%	29.4%



BALANCE SHEET

All figures in €000s	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21E	FY 21/22E
Assets							
Current assets, total	150,179	155,088	172,510	175,357	179,512	173,335	169,692
Cash and cash equivalents	3,142	5,700	7,760	9,531	6,015	6,737	3,502
Other receivables and short-term assets	5,973	5,508	7,349	7,861	6,854	7,629	7,931
Trade accounts and notes receivables	54,784	56,362	58,697	53,563	51,427	51,171	53,197
Inventories	86,280	87,518	98,704	104,402	115,216	107,799	105,063
Non-Current Assets, total	151,237	157,123	165,328	170,751	193,261	190,780	190,592
Property, plant and equipment	64,447	72,431	70,292	75,744	92,659	90,955	90,354
Goodwill + intangible assets	78,508	78,557	89,145	88,862	93,469	93,503	93,876
<i>of which:</i>							
Goodwill	5,541	5,711	12,328	12,426	13,328	13,328	13,328
Rights on brands, licenses	72,967	72,846	76,817	76,436	80,141	80,175	80,548
Other financial assets	7,733	5,654	5,403	5,051	3,795	3,795	3,795
Deferred taxes + prepaid expenses	549	481	488	1,094	1,822	1,011	1,051
Long term assets for sale	0	0	0	0	1,516	1,516	1,516
Total Assets	301,416	312,211	337,838	346,108	372,773	364,116	360,284
Shareholders' equity & debt							
Current Liabilities, total	95,236	97,782	104,645	109,987	117,850	108,548	100,654
Current provisions	3,415	3,020	3,846	4,425	5,661	3,386	3,484
Short-term financial debt	27,198	28,221	25,265	28,099	40,319	29,168	18,167
Trade payables	35,248	37,434	41,423	44,185	41,498	40,425	42,025
Prepayments, deferred charges & other liabilities	29,375	29,107	34,111	33,278	30,372	35,569	36,977
Long term liabilities, total	34,159	32,443	41,626	34,197	50,704	39,842	33,926
Long-term financial debt	23,607	20,982	24,470	20,886	36,705	29,858	23,628
Pension accruals and similar liabilities	3,155	2,970	2,750	2,763	2,396	2,540	2,692
Other long-term debt	557	804	4,919	1,063	1,590	1,011	1,051
Deferred taxes	6,840	7,687	9,487	9,485	10,013	6,434	6,555
Shareholders' equity	143,173	152,431	158,571	165,950	167,773	174,635	179,211
Minority interests	28,848	31,250	32,996	35,974	36,446	41,091	46,493
Total shareholders' equity & debt	301,416	313,906	337,838	346,108	372,773	364,116	360,284
Ratios							
Current ratio (x)	1.58	1.59	1.65	1.59	1.52	1.60	1.69
Quick ratio (x)	0.67	0.69	0.71	0.65	0.55	0.60	0.64
Financial leverage (including pension liabilities)	29.5%	25.3%	23.3%	20.9%	35.9%	25.4%	18.2%
Book value per share (€)	18.08	19.25	20.02	20.95	21.18	22.05	22.62
Net debt (including pension liabilities)	50,818	46,473	44,725	42,217	73,405	54,828	40,985
Return on equity (ROE)	6.0%	6.5%	5.9%	5.5%	3.7%	3.8%	4.9%



CASH FLOW STATEMENT

All figures in €000s	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21E	FY 21/22E
Net profit before minorities	13,546	15,712	16,373	16,001	12,991	12,582	16,276
Depreciation and amortisation	7,665	7,844	9,171	9,447	14,401	14,313	14,880
Change in working capital	-5,295	-662	-3,128	1,230	-13,229	10,443	3,457
Other	-310	1,775	-1,659	345	-1,204	144	152
Operating cash flow	15,606	24,669	20,757	27,023	12,959	37,482	34,765
CAPEX	-14,050	-14,838	-15,049	-18,092	-13,183	-12,644	-14,651
Fixed asset sales	904	565	3,095	337	458	0	0
Investing cash flow	-13,146	-14,273	-11,954	-17,755	-12,725	-12,644	-14,651
Free cash flow	2,460	10,396	8,803	9,268	234	24,838	20,113
Change in financial liabilities	2,388	-1,602	-479	-750	2,883	-17,998	-17,231
Dividends to shareholders	-3,168	-3,406	-3,802	-3,960	-3,960	-3,168	-3,168
Dividends to subsidiaries of minorities	-2,753	-2,657	-2,920	-2,601	-2,950	-2,950	-2,950
Other	127	0	209	0	0	0	0
Financing cash flow	-3,406	-7,665	-6,992	-7,311	-4,027	-24,116	-23,349
Change in cash	-946	2,731	1,811	1,957	-3,793	722	-3,235
Consolidation; exchange rate effects	93	-173	249	-186	0	0	0
Liquid funds, start of the year	3,995	3,142	5,700	7,760	9,531	6,015	6,737
Liquid funds, end of the year	3,142	5,700	7,760	9,531	6,015	6,737	3,502
Free cash flow per share (€)	0.31	1.31	1.11	1.17	0.03	3.14	2.54
Y-Y growth							
Operating cash flow	-53.2%	58.1%	-15.9%	30.2%	-52.0%	189.2%	-7.2%
Free cash flow	-91.4%	322.6%	-15.3%	5.3%	-97.5%	10514.7%	-19.0%
Financial cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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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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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	19 July 2007	€10.00	Hold	€10.75
2...43	↓	↓	↓	↓
44	21 May 2019	€17.15	Add	€22.30
45	24 September 2019	€16.55	Add	€22.20
46	19 November 2019	€17.75	Buy	€22.20
47	27 February 2020	€15.55	Buy	€20.30
48	15 May 2020	€12.40	Buy	€18.90
49	Today	€15.70	Buy	€20.00

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