

" Consumer Goods "

# Berentzen-Gruppe AG

WKN: 520160 | ISIN: DE0005201602 | Bloomberg: BEZ GR

## Berentzen with EBIT margin increase in H1/22

**H1/22 with growth and EBIT margins improvement:** The Berentzen Group reached a yoy revenue growth of 16.7%. Excluding the discontinued Pepsi contract bottling agreement, this results in a growth of 8.1% compared to H1/19 (pre-Corona year). All three segments contributed to growth with their core strategic themes.

EUR m	BEZ: H1/19	BEZ: H1/22	BEZ targets 2022e	FMR '22e
Group sales	79.2	79.0	158,0 - 164,0	162.0
Group sales adj.*	73.0	79.0	-	-
Group EBIT	5.0	3.7	6,0 - 8,0	7.1
Group EBIT-margin	6.3%	4.6%	3,7% - 5,1%	4.4%

Source: Berentzen, FMR, \* adjusted for contract bottling agreement

Compared to the previous year, Group EBIT improved by EUR 1.1m to EUR 3.7m (EBIT margin from 3.9% to 4.6%). We assume that economies of scale generally improved and that Berentzen succeeded in passing on some of the increased input prices to end customers. Berentzen is on track to further approach the pre-Corona EBIT level. Cashflow from Operating activities was on a par with the previous year at EUR -8.6m.

**Financial targets '22e confirmed:** Following the increase in financial targets in mid-July, the confirmation now is in line with our expectations.

**FMR: Price target increased to EUR 8.40 per share (+1.2%):** We have slightly increased our forecasts, which should be seen more as a fine-tuning, after we had already raised our price target following the preliminary results publication. We see our positive assessment of the business strategy confirmed.

**Berentzen succeeded in achieving a significant margin improvement in H1/22, supported also by the gradual reduction of the Corona restrictions. Likewise, the four strategic core themes of the liqueur offensive, premium spirits, Mio Mio and core market focus in Fresh Juice Systems are unfolding their growth potential. Despite some existing risks (e.g. risk of recession, renewed Corona restrictions), the share still has considerable upside potential and we confirm our "BUY" recommendation.**

FY End: 31.12.; in EURm	CAGR (21-24e)	2019	2020	2021	2022e	2023e	2024e
Revenues	6.3%	167.4	154.6	146.1	162.0	168.5	175.5
Adj. EBITDA	2.2%	18.4	14.1	15.4	15.3	15.8	16.4
Adj. EBITDA margin		11.0%	9.1%	10.5%	9.4%	9.4%	9.4%
Adj. EBIT	8.4%	9.8	5.2	6.7	7.1	7.8	8.5
Adj. EBIT margin		5.9%	3.4%	4.6%	4.4%	4.6%	4.9%
Net income	10.7%	4.9	1.2	3.7	4.0	4.5	5.0
EPS, EUR	10.7%	0.52	0.13	0.39	0.41	0.47	0.53
Dividend per share, EUR		0.28	0.13	0.22	0.24	0.28	0.30
EV/Sales		0.3	0.3	0.3	0.3	0.3	0.2
EV/Adj. EBITDA		3.1	3.4	3.2	3.5	3.0	2.6
P/E		12.4	44.5	15.8	15.5	13.7	11.9
Net debt/Adj. EBITDA		0.2	0.5	0.6	0.5	0.8	1.0

Source: Berentzen, FMR

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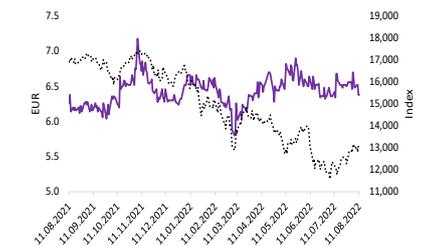
**BUY**

Before: BUY

Price target **EUR 8.40 (8.30)**  
Share price **EUR 6.38 (+31.7%)**

\*last closing price XETRA

Change	2022e	2023e	2024e
Revenue	0.5	0.5	-0.5
Adj. EBIT	0.5	0.3	0.2
EPS, EUR	0.03	0.03	0.01



Source: XETRA, FMR

### Basic share data

Number of shares (million)	9.60
Free float (in %)	76.0%
Market cap (EURm)	59.9
Trading volume 30 days (Ø)	3,175
High (EUR, 52 weeks)	7.18
Low (EUR, 52 weeks)	5.80

### Shareholder structure

Monolith (NL)	5.2%
MainFirst (LU)	8.5%
Lazard Frères Gestion (FR)	5.1%
Treasury shares	2.1%
Free float and others	79.1%

### Corporate calendar

9M/22 report	25.10.2022
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" Update "

## Valuation update

Having already raised our price target to EUR 8.30 per share in mid-July following the publication of initial preliminary H1/22 figures, we have now made a further moderate increase, which should be regarded more as a "fine-tuning".

We have moderately raised our sales and EBIT estimates. Thanks to increased discount factors, the recognition of pension provisions, which we also take into account in our DCF model, was reduced. Working capital adjustments had the opposite effect. We continue to expect Berentzen to report a net liquidity position at the end of the year.

### Berentzen: DCF-valuation leads to slightly higher fair value of EUR 8.40 per share

EUR m	PHASE 1					PHASE 2					PHASE 3
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	162.0	168.5	175.5	182.0	189.0	195.7	202.0	207.9	213.4	218.3	
Y-o-Y growth	10.9%	4.0%	4.2%	3.7%	3.8%	3.5%	3.2%	2.9%	2.6%	2.3%	
EBIT	7.1	7.8	8.5	10.1	11.1	11.2	11.5	11.8	11.9	11.9	
EBIT-margin	4.4%	4.6%	4.9%	5.5%	5.9%	5.7%	5.7%	5.7%	5.6%	5.4%	
Income tax on EBIT	-2.1	-2.3	-2.6	-3.0	-3.3	-3.4	-3.5	-3.5	-3.6	-3.6	
Depreciation/Amortisation	8.2	8.0	7.9	7.8	7.9	8.5	8.6	8.8	9.1	8.7	
Change other non-cash items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in net working capital	-5.9	2.1	2.1	-0.9	-1.3	-0.5	-0.1	-0.2	-0.3	-0.6	
Net capital expenditure	-6.8	-7.2	-7.6	-8.0	-8.2	-8.5	-8.8	-9.0	-9.3	-8.7	
<b>Free cash flow</b>	<b>0.5</b>	<b>8.4</b>	<b>8.3</b>	<b>6.0</b>	<b>6.2</b>	<b>7.4</b>	<b>7.8</b>	<b>7.9</b>	<b>7.9</b>	<b>7.8</b>	
<b>Present values</b>	<b>0.5</b>	<b>7.2</b>	<b>6.5</b>	<b>4.2</b>	<b>3.9</b>	<b>4.1</b>	<b>3.9</b>	<b>3.6</b>	<b>3.2</b>	<b>2.9</b>	<b>31.8</b>
Present value Phase 1	22.2										
Present value Phase 2	17.8										
Present value Phase 3	31.8										
<b>Total present value</b>	<b>71.8</b>										
+ Non-operating assets/Other	-7.2										
- Net financial debt	14.1										
<b>Fair value of equity</b>	<b>78.7</b>										
- Number of shares (m)	9.394										
<b>Fair value per share (in EUR)</b>	<b>8.38</b>										

Risk free rate	2.0%	Target equity ratio	75.0%
Equity risk premium	6.0%	Beta factor	1.5
Debt risk premium	3.0%	WACC	9.7%
EBIT-margin (PHASE 3)	5.0%	Terminal growth rate	2.0%

		WACC				
		8.7%	9.2%	9.7%	10.2%	10.7%
<b>Terminal growth rate</b>	<b>3.0%</b>	10.13	9.46	8.89	8.39	7.96
	<b>2.5%</b>	9.73	9.13	8.62	8.17	7.77
	<b>2.0%</b>	9.39	8.85	<b>8.38</b>	7.97	7.60
	<b>1.5%</b>	9.09	8.60	8.17	7.79	7.45
	<b>1.0%</b>	8.83	8.39	7.99	7.63	7.31

Source: FMR

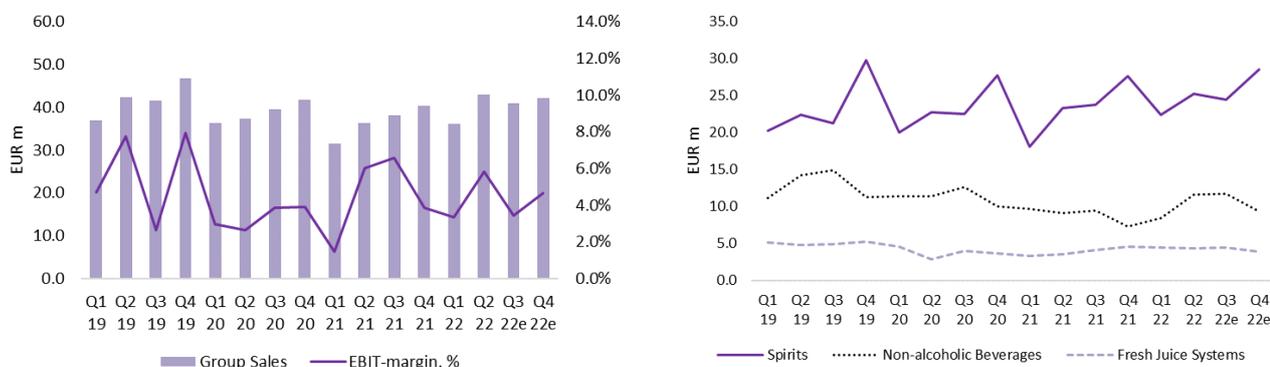
Our new price target has been raised to a rounded EUR 8.40 per share. Based on the current price, we believe that the share continues to have considerable upside potential and confirm our "BUY" recommendation.

## H1/22: Further highlights

**Sales development:** Year-on-year, Group sales increased by 16.7% to EUR 79.0m. Excluding the Pepsi contract bottling agreement, this resulted in growth of 8.1% compared to the pre-Corona H1/19. The increasing momentum is also reflected in the quarterly performance: From EUR 36m in Q1/22, EUR 43m were achieved in Q2/22. All segments contributed to the growth. Fresh Juice Systems improved by 28.0% in the half-year, followed by Spirits, which grew by 15.3%. Of particular note was the Berentzen brand, which grew by 33%, and the group of branded spirits

outside Germany, which grew by 51.4%. Non-alcoholic beverages also grew by 6.7% compared to H1/21. We assume that Berentzen succeeded in passing on part of the increased input prices to end customers.

**Berentzen: Growth momentum increased in H1/22**



Source: Berentzen, FMR

**Earnings performance:** The Group's EBIT margin reached 4.6% compared to 3.9% in the prior-year half-year. The pre-Corona level, EUR 5.0m were generated in H1/19, has thus not yet been reached again. EPS was EUR 0.19 compared to EUR 0.16 in the prior-year period. To reach our full-year EBIT estimate of EUR 7.1m, EUR 3.4m still need to be generated in H2/22, which has already been achieved in previous years. Like many other companies, Berentzen must continue to accept high material prices as well as potentially further increases in personnel costs.

**Financial status:** The equity ratio remains solid and stood at 38.6% as of June 30. Berentzen was able to report net liquidity at the half-year point and the dynamic gearing ratio (as defined by the company) was -0.18 compared to -0.27 as of 06/30/2021.

**Impairment test:** An unscheduled impairment test in the Non-alcoholic Beverages segment due to the increased interest rate level did not result in any value adjustments.

**Berentzen Group AG - Income Statement**

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
<b>Revenues</b>	<b>167.4</b>	<b>154.6</b>	<b>146.1</b>	<b>162.0</b>	<b>168.5</b>	<b>175.5</b>
YoY growth	3.2%	-7.6%	-5.5%	10.9%	4.0%	4.2%
Increase/Decrease in inventories of finished goods and work in progress as % of revenues	0.0	0.1	0.3	0.3	0.2	0.2
	0.0%	0.0%	0.2%	0.2%	0.1%	0.1%
<b>Total Operating Output</b>	<b>167.4</b>	<b>154.6</b>	<b>146.4</b>	<b>162.3</b>	<b>168.7</b>	<b>175.7</b>
YoY growth	2.3%	-7.6%	-5.3%	10.9%	3.9%	4.2%
Cost of Materials as % of revenues	-92.7	-87.5	-78.0	-88.6	-91.7	-95.3
	55.4%	56.6%	53.4%	54.7%	54.4%	54.3%
<b>Gross Profit</b>	<b>74.7</b>	<b>67.1</b>	<b>68.4</b>	<b>73.7</b>	<b>77.0</b>	<b>80.4</b>
as % of revenues	44.6%	43.4%	46.8%	45.5%	45.7%	45.8%
Personnel expenses as % of revenues	-25.6	-25.0	-26.8	-29.9	-31.2	-32.5
	15.3%	16.2%	18.3%	18.4%	18.5%	18.5%
Other operating expenses as % of revenues	-35.9	-31.2	-30.1	-32.0	-33.4	-34.8
	21.4%	20.2%	20.6%	19.7%	19.8%	19.8%
Other operating income as % of revenues	4.1	3.1	3.8	3.4	3.4	3.3
	2.4%	2.0%	2.6%	2.1%	2.0%	1.9%
<b>EBITDA reported</b>	<b>17.3</b>	<b>14.0</b>	<b>15.4</b>	<b>15.3</b>	<b>15.8</b>	<b>16.4</b>
as % of revenues	10.3%	9.1%	10.5%	9.4%	9.4%	9.4%
Depreciation of property, plant and equipment, and amortisation of intangible assets as % of revenues	-8.5	-10.3	-8.6	-8.2	-8.0	-7.9
	5.1%	6.7%	5.9%	5.1%	4.7%	4.5%
<b>EBIT reported</b>	<b>8.7</b>	<b>3.7</b>	<b>6.7</b>	<b>7.1</b>	<b>7.8</b>	<b>8.5</b>
as % of revenues	5.2%	2.4%	4.6%	4.4%	4.6%	4.9%
Financial result (net)	-1.6	-1.5	-1.4	-1.4	-1.4	-1.4
<b>EBT (Earnings before taxes)</b>	<b>7.2</b>	<b>2.3</b>	<b>5.3</b>	<b>5.6</b>	<b>6.4</b>	<b>7.2</b>
as % of revenues	4.3%	1.5%	3.6%	3.5%	3.8%	4.1%
Income taxes as % of EBT	-2.3	-1.0	-1.6	-1.7	-1.9	-2.2
	31.7%	45.1%	30.2%	30.0%	30.0%	30.0%
<b>Net income</b>	<b>4.9</b>	<b>1.2</b>	<b>3.7</b>	<b>4.0</b>	<b>4.5</b>	<b>5.0</b>
as % of revenues	2.9%	0.8%	2.5%	2.4%	2.7%	2.9%
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income attributable to shareholders</b>	<b>4.9</b>	<b>1.2</b>	<b>3.7</b>	<b>4.0</b>	<b>4.5</b>	<b>5.0</b>
as % of revenues	2.9%	0.8%	2.5%	2.4%	2.7%	2.9%
Shares outstanding (in m), weighted	9.39	9.39	9.39	9.39	9.39	9.39
<b>Basic earnings per share (EUR)</b>	<b>0.52</b>	<b>0.13</b>	<b>0.39</b>	<b>0.41</b>	<b>0.47</b>	<b>0.53</b>

Source: Berentzen; FMR

## Berentzen-Gruppe AG - Balance Sheet

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
<b>Assets</b>						
<b>Non-current assets</b>	<b>59.7</b>	<b>56.1</b>	<b>56.9</b>	<b>55.6</b>	<b>54.9</b>	<b>54.7</b>
as % of total assets	39.4%	38.6%	40.0%	39.6%	38.8%	37.8%
Intangible assets	5.5	4.7	3.7	3.2	2.8	2.5
Goodwill	6.1	6.1	6.1	6.1	6.1	6.1
Property, plant and equipment	45.4	42.2	43.5	42.7	42.3	42.3
Non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate held as financial investment	0.7	0.0	0.0	0.0	0.0	0.0
Leasing and rental assets	1.3	2.1	2.2	2.2	2.3	2.3
Other non-current assets	0.8	1.0	1.3	1.3	1.4	1.4
Deferred tax assets, long-term	0.0	0.1	0.2	0.2	0.2	0.2
Other non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current assets</b>	<b>91.9</b>	<b>88.4</b>	<b>85.2</b>	<b>84.9</b>	<b>86.6</b>	<b>89.8</b>
as % of total assets	60.6%	60.9%	60.0%	60.4%	61.2%	62.2%
Inventories	40.6	39.4	39.0	44.9	41.3	39.2
Trade accounts receivable	14.8	11.8	7.5	7.7	8.0	8.1
Current prepayments made	0.0	0.0	0.0	0.0	0.0	0.0
Other current non-financial assets	13.7	10.1	9.9	10.7	10.9	11.1
Deferred tax assets, short-term	0.1	0.8	0.5	0.5	0.5	0.6
Current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	22.7	26.3	28.3	21.2	25.9	30.8
Assets held for sale	0.0	0.7	0.0	0.0	0.0	0.0
as % of total assets	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
<b>Total assets</b>	<b>151.6</b>	<b>145.2</b>	<b>142.1</b>	<b>140.5</b>	<b>141.5</b>	<b>144.5</b>
<b>Shareholders' equity and liabilities</b>						
<b>Shareholders' equity</b>	<b>49.2</b>	<b>47.2</b>	<b>48.8</b>	<b>50.7</b>	<b>52.9</b>	<b>55.3</b>
as % of total equity and liabilities	32.4%	32.5%	34.4%	36.1%	37.4%	38.3%
Subscribed capital	24.4	24.4	24.4	24.4	24.4	24.4
Capital reserves	6.8	6.8	6.8	6.8	6.8	6.8
Retained earnings	18.0	19.6	22.0	22.0	22.0	22.0
Treasury stocks	0.0	0.0	0.0	0.0	0.0	0.0
Other equity items	0.0	-3.6	-4.4	-2.5	-0.3	2.1
Minority interest on equity	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current provisions/liabilities</b>	<b>19.5</b>	<b>18.7</b>	<b>10.8</b>	<b>10.1</b>	<b>9.9</b>	<b>10.1</b>
as % of total equity and liabilities	12.9%	12.9%	7.6%	7.2%	7.0%	7.0%
Non-current pension provisions	9.3	8.6	8.0	7.2	7.0	7.1
Other non-current provisions	0.6	0.3	0.6	0.6	0.6	0.6
Non-current financial liabilities	7.9	8.6	1.3	1.4	1.3	1.3
Non-current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Non-current deferred tax liabilities	1.8	1.2	0.9	1.0	1.0	1.0
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities and provisions</b>	<b>82.9</b>	<b>79.3</b>	<b>82.5</b>	<b>79.6</b>	<b>78.6</b>	<b>79.1</b>
as % of total equity and liabilities	54.7%	54.6%	58.0%	56.7%	55.6%	54.7%
Current provisions	0.3	0.1	0.1	0.1	0.1	0.1
Current financial liabilities	2.3	1.7	9.5	5.7	5.6	5.8
Trade accounts payable	10.2	9.7	11.2	11.3	11.0	11.1
Current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	1.5	0.3	0.2	0.2	0.2	0.2
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	68.6	67.6	61.5	62.4	61.6	62.0
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0
as % of total equity and liabilities						
<b>Total equity and liabilities</b>	<b>151.6</b>	<b>145.2</b>	<b>142.1</b>	<b>140.5</b>	<b>141.5</b>	<b>144.5</b>

Source: Berentzen; FMR

**Berentzen-Gruppe AG - Cash Flow Statement**

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
<b>Net profit incl. Minorities</b>	<b>4.9</b>	<b>1.2</b>	<b>3.7</b>	<b>4.0</b>	<b>4.5</b>	<b>5.0</b>
Depreciation/impairments	8.6	10.3	8.6	8.2	8.0	7.9
Change in pension and similar provisions	-0.6	-1.1	-0.2	-0.8	-0.2	0.1
Other non-cash expenses/income	-0.9	-0.8	-1.1	0.3	0.5	0.5
Change in Working Capital	5.5	6.5	0.5	-6.2	1.6	1.5
Cash effects from divestment of fixed assets						
Cash effect from interests	0.2	0.2	0.1	0.0	0.0	0.0
Cash effect from other participation result	0.0	0.0	0.0	0.0	0.0	0.0
Cash tax adjustments	-1.2	-2.7	0.0	0.1	0.0	0.0
Cash effects from extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cashflow from Operations</b>	<b>16.6</b>	<b>13.6</b>	<b>11.6</b>	<b>5.6</b>	<b>14.4</b>	<b>15.1</b>
Investments in Fixed assets	-7.2	-5.5	-8.5	-6.8	-7.2	-7.6
Payments received: Disposal of non-current assets	0.3	0.1	1.3	0.0	0.0	0.0
Change in consolidation: Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Interest and other financial income	0.0	0.0	0.0	0.0	0.0	0.0
Cash changes from extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Other changes from investing activities	0.0	0.1	0.0	-0.1	-0.1	-0.1
<b>Cashflow from investing activities</b>	<b>-6.9</b>	<b>-5.4</b>	<b>-7.2</b>	<b>-6.9</b>	<b>-7.3</b>	<b>-7.7</b>
Cash changes in financial debt	0.3	0.0	0.0	-3.7	-0.1	0.1
Changes in shareholders equity	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-2.6	-2.6	-1.2	-2.1	-2.3	-2.6
Cash changes from own shares	0.0	0.0	0.0	0.0	0.0	0.0
Interest and other financial expenses	0.0	0.0	-0.2	0.0	0.0	0.0
Other changes from financing activities	-0.8	-1.3	-1.2	0.0	0.0	0.0
<b>Cashflow from financing activities</b>	<b>-3.2</b>	<b>-3.9</b>	<b>-2.6</b>	<b>-5.8</b>	<b>-2.3</b>	<b>-2.5</b>
<b>Total change in cash and cash equivalents</b>	<b>6.5</b>	<b>4.3</b>	<b>1.7</b>	<b>-7.1</b>	<b>4.8</b>	<b>4.9</b>
Effect of exchange rate changes on cash	-0.1	0.0	0.0	0.0	0.0	0.0
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents: Beginning of period</b>	<b>15.5</b>	<b>22.0</b>	<b>26.3</b>	<b>28.3</b>	<b>21.2</b>	<b>25.9</b>
<b>Cash and cash equivalents: End of period</b>	<b>22.0</b>	<b>26.3</b>	<b>28.0</b>	<b>21.2</b>	<b>25.9</b>	<b>30.8</b>
<b>Overdraft facilities with banks</b>	<b>0.7</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash and cash equivalents</b>	<b>22.7</b>	<b>26.3</b>	<b>28.3</b>	<b>21.2</b>	<b>25.9</b>	<b>30.8</b>

Source: Berentzen; FMR

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a) First publication: 12.08.2022

b) Time conditions of expected updates: quarterly

c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.

e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.

f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

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**Company** **Disclosure(s)**

Berentzen-Gruppe AG

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(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

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**Company** **Disclosure(s)**

**Berentzen Group AG**

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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date, EUR	Price target, EUR
05.05.2021	BUY	6.02	8.00
12.08.2021	BUY	6.44	8.00
08.10.2021	BUY	6.40	8.00
07.02.2022	BUY	6.60	8.00
29.03.2022	BUY	6.36	8.00
13.04.2022	BUY	6.42	8.00
13.07.2022	BUY	6.34	8.30
12.08.2022	BUY	6.38	8.40

**4. Creation and distribution**

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FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuer

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**BUY:** In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

**HOLD:** In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

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