

SFC Energy AG

Germany / Energy
 Primary exchange: Frankfurt
 Bloomberg: F3C GR
 ISIN: DE0007568578

Preliminary
 Q2 2022 figures

RATING
PRICE TARGET
 Return Potential
 Risk Rating

BUY
€ 37.00
 70.1%
 High

23% GROWTH IN H1 – BUY CONFIRMED

SFC Energy's preliminary H1/22 figures showed strong sales growth (+23% y/y) and slightly lower adjusted EBITDA of €3.1m. The company confirmed full-year guidance (sales: €75m – €83m and adjusted EBITDA of €6.0m – €9.1m). Given the high order backlog of €65m at the end of H1/22 and continued high demand for SFC's fuel cell-based energy solutions, we see SFC well on track to reach guidance and our full-year forecasts despite the looming recession. An updated DCF model still yields a €37 price target. We confirm our Buy recommendation.

Strong group sales increase due to buoyant Clean Energy segment In H1, group sales rose 23% y/y to €38.2m (FBe: €37.6m), driven by very strong Clean Energy segment sales (+38% y/y to €26.6m), which benefitted from high demand for methanol and hydrogen fuel cells. The Clean Power Management segment suffered from a persistently challenging procurement environment for electric components resulting in segment sales decreasing 2% y/y to €11.5m (see figure 1 overleaf).

Adjusted H1 EBITDA below prior year figure Adjusted EBITDA (AEBITDA) declined 10% y/y to €3.1m, but was ahead of our forecast of €2.8m. The AEBITDA margin declined from 11.1% to 8.2%. Adjusted EBIT amounted to €0.7m (H1/21: €1.4m). Margins suffered from a tense supply chain situation, and higher transport prices.

Mounting growth momentum While sales growth was subdued in Q1 (5% y/y), it reached 43% y/y in Q2 and was driven by exceptionally strong Q2 Clean Energy segment sales (+55% y/y).

Margin rebound in H2 expected SFC has increased its product prices, built up inventory and shortened supply routes. We thus expect margins to rebound in H2 and stick to our full-year AEBITDA forecast of €7.1m (AEBITDA margin: 8.9%).
 (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	58.54	53.22	64.32	79.84	114.17	165.55
Y-o-y growth	-5.1%	-9.1%	20.9%	24.1%	43.0%	45.0%
EBIT (€m)	-1.29	-4.50	-5.11	1.55	9.59	16.55
EBIT margin	-2.2%	-8.5%	-7.9%	1.9%	8.4%	10.0%
Net income (€m)	-1.93	-5.18	-5.83	0.95	6.99	12.06
EPS (diluted) (€)	-0.17	-0.39	-0.40	0.06	0.40	0.69
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-4.95	-4.87	-2.70	-6.84	-2.26	-8.32
Net gearing	-15.2%	-37.7%	-34.8%	-62.1%	-56.1%	-44.2%
Liquid assets (€m)	21.19	31.75	25.01	76.56	72.98	64.63

RISKS

The main risks are internationalisation, technological innovations, and increasing competition.

COMPANY PROFILE

SFC Energy AG is a leading provider of integrated power solutions for mobile and stationary off-grid applications. The company is a pioneer in developing and commercialising fuel cells which provide reliable, efficient, and clean power for its energy solutions. Main markets are oil & gas, defence & security, industry, and clean energy & mobility. SFC is headquartered near Munich in Germany.

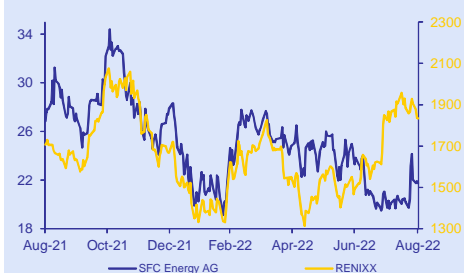
MARKET DATA

As of 31 Aug 2022

Closing Price	€ 21.75
Shares outstanding	17.36m
Market Capitalisation	€ 377.66m
52-week Range	€ 19.13 / 34.39
Avg. Volume (12 Months)	66,972

Multiples	2021	2022E	2023E
P/E	n.a.	397.3	54.0
EV/Sales	5.6	4.5	3.2
EV/EBIT	n.a.	233.9	37.8
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2022

Liquid Assets	€ 19.93m
Current Assets	€ 56.74m
Intangible Assets	€ 18.15m
Total Assets	€ 86.35m
Current Liabilities	€ 22.79m
Shareholders' Equity	€ 49.27m

SHAREHOLDERS

Acatis	5.7%
Hansainvest	3.0%
DWS	2.9%
Conduit Ventures	2.5%
Free Float	85.9%

**Figure 1: Reported preliminary figures**

	H1/22A	H1/22E	Delta	H1/21A	Delta
Group sales	38,16	37,60	1,5%	31,13	22,6%
of which Clean Energy segment	26,65	26,00	2,5%	19,36	37,7%
of which Clean Power Management segment	11,51	11,60	-0,8%	11,78	-2,3%
Adjusted EBITDA	3,11	2,80	11,1%	3,44	-9,6%

Source: First Berlin Equity Research, SFC Energy AG

Strong order entry and high order backlog In H1, order entry was €72.5m (Q1: €44.3m) resulting in an order backlog of €65.2m (H1/21: €17.1m). The order backlog thus almost quadrupled y/y.

Structural growth trend for fuel cells trumps looming recession Despite the recessionary environment, we expect SFC to continue on its growth trajectory and expect a strong H2, as demand for SFC's fuel cell-based energy solutions remains high and supply chain constraints look set to ease in H2.

Buy confirmed at unchanged price target An updated DCF model still yields a €37 price target. We confirm our Buy recommendation.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	79,840	114,171	165,548	240,045	294,382	355,239	421,701	492,317
NOPLAT	1,252	7,173	12,092	19,821	24,688	29,666	34,942	40,397
+ depreciation & amortisation	4,943	5,430	6,084	7,024	8,327	9,890	11,655	13,561
Net operating cash flow	6,195	12,604	18,177	26,845	33,015	39,556	46,597	53,958
- total investments (CAPEX and WC)	-13,038	-14,860	-26,501	-36,136	-31,858	-35,956	-39,697	-42,816
Capital expenditures	-8,383	-8,563	-10,595	-13,443	-15,736	-18,085	-20,395	-22,557
Working capital	-4,655	-6,298	-15,906	-22,694	-16,122	-17,871	-19,302	-20,259
Free cash flows (FCF)	-6,843	-2,257	-8,324	-9,291	1,157	3,600	6,901	11,142
PV of FCF's	-6,673	-2,044	-6,997	-7,252	839	2,422	4,310	6,462

All figures in thousands		
PV of FCFs in explicit period (2022E-2036E)	101,587	
PV of FCFs in terminal period	471,444	
Enterprise value (EV)	573,031	
+ Net cash / - net debt (pro forma)	71,949	Terminal growth rate: 3.0%
+ Investments / minority interests	0	Terminal EBIT margin: 11.0%
Shareholder value	644,980	
Diluted number of shares	17,507	
Fair value per share in EUR	36.84	

WACC		Terminal growth rate							
		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	
Cost of equity	10.5%	6.2%	45.12	48.77	53.40	59.47	67.79	79.90	99.13
Pre-tax cost of debt	5.0%	6.7%	39.43	42.15	45.51	49.79	55.40	63.08	74.27
Tax rate	30.0%	7.2%	34.81	36.88	39.39	42.50	46.45	51.63	58.74
After-tax cost of debt	3.5%	7.7%	31.00	32.61	34.52	36.84	39.71	43.36	48.15
Share of equity capital	60.0%	8.2%	27.82	29.09	30.57	32.34	34.48	37.14	40.51
Share of debt capital	40.0%	8.7%	25.14	26.14	27.31	28.68	30.31	32.30	34.75
Price target in EUR	37.00	9.2%	22.85	23.66	24.58	25.66	26.93	28.44	30.27

* for layout purposes the model shows numbers only to 2029, but runs until 2036



INCOME STATEMENT

All figures in EUR '000	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	61,704	58,538	53,223	64,320	79,840	114,171	165,548
Cost of goods sold	40,623	38,410	35,307	41,682	52,694	75,353	109,262
Gross profit	21,082	20,128	17,915	22,638	27,146	38,818	56,286
S&M	10,792	12,438	12,122	15,051	13,573	16,441	21,687
G&A	5,230	5,994	7,125	10,292	8,623	7,992	10,761
R&D	3,525	3,104	2,843	3,257	3,400	4,795	7,284
Other operating income	320	178	157	904	240	343	497
Other operating expenses	529	57	483	48	240	343	497
Operating income (EBIT)	1,325	-1,288	-4,501	-5,105	1,550	9,590	16,555
Net financial result	-737	-752	-443	-410	-301	-186	-28
Non-operating expenses	0	0	0	0	0	0	0
Pre-tax income (EBT)	588	-2,040	-4,945	-5,515	1,249	9,405	16,527
Income taxes	589	-113	239	315	299	2,417	4,462
Minority interests	0	0	0	0	0	0	0
Net income / loss	-1	-1,927	-5,184	-5,829	951	6,988	12,065
Diluted EPS (in €)	0.00	-0.17	-0.39	-0.40	0.06	0.40	0.69
Adjusted EBITDA (AEBITDA)	3,705	3,631	2,936	6,233	7,141	15,020	22,639
One-off costs / earnings (-/+)	-1,227	-1,589	-3,922	-7,030	-648	0	0
EBITDA	2,478	2,042	-986	-797	6,493	15,020	22,639
Adjusted EBIT (AEBIT)	2,553	-2,877	-579	1,925	2,198	9,590	16,555
Ratios							
Gross margin	34.2%	34.4%	33.7%	35.2%	34.0%	34.0%	34.0%
EBITDA margin on revenues	4.0%	3.5%	-1.9%	-1.2%	8.1%	13.2%	13.7%
Adjusted EBITDA margin on revenues	6.0%	6.2%	5.5%	9.7%	8.9%	13.2%	13.7%
EBIT margin on revenues	2.1%	-2.2%	-8.5%	-7.9%	1.9%	8.4%	10.0%
Adjusted EBIT margin on revenues	4.1%	-4.9%	-1.1%	3.0%	2.8%	8.4%	10.0%
Net margin on revenues	0.0%	-3.3%	-9.7%	-9.1%	1.2%	6.1%	7.3%
Tax rate	100.1%	5.5%	-4.8%	-5.7%	23.9%	25.7%	27.0%
Expenses as % of revenues							
S&M	17.5%	21.2%	22.8%	23.4%	17.0%	14.4%	13.1%
G&A	8.5%	10.2%	13.4%	16.0%	10.8%	7.0%	6.5%
R&D	5.7%	5.3%	5.3%	5.1%	4.3%	4.2%	4.4%
Other operating expenses	0.9%	0.1%	0.9%	0.1%	0.3%	0.3%	0.3%
Y-Y Growth							
Revenues	13.7%	-5.1%	-9.1%	20.9%	24.1%	43.0%	45.0%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	518.7%	72.6%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	635.0%	72.7%



BALANCE SHEET

All figures in EUR '000	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Assets							
Current assets, total	28,289	47,818	58,447	58,724	115,952	122,395	135,523
Cash and cash equivalents	7,805	21,192	31,750	25,008	76,561	72,981	64,630
Short-term investments	0	0	0	0	0	0	0
Receivables	10,158	13,773	13,031	17,851	17,499	25,024	36,285
Inventories	9,753	12,032	12,617	14,185	20,212	22,709	32,928
Other current assets	573	822	1,049	1,680	1,680	1,680	1,680
Non-current assets, total	13,776	25,040	27,882	28,641	32,081	35,214	39,725
Property, plant & equipment	1,596	9,869	9,985	8,887	8,422	9,158	10,017
Goodwill & other intangibles	11,497	13,921	15,999	17,698	21,160	23,557	27,208
Other assets	684	1,250	1,898	2,056	2,499	2,499	2,499
Total assets	42,065	72,859	86,330	87,365	148,033	157,609	175,247
Shareholders' equity & debt							
Current liabilities, total	18,865	20,514	18,780	20,998	23,420	26,008	31,582
Short-term debt	7,154	5,352	4,340	2,735	4,137	3,000	3,000
Accounts payable	7,093	8,090	4,742	7,642	8,662	12,387	17,961
Current provisions	972	1,263	1,583	2,020	2,020	2,020	2,020
Liabilities under finance leases	44	2,278	1,353	1,860	1,860	1,860	1,860
Other current liabilities	3,602	3,531	6,762	6,741	6,741	6,741	6,741
Long-term liabilities, total	4,996	12,085	12,711	16,348	17,212	17,212	17,212
Long-term debt	3,056	3,953	209	0	863	863	863
Liabilities under finance leases	54	5,755	6,548	4,891	4,891	4,891	4,891
Other liabilities	1,886	2,376	5,954	11,458	11,458	11,458	11,458
Minority interests	0	0	0	0	0	0	0
Shareholders' equity	18,204	40,260	54,838	50,018	107,401	114,389	126,454
Share capital	10,250	12,950	14,470	14,470	17,364	17,364	17,364
Capital reserve	79,498	100,417	119,118	119,637	173,175	173,175	173,175
Other reserves	0	0	0	0	0	0	0
Treasury stock	0	0	0	0	0	0	0
Loss carryforward / retained earnings	-70,520	-72,447	-77,631	-83,461	-82,510	-75,523	-63,458
Total consolidated equity and debt	42,065	72,859	86,330	87,365	148,033	157,609	175,247
Ratios							
Current ratio (x)	1.50	2.33	3.11	2.80	4.95	4.71	4.29
Quick ratio (x)	0.98	1.74	2.44	2.12	4.09	3.83	3.25
Net cash	-2,405	6,132	20,653	17,382	66,670	64,227	55,875
Net gearing	13.2%	-15.2%	-37.7%	-34.8%	-62.1%	-56.1%	-44.2%
Book value per share (€)	1.79	3.50	4.14	3.46	6.85	6.59	7.28
Equity ratio	43.3%	55.3%	63.5%	57.3%	72.6%	72.6%	72.2%
Return on equity (ROE)	0.0%	-4.8%	-9.5%	-11.7%	0.9%	6.1%	9.5%
Return on investment (ROI)	0.0%	-2.6%	-6.0%	-6.7%	0.6%	4.4%	6.9%
Return on assets (ROA)	1.8%	-1.6%	-5.5%	-6.2%	0.8%	4.6%	7.0%
Return on capital employed (ROCE)	6.1%	-4.2%	-11.2%	-11.7%	3.1%	16.3%	22.5%
Days of sales outstanding (DSO)	60.1	85.9	89.4	101.3	80.0	80.0	80.0
Days of inventory turnover	87.6	114.3	130.4	124.2	140.0	110.0	110.0
Days in payables (DIP)	63.7	76.9	49.0	66.9	60.0	60.0	60.0



CASH FLOW STATEMENT

All figures in EUR '000	2018A	2019A	2020A	2021A	2022E	2023E	2024E
EBIT	1,325	-1,288	-4,501	-5,105	1,550	9,590	16,555
Depreciation and amortisation	1,153	3,330	3,516	4,308	4,943	5,430	6,084
EBITDA	2,478	2,042	-986	-797	6,493	15,020	22,639
Changes in working capital	-1,417	-5,026	-4,300	-5,086	-4,655	-6,298	-15,906
Other adjustments	945	1,723	4,691	6,961	-299	-2,417	-4,462
Operating cash flow	2,005	-1,261	-595	1,078	1,540	6,306	2,271
Investments in PP&E	-928	-1,110	-943	-1,021	-3,992	-3,768	-3,973
Investments in intangibles	-1,445	-2,582	-3,336	-2,762	-4,391	-4,795	-6,622
Free cash flow	-368	-4,952	-4,874	-2,705	-6,843	-2,257	-8,324
Acquisitions & disposals, net	0	64	0	9	0	0	0
Other investments	0	0	0	-99	0	0	0
Investing cash flow	-2,373	-3,628	-4,279	-3,873	-8,383	-8,563	-10,595
Debt financing, net	-1,786	-5,258	-2,953	-654	2,265	-1,137	0
Equity financing, net	4,220	27,000	19,665	0	56,432	0	0
Dividend paid	0	0	0	0	0	0	0
Other financing	1,045	-3,467	-1,280	-3,392	-301	-186	-28
Financing cash flow	3,479	18,275	15,432	-4,046	58,396	-1,323	-28
Forex & other effects	0	0	0	0	0	0	0
Net cash flows	3,111	13,387	10,558	-6,842	51,553	-3,579	-8,352
Cash, start of the year	4,409	7,520	21,192	31,464	25,008	76,561	72,981
Cash, end of the year	7,520	20,907	31,464	24,622	76,561	72,981	64,630
EBITDA/share (in €)	0.24	0.18	-0.07	-0.06	0.41	0.87	1.30
Y-Y Growth							
Operating cash flow	17.7%	n.m.	n.m.	n.m.	42.8%	309.5%	-64.0%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	160.5%	-27.2%	n.m.	n.m.	n.m.	108.8%	50.7%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.

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

The production of this recommendation was completed on 1 September 2022 at 12:19

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

Copyright© 2022 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of SFC Energy AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the SFC Energy AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of SFC Energy AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the SFC Energy AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	23 June 2014	€4.84	Buy	€7.40
2...49	↓	↓	↓	↓
50	11 May 2021	€20.15	Buy	€44.00
51	25 May 2021	€23.85	Buy	€44.00
52	23 August 2021	€27.45	Buy	€44.00
53	16 November 2021	€33.00	Buy	€44.00
54	15 February 2022	€20.80	Buy	€44.00
55	31 March 2022	€26.80	Buy	€44.00
56	19 May 2022	€25.10	Buy	€41.00
57	2 August 2022	€19.74	Buy	€37.00
58	Today	€21.75	Buy	€37.00

INVESTMENT HORIZON

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

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.