

# Berentzen-Gruppe AG

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## Preliminary figures show better than expected EBIT for FY2019

**Revenues slightly lower than FMR-estimates:** Today Berentzen published its preliminary financial figures for fiscal year 2019. The company succeeded in growing its revenues by 3.2% to EUR 167.4m whereby each segment contributed to Berentzen's top-line growth. Preliminary revenues came in slightly below FMR-estimates (EUR 169.0m). However, H2/2019 represents the strongest second half-year recorded between 2016 and 2019, underlining current momentum of business operations. Only in 2016, second half of fiscal year showed roughly an equal revenue contribution (EUR 88.0m; contribution margin: 51.8%) compared to H2/2019 (EUR 88.2m; contribution margin: 52.7%) in absolute terms. Furthermore, revenues in H2/2019 showed also the highest growth (+5.3%) within the reference period.

**EBIT slightly higher than FMR-estimates:** Whereas revenues developed slightly slower than anticipated, the company gained a better than expected EBIT (EUR 9.8m) and thus outpaced FMR-estimates (EUR 9.6m) by EUR 0.2m. Based on the preliminary figures the company generated an EBIT-margin of 5.8% in 2019, which was slightly below the respective figure for the previous year due to lower revenues of EUR 162.2m (EBIT 2018: EUR 9.8m; EBIT-margin: 6.0%). The Q4/19 EBIT reached EUR 3.7m (Q4/2018: EUR 3.8m). The EBIT-contribution of 2H/19 in absolute terms was EUR 4.8m, a decrease of -7.7% compared to H2/18 (EUR 5.2m). The sequentially declining H2/2019 EBIT was compensated by a sequentially rising H1/2019 EBIT which resulted in a stable full year EBIT. This opposite development in EBIT contributions (H1/H2) is a trend prevalent since fiscal year 2016.

**FMR-estimates 2020e onwards unchanged:** We have adjusted our estimates for 2019 accordingly but leave our projections for 2020e onwards unchanged.

**We confirm our BUY recommendation with an unchanged price target of EUR 10.00 per share.**

FY End: 31.12.; in EURm	CAGR (18-21e)	2016	2017	2018	2019e	2020e	2021e
Revenues	3.8%	170.0	160.4	162.2	167.4	175.4	181.5
Adj. EBITDA	1.6%	17.5	16.4	17.3	17.1	17.5	18.2
margin		10.3%	10.2%	10.7%	10.2%	10.0%	10.0%
Adj. EBIT	0.5%	10.5	9.2	9.8	9.8	9.8	10.0
margin		6.2%	5.8%	6.0%	5.8%	5.6%	5.5%
Net result	4.4%	4.3	2.6	5.2	5.8	5.8	5.9
EPS	4.4%	0.46	0.27	0.55	0.61	0.61	0.63
Dividend per share		0.25	0.22	0.28	0.31	0.31	0.31
EV/Sales		-0.03	0.00	0.01	0.49	0.45	0.43
EV/EBITDA		-0.30	0.00	0.12	4.77	4.50	4.24
P/E		0.02	0.03	0.01	12.68	12.63	12.41
Net debt/EBITDA		-0.31	-0.01	0.11	0.49	0.32	0.23

Source: Berentzen, FMR

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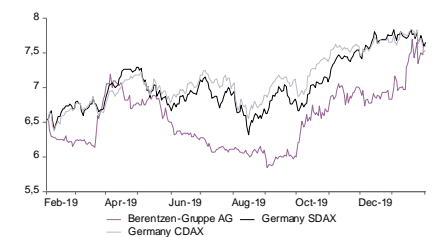
**BUY**

Before: BUY

Price target EUR 10.00 (10.00)  
Share price EUR 7.60 (+32%)

\*last XETRA closing price

Change	2019e	2020e	2021e
Revenues	-1.6	-	-
Adj. EBIT	+0.2	-	-
EPS	-	-	-



Source: Factset

### Basic share data

Number of shares (million)	9.39
Free float and others (in %)	76.50%
Market cap (EURm)	72.96
Trading volume (Ø)	1,944
High (EUR, 52 weeks)	7.8
Low (EUR, 52 weeks)	5.7

### Shareholder structure

Monolith (NL)	9.93%
MainFirst (LU)	8.49%
Lazard Gestion (FR)	5.07%
Treasury shares	2.15%
Free float and others	74.35%

### Corporate calendar

Annual report FY 2019	26.03.2020
Interim Report Q1/2020	06.05.2020

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### In cooperation with



## Appendix

### Berentzen Group AG - Income Statement

in EURm	IFRS	2016	2017	2018	2019e	2020e	2021e
<b>Revenues</b>		<b>170.0</b>	<b>160.4</b>	<b>162.2</b>	<b>167.4</b>	<b>175.4</b>	<b>181.5</b>
YoY growth		7.2%	-5.7%	1.1%	3.2%	4.8%	3.5%
Increase or decrease in inventory of finished goods and work in progress		2.7	2.1	1.4	0.8	0.9	0.9
as % of revenues		1.6%	1.3%	0.9%	0.5%	0.5%	0.5%
<b>Total operating income</b>		<b>172.7</b>	<b>162.4</b>	<b>163.6</b>	<b>168.2</b>	<b>176.2</b>	<b>182.4</b>
YoY growth		7.9%	-5.6%	0.7%	2.7%	4.6%	3.4%
Cost of materials		-91.7	-93.1	-91.9	-94.3	-98.3	-101.3
as % of revenues		-53.9%	-58.0%	-56.7%	-56.3%	-56.1%	-55.8%
<b>Gross profit</b>		<b>81.1</b>	<b>69.3</b>	<b>71.7</b>	<b>73.9</b>	<b>77.9</b>	<b>81.1</b>
as % of revenues		47.7%	43.2%	44.2%	44.2%	44.4%	44.7%
Other operating income		4.4	4.7	4.7	4.6	4.6	4.6
as % of revenues		2.6%	2.9%	2.9%	2.8%	2.6%	2.5%
Personnel expenses		-23.9	-24.0	-24.6	-25.2	-26.5	-27.6
as % of revenues		-14.1%	-15.0%	-15.2%	-15.1%	-15.1%	-15.2%
Other operating expenses		-44.0	-33.6	-35.3	-36.2	-38.5	-40.0
as % of revenues		-25.9%	-21.0%	-21.8%	-21.6%	-22.0%	-22.0%
Exceptional effects		0.1	0.4	0.8	0.0	0.0	0.0
<b>Adj. EBITDA</b>		<b>17.5</b>	<b>16.4</b>	<b>17.3</b>	<b>17.1</b>	<b>17.5</b>	<b>18.2</b>
as % of revenues		10.3%	10.2%	10.7%	10.2%	10.0%	10.0%
Depreciation of property, plant and equipment, and amortisation of intangible assets		-7.0	-7.2	-7.5	-7.3	-7.6	-8.2
as % of revenues		-4.1%	-4.5%	-4.6%	-4.3%	-4.4%	-4.5%
<b>Adj. EBIT</b>		<b>10.5</b>	<b>9.2</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>	<b>10.0</b>
as % of revenues		6.2%	5.8%	6.0%	5.8%	5.6%	5.5%
Exceptional effects		-0.1	-0.4	-0.8	0.0	0.0	0.0
Financial result		-4.1	-3.6	-1.6	-1.6	-1.6	-1.6
<b>EBT (Earnings before income taxes)</b>		<b>6.3</b>	<b>5.2</b>	<b>7.4</b>	<b>8.2</b>	<b>8.3</b>	<b>8.4</b>
as % of revenues		3.7%	3.3%	4.6%	4.9%	4.7%	4.6%
Income taxes		-2.0	-2.7	-2.3	-2.5	-2.5	-2.5
as % of EBT		31.9%	51.1%	-30.5%	-30.0%	-30.0%	-30.0%
<b>Net income</b>		<b>4.3</b>	<b>2.6</b>	<b>5.2</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>
as % of revenues		2.5%	1.6%	3.2%	3.4%	3.3%	3.2%
Other comprehensive income		-0.8	-0.9	-0.3	0.0	0.0	0.0
<b>Consolidated comprehensive income</b>		<b>3.5</b>	<b>1.7</b>	<b>4.9</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>
as % of revenues		2.1%	1.1%	3.0%	3.4%	3.3%	3.2%
Shares outstanding (in m)		9.4	9.4	9.4	9.4	9.4	9.4
<b>Basic earnings per share (EUR)</b>		<b>0.46</b>	<b>0.27</b>	<b>0.55</b>	<b>0.61</b>	<b>0.61</b>	<b>0.63</b>
<b>Dividends per share (EUR)</b>		<b>0.25</b>	<b>0.22</b>	<b>0.28</b>	<b>0.31</b>	<b>0.31</b>	<b>0.31</b>
<b>Payout ratio in %</b>		<b>54%</b>	<b>81%</b>	<b>51%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>

Source: Berentzen-Gruppe AG; FMR

**Berentzen-Gruppe AG - Balance Sheet**

in EURm	IFRS	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>							
<b>Non-current assets</b>		<b>60.3</b>	<b>60.3</b>	<b>59.4</b>	<b>61.7</b>	<b>61.9</b>	<b>62.0</b>
as % of total assets		31.9%	42.1%	41.0%	43.0%	41.4%	40.4%
Intangible assets		13.4	12.7	12.1	11.7	11.5	11.3
Property, plant and equipment		45.3	46.2	45.8	46.9	47.4	47.7
Investment property		0.8	0.8	0.7	0.7	0.7	0.7
Deferred tax assets		0.2	0.0	0.0	0.0	0.0	0.0
Other financial assets		0.7	0.7	0.8	2.3	2.3	2.3
<b>Current assets</b>		<b>128.9</b>	<b>83.1</b>	<b>85.5</b>	<b>81.9</b>	<b>87.7</b>	<b>91.5</b>
as % of total assets		68.1%	57.9%	59.0%	57.0%	58.6%	59.6%
Inventories		35.6	37.0	39.9	41.3	43.1	44.4
Trade receivables		14.9	13.8	16.4	17.4	19.2	20.9
Income tax assets		0.2	0.6	0.3	0.6	0.6	0.6
Cash and cash equivalents		67.7	19.4	15.8	9.1	11.3	12.2
Other current financial and non-financial assets		10.5	12.3	13.1	13.5	13.5	13.5
<b>Total assets</b>		<b>189.2</b>	<b>143.4</b>	<b>145.0</b>	<b>143.7</b>	<b>149.6</b>	<b>153.4</b>
<b>Shareholders' equity and liabilities</b>							
<b>Shareholders' equity</b>		<b>45.2</b>	<b>44.6</b>	<b>47.4</b>	<b>50.5</b>	<b>53.4</b>	<b>56.4</b>
as % of total equity and liabilities		23.9%	31.1%	32.7%	35.2%	35.7%	36.8%
Subscribed capital		24.4	24.4	24.4	24.4	24.4	24.4
Additional paid-in capital		6.8	6.8	6.8	6.8	6.8	6.8
Retained earning		14.0	13.3	16.2	19.3	22.2	25.2
<b>Non-current provisions and liabilities</b>		<b>13.6</b>	<b>20.0</b>	<b>19.0</b>	<b>18.5</b>	<b>17.9</b>	<b>17.3</b>
as % of total equity and liabilities		7.2%	13.9%	13.1%	12.9%	11.9%	11.3%
Non-current provisions		11.7	11.0	9.9	9.3	8.7	8.1
Non-current financial liabilities		0.0	7.1	7.1	7.1	7.1	7.1
Deferred income tax liabilities		1.9	1.9	2.0	2.0	2.0	2.0
<b>Current liabilities and provisions</b>		<b>130.3</b>	<b>78.9</b>	<b>78.5</b>	<b>74.6</b>	<b>78.3</b>	<b>79.7</b>
as % of total equity and liabilities		68.9%	55.0%	54.2%	52.0%	52.3%	52.0%
Alcohol tax liabilities		44.4	43.3	42.3	39.9	42.8	43.8
Current provisions		0.1	0.1	0.7	0.2	0.2	0.2
Income tax liabilities		1.0	2.1	2.8	1.6	1.6	1.6
Current financial liabilities		51.1	1.7	1.1	1.1	1.1	1.1
Trade payables and other liabilities		33.8	31.7	31.6	31.8	32.6	33.0
<b>Total equity and liabilities</b>		<b>189.2</b>	<b>143.4</b>	<b>145.0</b>	<b>143.7</b>	<b>149.6</b>	<b>153.4</b>

Source: Berentzen-Gruppe AG; FMR

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

in EURm	IFRS	2016	2017	2018	2019e	2020e	2021e
<b>Consolidated profit</b>		<b>4.4</b>	<b>2.6</b>	<b>5.2</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>
Income tax expenses		2.0	2.7	2.3	2.5	2.5	2.5
Interest income		-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Interest expenses		4.1	3.6	1.6	1.6	1.6	1.6
Amortisation and depreciation of assets		6.8	7.2	7.5	7.3	7.6	8.2
Impairments / write-ups of assets		0.1	0.4	0.0	0.0	0.0	0.0
Other non-cash effects		-1.0	-0.9	-0.5	-1.4	0.0	0.0
Increase/decrease in provisions		-0.2	-0.7	-0.4	-1.1	-0.6	-0.6
Gains/losses on disposals of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in receivables assigned under factoring agreements		-5.8	3.0	-1.0	-1.0	-1.8	-1.7
Decrease/increase in other assets		0.7	-5.0	-5.5	-3.3	-1.7	-1.3
Increase/decrease in alcohol tax liabilities		0.1	-1.1	-1.0	-2.4	2.9	1.0
Increase/decrease in other liabilities		6.3	-2.3	0.0	0.2	0.8	0.4
<b>Cash and cash equivalents generated from operating activities</b>		<b>17.7</b>	<b>9.4</b>	<b>8.1</b>	<b>8.1</b>	<b>17.0</b>	<b>16.0</b>
Income taxes paid		-1.4	-1.9	-1.2	-2.5	-2.5	-2.5
Interest received		0.1	0.0	0.1	0.1	0.1	0.1
Interest paid		-4.0	-3.5	-1.4	-1.6	-1.6	-1.6
<b>Cash flow from operating activities</b>		<b>12.3</b>	<b>4.1</b>	<b>5.6</b>	<b>4.0</b>	<b>12.9</b>	<b>12.0</b>
Proceeds from disposals of intangible assets		0.1	0.0	0.1	0.0	0.0	0.0
Payments for investments in intangible assets		-0.4	-0.6	-0.8	-0.9	-1.1	-1.3
Proceeds from disposals of property, plant and equipment		0.1	0.3	0.2	0.0	0.0	0.0
Payments for investments in property, plant and equipment		-6.0	-7.6	-6.0	-7.0	-6.8	-7.0
Proceeds from disposals of financial assets		0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from government grants		0.0	0.0	0.0	0.0	0.0	0.0
Payments for additions to the consolidated group		0.0	0.0	0.0	-0.2	0.0	0.0
<b>Cash flow from investing activities</b>		<b>-6.2</b>	<b>-7.8</b>	<b>-6.5</b>	<b>-8.1</b>	<b>-7.9</b>	<b>-8.3</b>
Cash inflows from the utilization of loan agreements		0.0	7.5	0.0	0.0	0.0	0.0
Repayment of Bonds		0.0	-0.2	0.0	0.0	0.0	0.0
Payments related to the issuance of bonds		0.0	-50.0	0.0	0.0	0.0	0.0
Dividend payments		-1.9	-2.3	-2.1	-2.6	-2.9	-2.9
Payments for the purchase of treasury shares		-0.3	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>		<b>-2.2</b>	<b>-45.0</b>	<b>-2.1</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-2.9</b>
<b>Total change in cash and cash equivalents</b>		<b>3.9</b>	<b>-48.7</b>	<b>-3.0</b>	<b>-6.7</b>	<b>2.2</b>	<b>0.8</b>
Cash and cash equivalents at the start of the period		63.1	67.1	18.4	15.8	9.1	11.3
<b>Cash and cash equivalents at year's end</b>		<b>67.1</b>	<b>18.4</b>	<b>15.5</b>	<b>9.1</b>	<b>11.3</b>	<b>12.2</b>
Overdraft facilities with banks		0.6	1.0	0.3	0.0	0.0	0.0
<b>Cash and cash equivalents</b>		<b>67.7</b>	<b>19.4</b>	<b>15.8</b>	<b>9.1</b>	<b>11.3</b>	<b>12.2</b>

Source: Berentzen-Gruppe AG; FMR

**Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority**

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- a) First publication: 04.02.2020,
- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 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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  - (ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;
  - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements;
  - (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;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

**Company Disclosure(s)**

Berentzen-Gruppe AG

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b) FMR Frankfurt Main Research AG has concluded a cooperation agreement with Oddo Seydler Bank AG, on the basis of which this financial analysis is compiled. Oddo Seydler Bank AG is acting as the agent of the issuer, which is either the subject of the financial analysis itself or its financial instruments are the subject of the financial analysis.

Neither Oddo Seydler Bank AG nor an affiliated company, nor any person who contributed to the compilation

(i.) has an involvement in the share capital of the issuer of at least 5 per cent;

(ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;

(iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(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;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

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**Company Disclosure(s)**

Berentzen Group AG

iii, vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
22.08.2019	BUY	6.08 EUR	10.00 EUR
25.10.2019	BUY	6.56 EUR	10.00 EUR
04.02.2020	BUY	7.60 EUR	10.00 EUR

**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

Enid Omerovic, Senior Analyst

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

**5. Investment recommendation details**

Investment recommendation details - stocks:

**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.

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

## 6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

## 7. Key sources of information

We have acquired the information upon which this document is based from sources that we consider in principle to be reliable. However, we have not verified all this information. Therefore, we cannot guarantee or ensure the accuracy, completeness or correctness of the information or opinions contained in this document. National and international media and information services (e.g. Factset, Bloomberg etc.), the financial press (e.g. BörsenZeitung, FAZ, Handelsblatt, Wallstreet Journal, etc.), specialist press, published statistics, the internet, as well as publications, details and information of the issuer that is the subject of the analysis.

## 8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

## 9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest

Employees of FMR Frankfurt Main Research AG who are involved with the compilation and/or presentation of financial analyses are subject to the internal compliance regulations. The internal compliance regulations correspond to the provisions of the directive for the substantiation of the organisational obligations of investment service companies pursuant to Section 80 Securities Trading Act and EU/ESMA legislation on the basis of the Market Abuse Regulation.

The analysts of FMR Frankfurt Main Research AG do not receive any direct or indirect remuneration from the investment banking business of FMR Frankfurt Main Research AG.

On acceptance of the financial analysis, the recipient accepts that the above restrictions are binding.