CR Capital AG

Germany / Investment Holding
Primary exchange: Frankfurt
Bloomberg: CRZK GR
ISIN: DE000A2GS625

FY21 results & update

RATING	**BUY**
PRICE TARGET	**€ 53.00**
Return Potential	73.8%
Risk Rating	High

HOME, GREEN HOME

Full year 2021 reporting further validated CR Capital's evolution towards a company builder. Net income tallied €64m in 2021 marking another year of > 10% bottom line growth, while the investment portfolio continues to take shape with a sharpened sustainability focus. Home building, spearheaded by the holding in Terrabau GmbH, remains a driving force, and now CRC is tackling year-round home electrification with climate-neutral power systems, while also laying the groundwork to supply green construction materials. The company looks primed for another strong year with a full pipeline and secure supply chains. An updated discounted dividend model yields a €53 target price (old: €58). Our rating remains Buy.

Decarbonising home construction CR Capital is getting into the renewable energy business and has taken an 80% stake in Solartec GmbH. The company operates as a system integrator specialising in rooftop solar rigs combined with hydrogen technology to allow homeowners to store excess electricity produced during the sunshine months for winter usage. Solartec will work with Terrabau in outfitting residential projects with climate-neutral power production systems. Plans are also in the works to roll out a B2B model for commercial properties. The company believes this combination represents a near-term €20m revenue opportunity. Meanwhile, Greentec has also positioned itself as a supplier of green steel, once the nascent industry ramps up production. However, we regard this investment as early stage until volumes become available.

Primed for another strong year Terrabau has a full residential pipeline of town home projects, while the private equity specialist, CR Opportunities, is weighing options for further bond issuances. After speaking with management, we do not expect supply chain headaches to hamper Terrabau's home construction, since the developer has already secured the needed materials for the upcoming projects through 2023. The rates for contractors and labour are also locked in. Against this background we expect CRC to again notch double digit bottom line growth in 2022 leading to another increase in the dividend (FBe: €2.60). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Investment rev. (€m)	95.64	64.53	69.86	75.59	81.61	91.31
Y/Y growth	n.a.	-32.5%	8.2%	8.2%	8.0%	11.9%
EBIT (€m)	91.23	51.19	66.44	72.06	77.97	87.59
EBIT margin	95.4%	79.3%	95.1%	95.3%	95.5%	95.9%
Net income (€m)	92.47	51.27	65.39	70.98	76.80	86.28
EPS (diluted) (€)	24.69	13.65	17.11	17.04	17.01	19.10
DPS (€)	1.50	1.50	2.50	2.60	2.70	2.90
NAVPS (€)	33.30	47.50	59.44	68.82	83.43	99.84
Net gearing	4.7%	-0.5%	-0.6%	-3.5%	-2.8%	-2.4%
Liquid assets (€m)	1.07	0.84	1.49	10.80	10.51	10.84

RISKS

Risks include but are not limited to: increasing competition, the company's focus on the residential market in Berlin, and the loss of key personnel.

COMPANY PROFILE

CR Capital is a Berlin-based investment holding focused on growth opportunities in the sustainable technology, private equity, and residential property development sectors in order to positively impact key social issues such as climate change, pension planning, and affordable housing.The company is listed on the Open Market of the Frankfurt Stock Exchange.

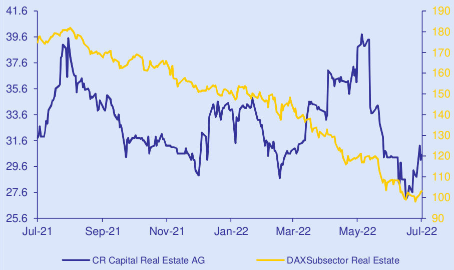
MARKET DATA

As of 20 Jul 2022

Closing Price	€ 30.50
Shares outstanding	4.54m
Market Capitalisation	€ 138.47m
52-week Range	€ 27.10 / 39.80
Avg. Volume (12 Months)	1,571

Multiples	2021	2022E	2023E
P/NAV	0.5	0.4	0.4
EV/Sales	2.0	1.8	1.7
EV/EBIT	2.1	1.9	1.8
Div. Yield	8.2%	8.5%	8.9%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 1.49m
Current Assets	€ 2.24m
Financial Assets	€ 245.56m
Total Assets	€ 248.02m
Current Liabilities	€ 0.15m
Shareholders' Equity	€ 240.78m

SHAREHOLDERS

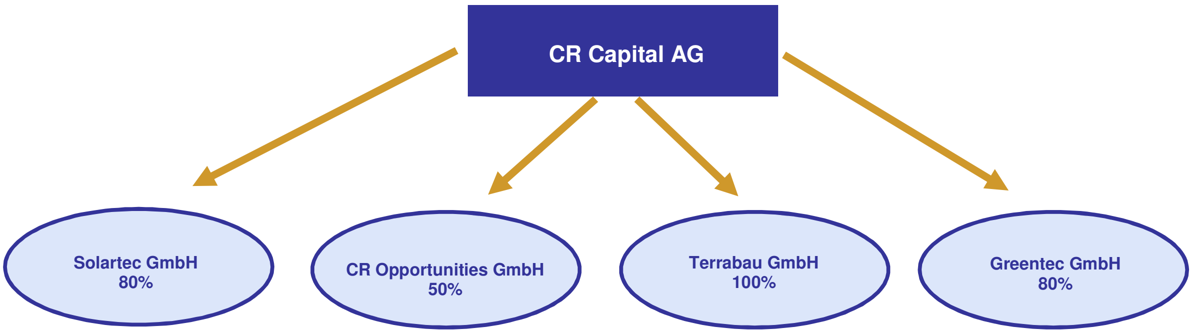
MPH Group	58.0%
Free Float	42.0%

Analyst: Ellis Acklin, Tel. +49 (0)30 - 80 93 96 83

HOME, GREEN HOME

After adding majority stakes in Solartec GmbH and Greentec GmbH, CR Capital now has a well-stocked, green-tinged portfolio in its quest to develop companies with significant earnings and value growth potential in sustainable business sectors.

Figure 1: Stakes in core holdings



Source: First Berlin Equity Research; CR Capital

ELECTRIFICATION SOLUTIONS

Earlier this year, CR Capital took an 80% stake in Solartec GmbH. The company designs and installs climate-neutral energy systems, which combine rooftop solar PV rigs with hydrogen technology for year-round electrification of private homes.

The green-home boom is gaining steam, thanks to rising energy prices, new green commitments by policy makers, and improved technologies. Many of these technologies have been around for a while, but they are now ready for mainstream applications. The case for homeowners to put solar panels on their roofs looks increasingly compelling because: (1) panels do not belch carbon dioxide; (2) electricity is generated where it is consumed and can ease the strain on transmission lines and power plants; and (3) the average price of residential solar systems is less than half its level in 2010.

Figure 2: Grid independence for homeowners

Source: First Berlin Equity Research; CR Capital

The rub with solar panels is they provide too much electricity in the summer and too little in wintertime, while efficient and / or economically feasible storage solutions are hard to come by. Solartec wants to solve this problem with electrolysers to produce clean hydrogen made by solar energy and with intelligent energy management systems.

Solartec contends that the pairing of solar panels with electrolysers can make homeowners grid-independent by converting surplus power produced by solar in the sunny summer months into hydrogen and storing it for winter usage rather than selling it back to utilities.

Clean hydrogen Currently, most hydrogen is produced from fossil fuels, specifically natural gas, that emit a lot of CO_2 unless coupled with technologies that capture and sequester carbon. The cleaner way is to use zero-carbon electricity to run electrolysers that split water into hydrogen and oxygen. But this is a power-hungry process—50 to 60 kWh are required for every kilogram of hydrogen produced.

Figure 3: Electrolyser technology for clean hydrogen

Source: First Berlin Equity Research; Enapter S.r.l.

Solar can substitute for dirty fossil fuels to produce green hydrogen in two ways. The first is via a photochemical process that uses solar energy directly to split water into hydrogen and O_2. While direct hydrogen production is attractive, the method must still undergo significant innovation to reach scalability.

The second is solar powered electrolysis, which uses solar cells to generate electricity and tear water molecules apart, thereby liberating their constituent hydrogen and oxygen. Given the reliance on established technologies, this method is better suited to produce sufficient amounts of green hydrogen in sunny regions.

Putting it all together Solartec will source solar panels from US and German manufacturers and avoid dependency on Chinese modules. Large order volumes should mitigate delivery issues. The company also has an agreement in place with a German maker of electrolysers—the key component for year round electrification solutions.

Solartec will work closely with Terrabau GmbH and plans to connect multiple homes to a single system to divvy up the investment costs among multiple homeowners. Aside from the residential business, Solartec plans to roll out a B2B model to commercial landlords. The company reckons these channels will lead to a €20m market opportunity over the near term. With key components secured and a ready-made customer in Terrabau, we think Solartec should have a strong operational start. The system integrator recently completed realising its first pilot project in Ludwigsfelde.

GREEN CONSTRUCTION MATERIALS

Having addressed electrification via its Solartec investment, CR Capital regards the use of high-grade green steel in its home construction activities as the next step in tackling planet-cooking CO_2 emissions.

Figure 4: Green steel for primary industries across the EU

Source: H_2 Green Steel

Greentec is positioning itself in the emerging green steel industry as a supplier to the home construction sector. The steel industry is responsible for around 25% of Europe's industrial CO_2 emissions, and Europe produces some 16% of the world's steel. Big producers are found in Germany and Poland, where the steel industry is mostly coal-based and very dirty.

To make steel, iron ore must be melted at high temperatures and reduced from iron oxide to iron. The process typically involves burning fossil fuels, thus releasing large amounts of carbon dioxide. For each tonne of steel produced using fossil fuels, around two tonnes of carbon dioxide get belched into the atmosphere.

Green steel is typically forged in an electric arc furnace using renewable energy sources and recycled scrap. This approach emits a mere 100kg of CO_2 per tonne of crude steel produced, or ~95% less than coal-fired blast furnaces.

Several green steel projects underway are replacing fossil fuels with hydrogen as a reducing agent. The hydrogen is made by electrolysing water, using electricity produced by hydro-power. This involves almost no carbon-dioxide emissions at all.

While these innovations look promising, we expect it will take years for large green steel capacity to come online and thus regard Greentec as an early stage operation. At the time of writing, Terrabau is building the first concept house in Ludwigsfelde with green steel but wants to fully transition to this material in the future.

ESG IN FOCUS

Once considered nebulous scoring systems concocted by data analysts purporting to assess firms' performance based on environmental, social and governance factors, ESG scores are becoming increasingly important in the world of investing and capital markets.

Figure 5: CRC's improving ESG profile ticks 8 of 17 UN SDGs

Source: United Nations department of communications

CR Capital is increasingly ticking the boxes (figure 1) of the UN's SDGs (sustainable development goals) with its sharpened strategic alignment towards sustainability, and this commitment was recently recognised by imug, a consultancy, with a "very good" sustainability rating.

Figure 6: "Very good" sustainability rating from imug consultancy

Source: imug Beratungsgesellschaft

In its previous iteration two years ago, CR Capital Real Estate was predominantly a property developer. But the reshaped company has now transformed itself into a company builder with its investments in CR Opportunities, which funds innovative technologies, and now Solartec and Greentec. With ESG increasingly in the limelight, we see this as an important step in CR Capital's evolution.

FULL YEAR RESULTS BREAKDOWN

Table 1: 2021 results vs FBe and prior year

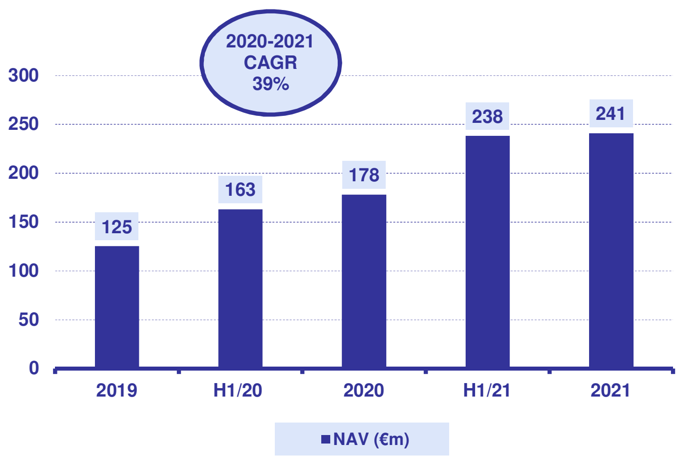
All figures in EUR '000	2021	2021E	*Variance*	2020	*Variance*
Investment revenue	69,856	95,620	*-27%*	64,534	*8%*
EBITDA	66,488	92,693	*-28%*	51,190	*30%*
Margin (%)	*95%*	*97%*	-	*79%*	-
Net income	65,391	91,303	*-28%*	51,265	*28%*
EPS diluted (€)	17.1	24.0	*-29%*	13.6	*25%*

Source: First Berlin Equity Research; CR Capital AG

Full year results showcased the performance potential of the holdings, with CR Opportunities and Terrabau contributing to the mix. Cash earnings amounted to €17.1m for the year with portfolio revaluations accounting for the balance of investment revenue. The latter was driven mainly by CR Opportunities. Net income tallied €65m with operating revenue flowing abundantly to the bottom line, thanks to low operating costs and no interest expense.

Dividend on 2021 earnings includes scrip dividend option The AGM recently authorised CR Capital to distribute a €2.5 per share dividend (2020: €1.5ps; +67%). Shareholders again had the option to receive their tax-free payout through a scrip dividend at a ~50% discount to the share price at €17.5. For the second consecutive year, over 80% of CRC shareholders opted for discounted shares vs cash payment.

Figure 7: Two year net asset value development



Source: First Berlin Equity Research; CR Capital AG

Two year NAV CAGR of 39% The NAV climbed 35% on an annualised basis to €241m, while NAVPS stood at €59.4 at YE21 (+25% Y/Y). The slight dip in NAVPS vs the H1/21 figure (€62.5) owes to the higher share count traced to the scrip dividend shares issued in H2/21.

Table 2: YE financial highlights

All figures in EUR '000	2021	2020	*Variance*
Cash & equivalents	1,486	841	*77%*
Current assets	2,241	18,888	*-88%*
Financial assets	229,468	169,476	*35%*
Total assets	248,020	188,465	*32%*
Financial debt (short- and long-term)	0	0	-
Shareholders' equity	240,784	177,977	*35%*
Equity ratio	97%	94%	-

Source: First Berlin Equity Research; CR Capital AG

Debt free balance sheet YE reporting transparency has improved and now includes a full balance sheet and notes. The rise in total assets is occasioned by the increase in value of the investment portfolio. Current assets fell on liquidation of securities held with proceeds reinvested into the portfolio.

Table 3: Cash flow developments

All figures in EUR '000	2021	2020	*Variance*
Net operating cash flow	14,428	-251	-
Cash flow from investing	-11,305	365	-
Free cash flow	3,123	114	*n.m.*
FCF conversion rate	*5%*	*0%*	-
Cash flow from financing	-2,478	0	-
Net cash flow	645	114	*466%*

Source: First Berlin Equity Research; CR Capital AG

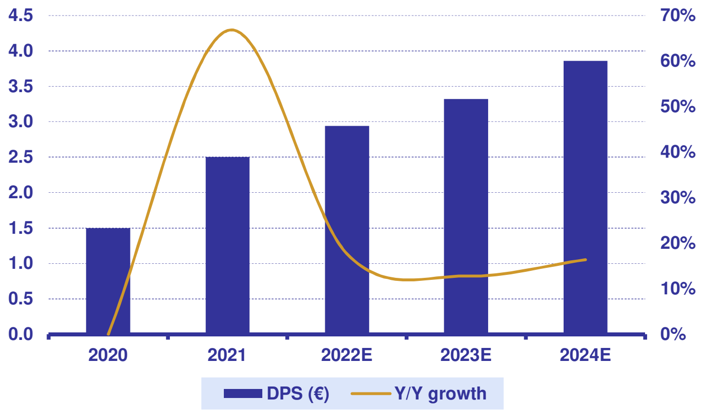
Operating cash flow was boosted by dividend payouts from Terrabau (~€10m) and CR Opportunities (~€3.5m). The €11m in cash flow from investing is traced to the initial amount CR Capital stumped up for its Solartec and Greentec stakes. The relatively low FCF conversion rate (5%) owes to the large non-cash revaluation gains encompassed in the EBITDA result.

OUTLOOK

Terrabau's pipeline is full through the end of 2023 with all units pre-sold and all key materials and labour locked in. According to CRC management, demand for affordable housing has so far been less impacted by the jump in interest rates than the luxury home segment. CR Capital is confident of further resilience in the affordable housing sector, given the lack of viable options for prospective homeowners and still low level of rental inventory in CRC's core markets.

Meanwhile, we see good opportunities for Solartec in the commercial sector if it can quickly scale the business. Worryingly, the carbon footprint of buildings is growing. On the current trajectory, CO_2 emissions related to buildings are expected to double by 2050. Across the EU, where nearly two-thirds of the building stock relies on fossil fuels for heating and cooling, policymakers want nearly half of a building's energy to come from renewable sources by 2030. We reckon Solartec's climate-neutral power systems could help landlords meet tightening energy-efficiency standards for their properties.

Figure 8: Dividend developments



Source: First Berlin Equity Research estimates; CR Capital AG

Given these prospects, we see good growth opportunities for CR Capital's portfolio companies, despite the volatile macro-environment. Although management indicated that supply chains are secure, we have nevertheless dialled down our near-term forecasts as a precaution to account for looming recessionary risks that still have to play out.

Meanwhile, the addition of Solartec has a positive impact on our medium-term targets and helps offset the more conservative near-term estimates (table 3) in our model. Our revised forecasts call for 9% bottom line growth in 2022. CRC will pay out 15% of 2021 net income to shareholders, and we expect this ratio to remain stable on 2022 earnings, which would equate to DPS of €2.5 and an 8.4% yield.

Table 4: Revisions to FBe and target price

	old	new	*revision*	upside	dividend yield	total retun
Price target (€)	58	53	*-8.6%*	73.8%	8.9%	82.6%
		2022E			2023E	
All figures in € '000	old	new	*revision*	old	new	*revision*
Investment revenue	83,202	75,594	*-9.1%*	95,620	81,615	*-14.6%*
EBIT	80,361	72,057	*-10.3%*	92,693	77,972	*-15.9%*
Margin (%)	*96.6%*	*95.3%*	-	*96.9%*	*95.5%*	-
Net income	79,155	70,976	*-10.3%*	91,303	76,802	*-15.9%*
EPS diluted (€)	20.8	17.0	*-18.0%*	24.0	17.0	*-29.0%*

Source: First Berlin Equity Research estimates; CR Capital AG

VALUATION MODEL

The number of shares outstanding will increase to 4.5m (old: 4.1m) following the issuance of scrip dividend shares. This is now reflected in our dividend per share (DPS) estimates. Our cost of equity estimate of 8.8% (old: 9.0%) now factors in: (1) an upped risk-free rate to 1.0% (old: 0.8%) in order to reflect the current spike in German bond yields; and (2) a lowered First Berlin risk factor that takes account of the greatly improved reporting transparency in CRC's annual report. The latter factor more than offsets the former, and our rolled forward DDM model yields a €53 target price (old: €58). Our rating remains Buy.

Table 5: Discounted dividend model

	Unit	2022E	2023E	2024E	2025E	2026E	2027E	TV
EPS	€	17.0	17.0	19.1	21.1	23.2	25.1	28.3
Payout ratio	%	15	16	15	15	15	15	15
Dividend (DPS)	€	2.6	2.7	2.9	3.2	3.5	3.8	4.3
Y/Y	%	4.0	3.8	7.4	10.3	9.4	8.6	-
NPV	**€**	**2.5**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**31.5**
CAGR 2022 -2026	%	7.0						
Terminal growth rate	%	2.0						
Discount factor	%	8.8						
NPV of dividends	€	21						
Terminal value (TV)	€	32						
Fair value per share	**€**	**53.00**						

**Our model runs through 2030 and we have only shown the abbreviated version for formatting purposes*

Cost of equity	8.8%	After-tax cost of debt	4.9%
Pre-tax cost of debt	5.0%	Share of equity capital	100.0%
Tax rate	2.0%	Share of debt capital	0.0%
WACC	**8.8%**		

INCOME STATEMENT

in € '000	2019	2020	2021	2022E	2023E	2024E
Investment income	93,604	64,378	68,914	74,624	80,625	90,300
Other operating income	1,172	156	942	970	990	1,009
Investment income	**95,639**	**64,534**	**69,856**	**75,594**	**81,615**	**91,309**
Personnel expenses	-1,494	-815	-828	-861	-887	-905
Other impairments	0	-10,203	0	0	0	0
Other operating expenses	-2,878	-2,326	-2,540	-2,642	-2,721	-2,775
EBITDA	**91,267**	**51,190**	**66,488**	**72,092**	**78,007**	**87,630**
Depreciation & amortisation	-40	0	-47	-35	-35	-35
Operating income (EBIT)	**91,227**	**51,190**	**66,441**	**72,057**	**77,972**	**87,595**
Interest expense	-254	-207	-178	0	0	0
Interest income	368	282	160	0	0	0
Pre-tax income (EBT)	**91,341**	**51,265**	**66,423**	**72,057**	**77,972**	**87,595**
Tax expense	1,129	0	-1,032	-1,081	-1,170	-1,314
Minority expense	0	0	0	0	0	0
Net income / loss	**92,470**	**51,265**	**65,391**	**70,976**	**76,802**	**86,281**
Diluted EPS (in €)	**24.7**	**13.6**	**17.1**	**17.0**	**17.0**	**19.1**
Ratios						
EBITDA margin on revenues	95.4%	79.3%	95.2%	95.4%	95.6%	96.0%
EBIT margin on revenues	95.4%	79.3%	95.1%	95.3%	95.5%	95.9%
Net margin on revenues	96.7%	79.4%	93.6%	93.9%	94.1%	94.5%
Tax rate	-1.2%	0.0%	1.5%	1.5%	1.5%	1.5%
Expenses as % of revenues						
Personnel expenses	1.6%	1.3%	1.2%	1.1%	1.1%	1.0%
Other operating expenses	3.0%	3.6%	3.6%	3.5%	3.3%	3.0%
Y-Y Growth						
Revenues	n.m.	-32.5%	8.2%	8.2%	8.0%	11.9%
Operating income	n.m.	-43.9%	29.8%	8.5%	8.2%	12.3%
Net income/ loss	n.m.	-44.6%	27.6%	8.5%	8.2%	12.3%

** IFRS 10 reporting as of 2019*

BALANCE SHEET

in € '000	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	**19,282**	**18,888**	**2,306**	**11,648**	**11,383**	**11,732**
Cash and cash equivalents	1,071	841	1,486	10,803	10,513	10,836
Accounts receivable	285	0	0	0	0	0
Other ST assets	13,605	18,047	820	845	870	896
Non-current assets, total	**117,622**	**169,577**	**245,714**	**306,879**	**373,818**	**448,787**
Intangible assets & goodwill	6,586	5	77	87	97	107
Tangible assets	105	96	77	87	97	107
Financial assets	100,531	169,476	245,560	306,705	373,624	448,573
Total assets	**136,904**	**188,465**	**248,020**	**318,527**	**385,201**	**460,519**
Shareholders' equity & debt						
Current liabilities, total	**2,821**	**173**	**146**	**161**	**177**	**194**
Accounts payable	1,136	173	146	161	177	194
ST debt	1,685	0	0	0	0	0
Long-term liabilities, total	**8,992**	**10,315**	**7,090**	**7,557**	**8,059**	**8,599**
Deferred tax liabilities	2,353	1,445	2,324	2,556	2,812	3,093
Provisions	1,253	50	119	121	124	126
Other LT liabilities	176	8,820	4,647	4,879	5,123	5,379
LT debt	5,210	0	0	0	0	0
Shareholders' equity, total	**125,091**	**177,977**	**240,784**	**310,810**	**376,966**	**451,726**
Total consolidated equity and debt	**136,904**	**188,465**	**248,020**	**318,527**	**385,201**	**460,519**
Ratios						
Current ratio (x)	6.8	109.2	15.8	72.5	64.4	60.4
Net debt / (cash)	5,824	-841	-1,486	-10,803	-10,513	-10,836
Net debt /EBITDA (x)	0.1	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend cover (x)	-2.3	-0.3	1.0	1.0	1.0	1.0
Net gearing	5%	0%	-1%	-3%	-3%	-2%
Equity ratio	91%	94%	97%	98%	98%	98%
NAV	125,091	177,977	240,784	310,810	376,966	451,726
NAVPS (€)	33.3	47.5	59.4	68.8	83.5	100.0

CASH FLOW STATEMENT

in € '000	2019	2020	2021	2022E	2023E	2024E
Net income	**92,470**	**51,265**	**65,391**	**70,976**	**76,802**	**86,281**
Depreciation & amortisation	40	10,203	47	35	35	35
Income from investments	-48,000	0	9,993	10,275	10,438	12,018
Result from at equity participations	-41,589	-61,293	-64,986	-74,624	-80,625	-90,300
Financial result	-114	-75	18	0	0	0
Tax Result	-1,131	0	1,032	1,081	1,170	1,314
Change in w orking capital	-4,108	-426	3,983	457	493	531
Operating cash flow	**-2,432**	**-326**	**15,478**	**8,200**	**8,313**	**9,879**
Tax paid	-78	0	-1,032	-1,081	-1,170	-1,314
Net operating cash flow	**-2,510**	**-326**	**14,446**	**7,119**	**7,143**	**8,565**
Cash flow from investing	**-372**	**647**	**-11,145**	**-55**	**-55**	**-55**
Dividend paid to shareholders	-2,809	0	-5,619	-950	-10,646	-11,520
Dividends received	0	0	3,141	3,204	3,268	3,333
Debt inflow , net	3,402	0	0	0	0	0
Equity inflow , net	0	0	0	0	0	0
Interest expense	-253	-207	-178	0	0	0
Cash flow from financing	**340**	**-207**	**-2,656**	**2,254**	**-7,378**	**-8,187**
Cash, start of the year	3,613	727	841	1,486	10,803	10,513
Change in cash, net	-2,542	114	645	9,317	-290	323
Cash, end of the year	**727**	**841**	**1,486**	**10,803**	**10,513**	**10,836**
Free cash flow (FCF)	**-2,882**	**321**	**3,301**	**7,064**	**7,088**	**8,510**
FCFPS (in €)	-0.8	0.1	0.9	1.7	1.6	1.9
Y-Y Growth						
Net operating cash flow	n.m.	n.m.	n.m.	-50.7%	0.3%	19.9%
Free cash flow	n.m.	n.m.	928.3%	114.0%	0.3%	20.1%
FCFPS	n.m.	n.m.	910.9%	96.3%	-7.4%	20.1%

** IFRS 10 reporting as of 2019*

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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

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Authored by: Ellis Acklin, Senior Analyst
All publications of the last 12 months were authored by Ellis Acklin.

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

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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 July 2014	€0.95	Buy	€10.50
2...5	↓	↓	↓	↓
6	23 May 2017	€1.60	Buy	€14.00
7	29 April 2019	€31.80	Buy	€20.00
8	30 September 2019	€25.20	Buy	€35.00
9	4 June 2020	€28.90	Buy	€37.00
10	7 April 2020	€21.70	Buy	€37.00
11	17 September 2021	€34.00	Buy	€58.00
12	Today	€30.50	Buy	€53.00

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.

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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

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