

Kapsch TrafficCom AG

WKN: A0MUZU | ISIN: AT000KAPSCH9 | Bloomberg: KTCG

Financial restructuring being driven forward

Q1/23/24: Special/non-recurring items impact earnings statement: In Q1/23/24, the operating performance was impacted by special items. Excluding a revenue-reducing credit note regarding overdue receivables of EUR 6.0m, revenue growth would have been 5.8%, which we believe would better reflect the momentum of new business.

EUR m	Kapsch Q1/22/23	Kapsch Q1/23/24	FMR Q1/23/24e	Consensus Q1/23/24e*
Group sales	130.5	132.1	134.5	136.5
EBIT reported	0.5	-3.2	0.6	-2.2
EBIT-margin reported, %	0.4%	neg.	0.4%	neg.

Source: Kapsch, FMR

*provided by Kapsch

The reported EBIT of EUR -3.2m was negatively impacted by special items with a net expense of EUR 1.5m. Adjusted for this effect, EBIT would have been "only" EUR -1.7m. With regard to the financial status, free cashflow improved to EUR -19.8m (+ EUR 2.2m). However, net debt increased further and the equity ratio decreased further. However, both ratios are within the framework of the financial restructuring agreements. Progress is emerging.

Financial targets 23/24e now confirmed: The forecast (EBIT) raised at the beginning of July in connection with the arbitration ruling on the passenger car toll dispute in Germany has now been confirmed. Understandably for us, mid-single-digit sales growth and a significant increase in EBIT are expected. We have made only minor changes in our forecast 23/24e.

FMR: Target price of €18.60 per share confirmed: In our DCF model, positive and negative effects have neutralized and we confirm our price target.

Our view on the Kapsch share remains positive. The passenger car toll compensation payment will be used to reduce debt. New business continues to show revival tendencies. Follow-up costs for US projects could expire 24/25e. "BUY" confirmed.

FY End: 31.03.; in EUR m	(21/22-24/25e)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Turnover	5.6%	731.2	505.2	519.8	553.4	585.0	612.0
EBITDA	3.8%	13.6	-67.1	32.6	29.4	107.6	36.5
Margin	1.9%	-13.3%	6.3%	5.3%	18.4%	6.0%	
EBIT	11.8%	-39.2	-123.1	11.0	7.6	86.5	15.4
Margin	-5.4%	-24.4%	2.1%	1.4%	14.8%	2.5%	
Net result	n.m.	-48.1	-102.8	-9.3	-24.8	55.4	5.3
EPS, EUR	n.m.	-3.70	-7.91	-0.72	-1.91	4.26	0.41
Dividend per share, EUR		0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales		0.82	1.11	0.76	0.73	0.57	0.54
EV/EBITDA		-15.2	-4.6	36.0	53.3	3.8	21.3
P/E		-6.8	-1.9	-19.0	-5.4	2.4	25.3
Net debt/EBITDA		15.0	-2.9	5.6	7.0	1.5	4.2

Source: Kapsch, FMR

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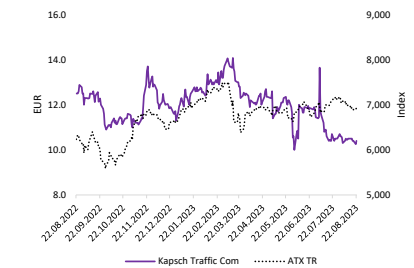
BUY

Before: Buy

Price target EUR 18.60 (18.60)
Share price* EUR 10.40 (+78.8%)

*last price Vienna Stock Exchange

Update	2022/23	2023/24e	2024/25e
Turnover	0.0	0.0	0.0
EBIT	0.0	-2.0	0.0
EPS, EUR	0.00	-0.11	0.05



Source: Vienna Stock Exchange, FMR

Basic share data

Number of shares (million)	13.00
Free Float (in %)	36.7
Market cap (EURm)	135.2
Trading volume (30 days Ø)	20,809
High (EUR, 52 weeks)	14.08
Low (EUR, 52 weeks)	10.00

Shareholder structure

Kapsch Group Beteiligung	63.3%
Free float	36.7%

Corporate calendar

AGM FY 22/23	06.09.2023
H1/23/24 report	15.11.2023

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Valuation: Update

After evaluating the Q1/23/24 report, we confirm our price target of rounded EUR 18.60. In the DCF model, positive and negative effects largely neutralize each other.

Kapsch: DCF model - share has significant upside potential

EUR m	PHASE 1					PHASE 2					PHASE 3
	2023/24e	2024/25e	2025/26e	2026/27e	2027/28e	2028/29e	2029/30e	2030/31e	2031/32e	2032/33e	
Sales	585.0	612.0	639.0	664.0	690.6	715.4	738.8	760.6	780.7	798.8	
Y-o-Y growth	5.7%	4.6%	4.4%	3.9%	4.0%	3.6%	3.3%	3.0%	2.6%	2.3%	
EBIT	86.5	15.4	25.1	28.6	32.5	35.2	37.3	39.8	43.2	49.2	
EBIT-margin	14.8%	2.5%	3.9%	4.3%	4.7%	4.9%	5.0%	5.2%	5.5%	6.2%	
Income tax on EBIT	-21.6	-3.8	-6.3	-7.2	-8.1	-8.8	-9.3	-9.9	-10.8	-12.3	
Depreciation/Amortisation	21.1	21.1	21.6	21.9	21.9	23.5	24.0	24.6	25.4	28.0	
Change other non-cash items	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	
Change in net working capital	-4.1	-0.1	8.0	-2.2	-2.2	-2.1	-2.5	-2.2	-1.8	-1.2	
Net capital expenditure	-26.4	-21.5	-22.5	-23.0	-24.0	-24.9	-25.7	-26.5	-27.2	-28.0	
Free cash flow	55.5	11.0	25.9	18.2	20.0	22.9	23.9	25.8	28.9	35.7	
Present values	52.0	9.3	19.6	12.3	12.2	12.6	11.8	11.5	11.6	12.9	230.2
Present value Phase 1	105.4										
Present value Phase 2	60.4										
Present value Phase 3	230.2										
Total present value	395.9										
+ Non-operating assets/Other	-15.0										
- Net financial debt	-139.3										
Fair value of equity	241.7										
- Number of shares (m)	13.000										
Fair value per share (in EUR)	18.59										

Risk free rate	2.0%	Target equity ratio	55.0%
Equity risk premium	8.0%	Beta factor	1.6
Debt risk premium	3.0%	WACC	9.9%
EBIT-margin (PHASE 3)	8.0%	Terminal growth rate	2.0%

Sensitivity analysis						
		WACC				
		8.9%	9.4%	9.9%	10.4%	10.9%
Terminal growth rate	3.0%	26.94	23.79	21.11	18.81	16.81
	2.5%	24.93	22.14	19.74	17.66	15.84
	2.0%	23.22	20.72	18.59	16.65	14.98
	1.5%	21.74	19.48	17.50	15.76	14.21
1.0%	20.45	18.38	16.57	14.96	13.52	

Source: FMR

A slightly reduced EBIT for 23/24e, slightly higher financial debt and adjustments to working capital had a value-reducing effect on the fair value. However, these effects were largely offset by a shortening of the discount period during the current year. Overall, we confirm our target price for the share of rounded EUR 18.60. Compared with the current price level, there is thus still significant upside potential and we confirm our "BUY" recommendation for the share.

Highlights Q1/23/24 and outlook

Excluding the customer credit note of EUR 6.0m granted to a customer who, according to Kapsch, is experiencing payment difficulties, **revenues** would have increased by 5.8% to EUR 138.1m. The transaction related to the Tolling segment, whose revenues declined by 1.4% compared to the prior year. In contrast, the smaller Traffic Management segment saw a significant increase in revenue of 8.4%. From a regional perspective, APAC, the smallest region with around 6% of sales, achieved the strongest sales growth of 9.9%. Overall the implementation business was slightly down year-on-year at -1.9%.

Reported **EBIT** slipped significantly into negative territory at EUR -3.2m. The following is an overview of the special items mentioned by Kapsch within the first quarter.

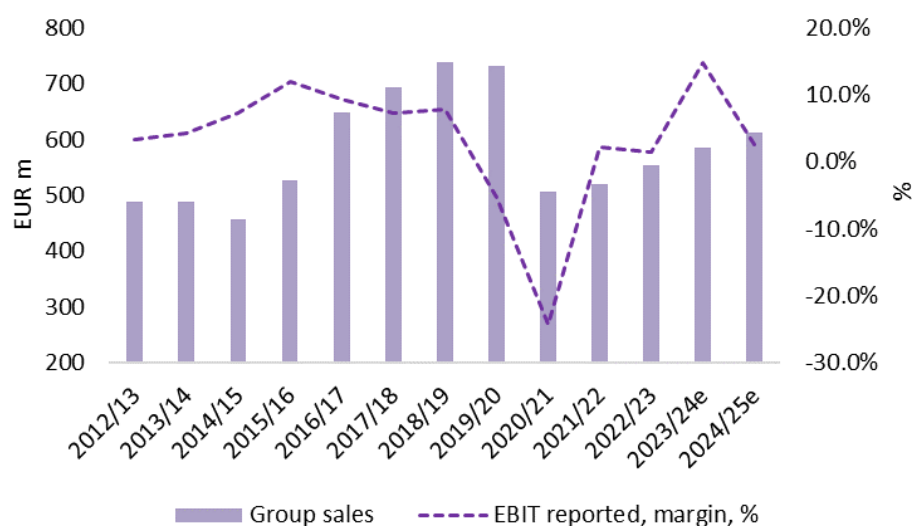
Kapsch: Overview about special items in Q1/23/24

EUR m	Q1/22/23	Q1/23/24
EBIT reported	0.5	-3.2
Expenses f. bank fees/consulting fees		0.8
US-projects: trailing costs		4.9
US: Reversal of allowance for receivables		-10.2
Credit note regarding overdue receivables		6.0
Total amount	0.0	1.5
EBIT before special items	0.5	-1.7

Source: Kapsch, FMR

Corrected for these special effects (expenses and income), EBIT would have been significantly better at EUR -1.7m, but still negative. The Toll segment suffered a substantial drop in EBIT to EUR -7.5m (prior-year period: EUR -1.6m); here, follow-up costs of EUR 4.9m for toll projects in North America continued to have a negative impact. In our opinion, further charges cannot be ruled out in the coming quarters. We see the maximum charge for the full year in a range between EUR 12.0 and 15.0m. This compares with a level of around EUR 30m for FY 21/22. There should be no further charges in 2024/25e.

Kapsch: Gradual increase in EBIT margin expected from 2023/24e onwards



Source: Kapsch, FMR

EBIT for the fiscal year will include the cash inflow in connection with the arbitration award for the passenger car toll project in Germany. Based on statements by the company, we expect an amount of at least EUR 80.0m. As a result, our EBIT estimate for 2023/24e is now EUR 86.5m, and EBIT margin will jump to around 15%. Normalization is expected in the following year.

Currently, the **financial situation** remains unsatisfactory. At the end of the first quarter, the equity ratio fell further to 8.8%. We now expect to use around EUR 60m to reduce debt this fiscal year. Previously we had assumed around EUR 30m in each of the current and subsequent fiscal year. This would significantly reduce net debt compared with 2022/23 and significantly reduce the future interest burden.

Kapsch: Segment Tolling

EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Implementation T	219.3	100.3	89.2	119.4	128.0	125.0
Operations T	234.9	187.5	205.2	202.5	210.0	221.0
Components T	109.3	70.5	75.5	81.5	85.0	92.0
Sales segment T	563.5	358.2	369.9	403.4	423.0	438.0
y-o-y, %		-36.4%	3.3%	9.1%	4.9%	3.5%
EMEA	315.1	190.0	191.6	186.8		
Americas	221.3	148.0	158.0	189.7		
APAC	27.1	20.2	20.2	26.9		
Sales segment T	563.5	358.2	369.9	403.4		
EBIT: T	1.5	-117.2	3.3	-7.6	-3.5	3.4
EBIT-margin: T, %	0.3%	n.m.	0.9%	n.m.	-0.8%	0.8%

Source: Kapsch, FMR

Kapsch: Segment Traffic Management

EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Implementation TM	73.6	65.2	60.0	44.6	50.0	60.0
Operations TM	84.4	76.4	84.6	99.8	105.0	106.0
Components TM	9.7	5.4	5.4	5.6	7.0	8.0
Sales TM segment	167.7	147.0	149.9	150.0	162.0	174.0
y-o-y, %		-12.3%	2.0%	0.1%	8.0%	7.4%
EMEA	88.5	87.1	90.3	85.8		
Americas	72.2	57.0	54.1	59.3		
APAC	7.0	3.0	5.5	4.9		
Sales TM segment	167.7	147.0	149.9	150.0		
EBIT: TM	-40.7	-6.0	7.7	15.2	10.0	12.0
EBIT-margin: TM, %	-24.3%	n.m.	5.1%	10.1%	6.2%	6.9%

Source: Kapsch, FMR

Appendix

Profit and loss statement

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Revenues	731.2	505.2	519.8	553.4	585.0	612.0
YoY growth	-0.9%	-30.9%	2.9%	6.5%	5.7%	4.6%
Increase/Decrease in inventories of finished goods and work in progress as % of revenues	-6.1	-6.2	-2.7	2.0	1.2	1.2
	-0.8%	-1.2%	-0.5%	0.4%	0.2%	0.2%
Total Operating Output	725.1	499.0	517.1	555.4	586.2	613.2
YoY growth	-4.4%	-31.2%	3.6%	7.4%	5.5%	4.6%
Cost of Materials as % of revenues	-334.9	-243.5	-202.8	-222.6	-232.1	-241.0
	-45.8%	-48.2%	-39.0%	-40.2%	-39.7%	-39.4%
Gross Profit	390.1	255.6	314.3	332.8	354.0	372.2
as % of revenues	53.4%	50.6%	60.5%	60.1%	60.5%	60.8%
Personnel expenses as % of revenues	-269.2	-243.8	-227.1	-247.9	-253.8	-263.7
	-36.8%	-48.3%	-43.7%	-44.8%	-43.4%	-43.1%
Other operating expenses as % of revenues	-118.7	-84.7	-69.1	-76.2	-80.0	-79.7
	-16.2%	-16.8%	-13.3%	-13.8%	-13.7%	-13.0%
Other operating income as % of revenues	11.3	5.8	14.5	20.7	87.3	7.7
	1.6%	1.2%	2.8%	3.7%	14.9%	1.3%
EBITDA reported	13.6	-67.1	32.6	29.4	107.6	36.5
as % of revenues	1.9%	-13.3%	6.3%	5.3%	18.4%	6.0%
Depreciation of property, plant and equipment, and amortisation of intangible assets as % of revenues	-52.8	-56.0	-21.6	-21.8	-21.1	-21.1
	-7.2%	-11.1%	-4.2%	-3.9%	-3.6%	-3.4%
EBIT reported	-39.2	-123.1	11.0	7.6	86.5	15.4
as % of revenues	-5.4%	-24.4%	2.1%	1.4%	14.8%	2.5%
Financial result (net)	-24.3	-9.9	-5.7	-17.5	-12.0	-7.6
EBT (Earnings before taxes)	-63.4	-133.1	5.3	-9.9	74.5	7.8
as % of revenues	-8.7%	-26.3%	1.0%	-1.8%	12.7%	1.3%
Income taxes as % of EBT	7.7	27.8	-11.5	-14.3	-18.6	-1.9
	-12.2%	-20.9%	-215.1%	144.1%	-25.0%	-25.0%
Net income	-55.7	-105.2	-6.2	-24.2	55.9	5.8
as % of revenues	-7.6%	-20.8%	-1.2%	-4.4%	9.6%	1.0%
Minority interests	7.6	2.4	-3.1	-0.6	-0.5	-0.5
Net income attributable to shareholders	-48.1	-102.8	-9.3	-24.8	55.4	5.3
as % of revenues	-6.6%	-20.3%	-1.8%	-4.5%	9.5%	0.9%
Shares outstanding (in m), weighted	13.00	13.00	13.00	13.00	13.00	13.00
Basic earnings per share (EUR)	-3.70	-7.91	-0.72	-1.91	4.26	0.41

Source: Kapsch, FMR

Balance sheet

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Assets						
Non-current assets	227.3	205.0	195.6	182.8	184.3	184.8
as % of total assets	31.3%	34.6%	38.2%	38.1%	40.3%	40.6%
Intangible assets	15.2	13.4	13.0	9.1	6.8	5.2
Goodwill	44.7	22.8	22.7	22.7	22.7	22.7
Property, plant and equipment	82.3	55.2	49.0	52.1	53.8	55.8
Non-current financial assets	43.5	42.0	42.8	40.9	41.9	42.9
Real Estate held as financial investment	0.0	0.0	0.0	0.0	0.0	0.0
Leasing and rental assets	1.2	0.0	0.0	0.0	0.0	0.0
Other non-current assets	13.8	5.2	3.7	3.9	4.0	4.1
Deferred tax assets, long-term	26.3	62.0	60.2	49.8	50.8	49.8
Other non-current financial assets	0.3	4.4	4.1	4.3	4.3	4.3
Current assets	499.9	388.2	316.6	297.3	273.4	270.5
as % of total assets	68.7%	65.4%	61.8%	61.9%	59.7%	59.4%
Inventories	55.7	41.7	35.6	45.1	46.9	47.8
Trade accounts receivable	177.0	130.0	131.4	118.0	121.0	122.2
Current prepayments made	0.0	0.0	0.0	0.0	0.0	0.0
Other current non-financial assets	138.6	106.6	83.9	82.2	83.0	81.4
Deferred tax assets, short-term	4.7	6.8	4.4	4.9	5.1	5.3
Current financial assets	1.4	1.0	1.6	1.9	2.0	2.1
Cash and cash equivalents	122.6	102.0	59.8	45.2	15.4	11.8
Assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0
as % of total assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total assets	727.2	593.2	512.1	480.1	457.7	455.4
Shareholders' equity and liabilities						
Shareholders' equity	182.5	84.8	77.9	51.3	106.7	112.0
as % of total equity and liabilities	25.1%	14.3%	15.2%	10.7%	23.3%	24.6%
Subscribed capital	13.0	13.0	13.0	13.0	13.0	13.0
Capital reserves	117.5	117.5	117.5	117.5	117.5	117.5
Retained earnings	57.7	-39.3	-47.3	-74.2	-74.2	-74.2
Treasury stocks	0.0	0.0	0.0	0.0	0.0	0.0
Other equity items	0.0	0.0	0.0	0.0	55.4	60.7
Minority interest on equity	-5.7	-6.5	-5.3	-5.0	-5.0	-5.0
Non-current provisions/liabilities	273.2	198.3	194.0	115.2	110.2	105.6
as % of total equity and liabilities	37.6%	33.4%	37.9%	24.0%	24.1%	23.2%
Non-current pension provisions	27.6	27.3	24.2	20.6	20.0	19.6
Other non-current provisions	4.3	3.3	1.7	1.4	1.4	1.4
Non-current financial liabilities	235.3	156.6	163.6	90.7	86.2	81.9
Non-current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Non-current deferred tax liabilities	1.7	1.0	2.9	1.6	1.8	1.8
Other non-current liabilities	4.3	10.0	1.6	0.9	0.9	1.0
Current liabilities and provisions	271.5	310.2	240.2	313.6	240.8	237.8
as % of total equity and liabilities	37.3%	52.3%	46.9%	65.3%	52.6%	52.2%
Current provisions	23.4	42.5	28.6	18.9	19.3	19.7
Current financial liabilities	64.3	115.9	55.9	142.8	68.5	65.1
Trade accounts payable	92.4	59.4	71.5	75.0	75.4	75.8
Current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	4.0	1.8	2.3	2.1	2.1	2.1
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	87.4	90.6	81.8	74.8	75.5	75.2
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0
as % of total equity and liabilities						
Total equity and liabilities	727.2	593.2	512.1	480.1	457.7	455.4

Source: Kapsch, FMR

Cash flow statement

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
EBIT	-39.2	-123.1	11.0	7.6	86.5	15.4
Depreciation/impairments	52.8	56.0	21.6	21.8	21.1	21.1
Change in pension and similar provisions	-4.7	-2.0	-2.6	-1.8	-0.6	-0.4
Other non-cash expenses/income	7.4	15.3	-3.7	-12.2	-0.7	-0.7
Change in Working Capital	31.3	82.9	16.6	-8.6	-4.1	-0.1
Cash effects from divestment of fixed assets						
Cash effect from interests	-4.0	-4.3	-5.0	-6.5	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	-10.2	-13.7	-12.6	-6.1	-18.5	-1.9
Cash effects from extraordinary items						
Cashflow from Operations	33.4	11.1	25.5	-5.8	83.8	33.4
Investments in Fixed assets	-33.6	-14.1	-16.0	-8.7	-21.5	-22.5
Payments received: Disposal of non-current assets	0.0	1.3	0.8	6.6	0.0	0.0
Change in consolidation: Disposals/Acquisitions	2.2	-0.8	1.2	0.9	0.0	0.0
Interest and other financial income	0.4	6.8	5.3	1.0	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	0.0	0.0	0.0	-1.1	0.9
Cashflow from investing activities	-31.0	-6.8	-8.7	-0.2	-22.6	-21.6
Cash changes in financial debt	66.6	-11.4	-45.6	9.9	-78.8	-7.7
Changes in shareholders equity	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-19.5	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0
Other changes from financing activities	-15.6	-15.5	-15.4	-14.4	-12.1	-7.7
Cashflow from financing activities	31.4	-26.8	-61.1	-4.5	-90.9	-15.4
Total change in cash and cash equivalents	33.8	-22.5	-44.3	-10.5	-29.7	-3.6
Effect of exchange rate changes on cash	-5.8	1.9	2.1	-4.1	0.0	0.0
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents: Beginning of period	94.7	122.6	102.0	59.8	45.2	15.4
Cash and cash equivalents: End of period	122.6	102.0	59.8	45.2	15.4	11.8

Source: Kapsch, 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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2. Mandatory details

a) First publication: 23.08.2023

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.

3. Disclosures

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(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;

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(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)
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Kapsch TrafficCom	--
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b) FMR Frankfurt Main Research AG has been commissioned by ODDO BHF Corporates & Markets AG to prepare this financial analysis. ODDO BHF Corporates & Markets AG in turn acts on behalf of the issuers who are themselves or whose financial instruments are the subject of this financial analysis.

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(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)
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Recommendation history over last 12 months:

Date	Recommendation	Share price at publishing date	Target price
17.06.2022	HOLD	13.80	16.00
18.08.2022	HOLD	12.68	15.70
17.11.2022	BUY	11.38	16.00
23.02.2023	BUY	12.98	15.80
20.04.2023	BUY	12.50	15.20
01.06.2023	BUY	10.55	13.90
23.06.2023	BUY	11.85	13.80
07.07.2023	BUY	11.70	18.60
22.08.2023	BUY	10.40	18.60

4. Creation and distribution

a) Responsibility for creation and distribution

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

Winfried Becker, Senior Equity 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

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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.

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