



Buy (old: Buy)

Price target: EUR 3.20 (old: EUR 2.60)

Price: EUR 2.64 **Next result:** FY'20 30.03.21
Bloomberg: UUU GY **Market cap:** EUR 93.2 m
Reuters: UUUUG.DE **Enterprise Value:** EUR 83.9 m

18-March-21

Alina Köhler
Analyst

alina.koehler@ha-ib.de
Tel.: +49 40 4506 342 3095

FY'20 prelims out; bright prospects ahead

Last week, **3U reported strong Q4'20 prelims**: Sales increased by 25% yoy to € 16.6m, mainly on the back of particularly **dynamic growth at ERP cloud provider weclapp of c. 70% yoy to € 2.2m**. Prelim. Q4'20 group EBITDA came in at € 5.2m incl. € 2.8m one-time income from the sale of its subsidiary ClimaLevel and the wind farm Lüdersdorf II vs € 5.7m EBITDA last year, which included a book gain from the sale of 3U's headquarters to the tune of € 5m. Hence, 3U demonstrated operating improvements across all segments mainly thanks to operating leverage in the voice business and successful efficiency measures at selfio.

EUR m	Q4 20p	Q4 19	yoy	Q3 20	qoq	FY 20p	FY 19
Sales	16.6	13.2	25.2%	14.1	17.7%	61.1	51.4
EBITDA	5.2	5.7	-8.0%	1.7	200%	11.6	10.1
EBITDA margin	31.5%	42.9%	-11.4 pp	12.4%	+19.1 pp	19.1%	19.6%
op. EBITDA	2.4	0.7	259.1%	1.7	39%	8.8	3.5
op. EBITDA margin	14.6%	5.1%	+9.5 pp	12.4%	+2.2 pp	14.5%	6.8%

Source: Company data; Hauck & Aufhäuser

Thus, 3U reached its FY'20 guidance of € 58-63m sales and € 10-12m EBITDA AND looks at a favorable FY'21 – and beyond: 3U has issued an initial guidance targeting group revenues of € 58m-63m, i.e. l-f-l growth of 14% yoy at the midpoint, and an EBITDA range of € 11-13m. Notably, the guidance should include some deal activity aside from the already announced sale of the externally leased parts of the Adelebsen site in Q1'21, in our view.

Excluding any further transactions, our estimates look somewhat conservative: Like-for-like sales should grow to € 59m next year (+11% yoy; eH&A), mainly carried by portfolio stars weclapp and selfio, which together should explain 62% of our revenue estimate. Given that efficiency measures at selfio are seen to compensate for more normalized margins in the voice business, the operating EBITDA margin (excl. book gains) looks set to grow slightly to c. 15%.

Notably, thanks to the sale of ClimaLevel and wind farm Lüdersdorf II, 3U reported a prelim. net cash position of € 9m, which should be available for further growth financing at weclapp. M&A should increase the likelihood of a potential IPO within the next two years as indicated by management, which would be a major catalyst for the share price of 3U.

Reiterate BUY with a new € 3.20 PT based on SOTP FY'22 (rolled over from FY'21). Adjusted estimates reflect recent changes in the portfolio. -Continued-

Y/E 31.12 (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Sales	43.7	46.9	48.0	51.4	61.1	58.6	65.7
Sales growth	-9 %	7 %	2 %	7 %	19 %	-4 %	12 %
EBITDA	4.7	6.7	6.7	10.1	11.6	10.4	9.3
EBIT	1.3	3.2	2.9	5.7	6.5	4.8	5.6
Net income	0.6	1.1	1.9	4.1	3.3	2.1	2.6
Net debt	33.2	18.9	10.9	1.5	-9.3	-11.5	-11.0
Net gearing	81.8 %	45.8 %	25.7 %	3.2 %	-16.5 %	-20.0 %	-18.5 %
Net Debt/EBITDA	7.1	2.8	1.6	0.1	0.0	0.0	0.0
EPS pro forma	0.02	0.03	0.05	0.11	0.09	0.06	0.07
CPS	-0.16	0.09	-0.10	0.00	0.08	0.10	0.07
DPS	0.01	0.02	0.03	0.04	0.05	0.05	0.05
Dividend yield	0.4 %	0.8 %	1.1 %	1.5 %	1.9 %	1.9 %	1.9 %
Gross profit margin	41.9 %	46.4 %	41.0 %	44.1 %	46.2 %	45.9 %	45.9 %
EBITDA margin	10.8 %	14.2 %	14.0 %	19.6 %	19.1 %	17.7 %	14.2 %
EBIT margin	3.0 %	6.9 %	6.1 %	11.0 %	10.6 %	8.2 %	8.5 %
ROCE	1.7 %	4.1 %	4.2 %	8.3 %	9.4 %	6.7 %	7.5 %
EV/sales	2.8	2.3	2.1	1.8	1.4	1.4	1.3
EV/EBITDA	25.8	16.0	14.7	9.3	7.2	7.9	8.8
EV/EBIT	92.3	32.9	33.8	16.5	12.9	16.9	14.8
PER	145.6	88.1	48.5	23.0	28.3	43.5	35.9
Adjusted FCF yield	1.4 %	2.2 %	3.0 %	5.6 %	5.1 %	3.5 %	4.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 17.03.2021 ; excl. future M&A/divestments

Please refer to important disclosures at the end of the report



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 2.68 / 0.97

Price/Book Ratio: 1.7

Relative performance (SDAX):

3 months 9.9 %

6 months 20.2 %

12 months 82.7 %

Changes in estimates

		Sales	EBIT	EPS
2020	old:			
	Δ			
2021	old:	69.4	4.7	0.06
	Δ	-15.5%	2.1%	7.1%
2022	old:	77.7	5.6	0.07
	Δ	-15.5%	-1.1%	0.1%

Key share data:

Number of shares: (in m pcs) 35.3

Authorised capital: (in € m) -

Book value per share: (in €) 1.6

Ø trading volume: (12 months) 20,000

Major shareholders:

Free Float 67.0 %

Michael Schmidt 25.5 %

(speaker of the board)

Jürgen Beck-Bazlen 3.9 %

(supervisory board)

Lupus Alpha 3.4 %

Other executive and 0.2 %

supervisory board members


Company description:

3U Holding operates in the trending fields of cloud computing, eCommerce and renewable energies with a clear focus on weclapp and Selfio.

Table of Contents

<u>3U Holding AG</u>	1
<u>Company Background</u>	3
<u>Investment Case in a nutshell</u>	4
<u>An update on 3U's portfolio</u>	5
<u>Valuation</u>	10
<u>Financials</u>	12
<u>Contacts: Hauck & Aufhäuser Privatbankiers AG</u>	20

Company Background

	ITC		SHAC	Renewable Energies		Group (incl. Holding)
Company/Subdivision	weclapp	Voice Retail, Voice Business Customer, Voice Datacenter & Operations, Risima	Selfio	PELIA, samoba	Wind, Solar	
						
Products/Services	Cloud-based CRM and ERP solutions	Call-by-call services (B2C, B2B), Voice termination, Datacenter services, IT licenses	Sanitary, heating and air conditioning systems	SCM services, logistics, online rental of professional tools	owner and operator of wind energy and photovoltaic systems; wind park development	
Explanation	weclapp allows customers to manage projects, orders, invoices, accounting etc. with one software. The software is provided as a service, i.e. largely scalable and yielding recurring revenues. The open platform model enables the seamless integration of add-on applications.	Voice Business comprises termination and value-added services. The Datacenter & Operations business spans colocation, infrastructure as a service, telecommunication services as well as the operation of networks. In Voice Retail, 3U acts as a network intermediary allowing a telephone call to be made indirectly potentially saving the caller money. RISIMA sells Workshare IT licenses for document processing and security to business clients.	selfio is an eCommerce provider for the private DIY sector. Its focus lies on the niche for heating, water and ventilation technology.	PELIA is a trading company with its own production and logistics center mainly serving its affiliate Selfio and prior affiliate ClimaLevel. In addition to in-house production in the area of underfloor heating, PELIA sells ventilation, heating technology, solar, sanitary and water treatment products. samoba specializes in the online rental of professional tools and machines for building projects.	The capacity for electricity generation amounts to c. 53 MW (in 2021E) of which 10MW should be attributable to solar and the remaining capacity to four wind parks in Lower Saxony, Brandenburg, Saxony-Anhalt and Mecklenburg-Western Pomerania (acquired as of Jan'20).	
End markets	35 countries	Germany	Germany	Germany	Germany	
Sales '20 (€ m)	7.3	12.0	23.7	9.4	9.1	61.1
Sales share	12.0%	19.6%	38.8%	15.4%	14.9%	
EBITDA '20 (€ m; eH&A)	2.6	2.5	0.5	0.6	8.8	11.6
EBITDA-margin	36%	21%	2%	6%	97%	19%

Source: Company data; Hauck & Aufhäuser

Investment Case in a nutshell

- Portfolio stars weclapp and selfio reflect **3U's focus on trending fields cloud computing and eCommerce**
- The value of 3U's portfolio champions is not adequately reflected: BUY; PT € 3.20
- A potential IPO of weclapp looks set to reveal 3U's value at least in part

Thanks to a multi-year transformation, the former telco specialist 3U today has a **firm focus on the mega trends Cloud Computing and eCommerce**, providing for a bright growth outlook.

Its most promising business is **technology front-runner weclapp** (€ 7m sales / > 30% EBITDA margin / > 50% growth). The subsidiary built its SaaS ERP solution from scratch using the most innovative technologies and as a pure cloud model, which drives differentiation reflected in:

- **A standardized and scalable set-up**, with one of the most modern user interfaces making it the perfect fit for SMEs, weclapp's key customer group.
- **Artificial Intelligence**, which helps customers manage their business more efficiently through predictive analytics and process automation.
- **An open platform model**, which allows for the seamless integration of add-on applications, which are constantly being developed by an active community.

This, coupled with the major consolidation wave in the legacy on-premise ERP market further fueled by Covid-19 and its international expansion should set weclapp up for dynamic growth of 50%+ p.a. (FY'20P-23E) at c. 30% EBITDA margins.

eCommerce company Selfio is seen as a COVID-19 winner as it caters to the private DIY sector, focusing on the sale of floor heating systems and water treatment solutions.

Thanks to its high online visibility grounded in successful content marketing and excellent service quality, including free youtube tutorials, revenues are expected to grow at 12% CAGR p.a. '20P-'23E. The implementation of efficiency measures should enable Selfio to return EBITDA margins north of 3% (eH&A).

Thus, especially weclapp and Selfio should drive dynamic sales growth of c. 9% p.a. '20P-'23E while operating group EBITDA should rise slightly disproportionately by 10% to € 11.7m.

Notably, a potential IPO of weclapp within the next two years as indicated by management **would be a major catalyst for the share price of 3U**, in our view.

An update on 3U's portfolio

- ITC segment: (€ 19.3m FY'20 sales; € 5m EBITDA): weclapp as Covid-19 beneficiary
- SHAC segment (€ 33.1m FY'20 sales; € 1.1m EBITDA): trimming the fat
- Renewables segment (€ 9.1m FY'20 sales; € 8.8m EBITDA): adding a bit of green color

ITC segment: weclapp as post Covid-19 beneficiary

Weclapp is at the heart of the ITC segment and looks set to continue its dynamic growth trajectory in FY'21 and beyond.

In fact, the success of weclapp's efforts **to increase visibility** of the business is reflected in the development of annual recurring revenues (ARR). At the end of **December 2020**, **weclapp's ARR stood at € 7.2m** (calculated as December monthly recurring revenue x12), which increased by 40%+ yoy

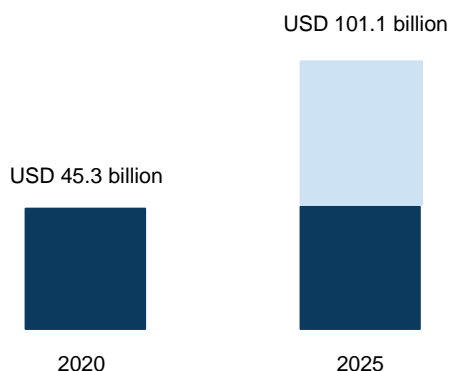
Hence, **starting into FY 2021**, the share of incremental sales - with existing or new customers - to reach our 2021 estimates is only 37% and should be well in reach, in our view.

Well positioned in a structural growth market

The global cloud ERP market is expected to grow from USD 45bn in FY'20 to USD 101bn by 2025, at a CAGR of 17% p.a. during the forecast period driven by growing demand to improve operational efficiency, increasing adoption of cloud-based solution and the impact of the Covid-19 pandemic.

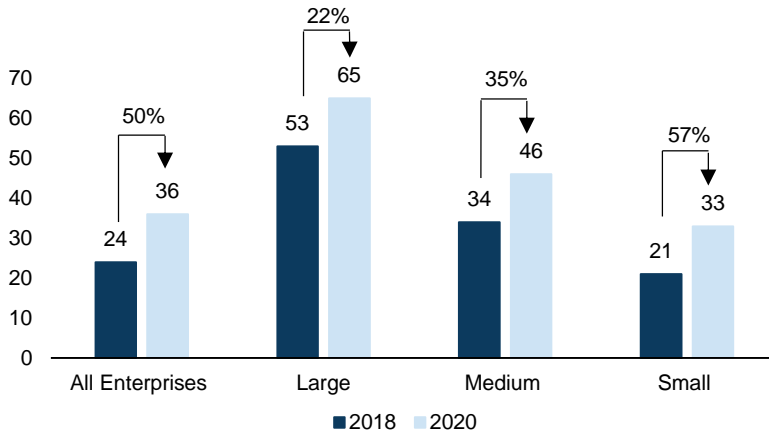
Importantly, the SMEs segment should record the fastest growth rate during the forecast period as cost-effectiveness is the prevailing theme and adoption is still low, according to Research and Markets.

The Global Cloud ERP Market



Source: Research & Markets; Hauck & Aufhäuser

Use of Cloud Computing Services by Size, EU-27 (% of Enterprises)



Source: Eurostat; Hauck & Aufhäuser

With its tight focus on SMEs and rigorously addressing the key market trends (e.g. Artificial Intelligence, third-party add-ons), **weclapp is hence in a top position to capitalize on favorable market developments and continuously increase its market share** in the not yet saturated but highly fragmented cloud ERP market. In Germany alone, weclapp calculates with > 600 ERP players.

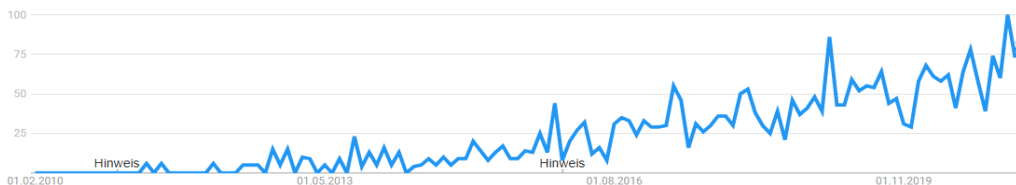
Acceleration of growth

i) Marketing efforts to raise awareness

Thanks to its inbound / content marketing, weclapp has managed to distribute its cloud ERP offering to > 3.500 business customers mainly in the SME space. weclapp creates valuable online content to attract customers and achieve optimal search engine rankings.

With this, weclapp increases its popularity, as can be seen in the chart below.

Google Trends 'weclapp' in Germany



Source: Google, Hauck & Aufhäuser

The values indicate the search interest relative to the highest point on the graph for the selected region in the specified period. The value 100 stands for the highest popularity of this search term.

Notably, weclapp is currently working on providing Italian, English, Spanish and French online content to drive its international expansion.

ii) Expanding marketing staff to execute on new customer wins

Currently, weclapp employs c. 24 sales and marketing staff (31% of total) and intends to ramp this number up by FY'21 end. This way, management expects to (i) strengthen its content marketing, (ii) push its international expansion and (iii) improve upselling with existing customers.

iii) Executing on the applications front to rise ARPA

Weclapp is currently working on optional features and high-priced solutions such as an integrated HRM tool, which should drive ARPA (average revenue per account per annum) going forward. Currently, ARPA should stand at c. € 2,200, in our view.

Importantly, the digital offering proves appealing over and over again: In Italy, weclapp has been approached by leading third-party ERP reseller INFOMINDS. What's

more, the company has been awarded the German B2B Award 2020/21 in the ERP sector by the German Society for Consumer Studies (dtgv).

As a result of management's expansion strategy, both new and existing customers should drive the expected 50%+ growth p.a.

M&A provides further upside: Weclapp looks set to take part in the major consolidation wave to gain further market share. Its current M&A long list comprises 50 small targets, of which three should already be shortlisted, in our view. Notably, 3U's net cash position should currently stand at € 14m following the sale of the externally leased parts of the Adelebsen site, which looks set to be available to finance growth at weclapp at least in part.

SHAC segment: trimming the fat

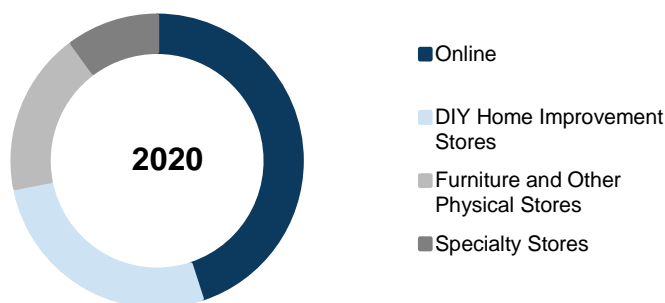
The sale of ClimaLevel, the underfloor heating systems installation business, resulted in a net cash inflow of € 2.3m and a book gain of € 1.3m, pointing at a c. 0.5x EV/sales multiple based on € 7m sales generated in FY'20, in our view. Notably **the transaction allows management to center its attention on eCommerce plays Selfio and Pelia.**

In fact, management is currently setting out to improve efficiency. Key measures revolve around (i) its own product strategy, (ii) focus on its own shop as primary sales channel and (iii) intensified content marketing,

- (i) **Own product strategy:** With the increasing share of own products, Selfio is expected to lift gross margins to > 20% vs c. 16% now (eH&A).
- (ii) **Increased content marketing:** To extend its reach, Selfio will further expand its free online content. Figures are already impressive: Selfio has >9m video clicks and >10,000 subscribers for its YouTube channel Selfio TV, which offers advice on DIY installations. In the beginning of last year, these figures stood at > 6m video clicks and 6,000 subscribers, underpinning the growing reach. In fact, website visits have grown from 1.3m per month to 1.9m per month during this period.
- (iii) **Own shop as primary sales channel:** Currently, 60% of revenues are generated via selfio's own platform, 22% via marketplaces including Amazon and the likes. Winding down Amazon sales should have two benefits: (i) Selfio can cut fees and (ii) should face less administrative costs as Amazon sales are usually numerous, smaller ticket volumes.

Importantly, DIY Home Improvement products are in high demand and online sourcing is the preferred choice of customers, clearly boding well for Selfio. Hence, we expect revenues to grow at a 12% CAGR p.a. '20P-'23E. The implementation of efficiency measures should enable Selfio to return EBITDA margins north of 3% (eH&A).

DIY Home Improvement Market Market Share by Distribution Channel



Source: Mordor Intelligence; Hauck & Aufhäuser

Renewables segment: adding a bit of green color

In the renewable segment, management continues to ride its opportunistic approach as reflected in recent transactions:

- Sale of wind farm Lüderdorf II (6.6 MW, state-guaranteed feed-in tariffs until 2036): € 4-5m net cash inflow (eH&A); € 1.5m book gain in Q4'20
- Sale of externally leased parts of Adelebsen site: € 5m net cash inflow; € 1.5m book gain in Q1'21

Aside from the change in scope of 53 MW electricity generation capacity now vs 59.6 MW in FY'20, changes in the remuneration scheme should have an impact on otherwise stable and predictable cash flows. Note that state-guaranteed feed-in-tariffs for 43 MW capacity of 3U's current holdings have or should expire by FY'21 end, naturally lowering revenues and EBITDA margins as market values are below generous feed-in-tariffs of the past.

Note that 3U expects its oldest parks to run for c. 5 more years and has formed provisions to the tune of € 1m for the dismantling of these wind farms.

Putting it all together

Note that our estimates do not include potential future acquisitions or divestments.

Sales development	2020P	2021E	2022E	2023E	CAGR
Sales (€m)	61.1	58.6	67.5	79.4	9.2%
yoy	18.7%	-4.0%	15.2%	17.6%	
ITC	19.3	22.3	28.9	36.1	23.3%
yoy	37.0%	15.8%	29.6%	24.9%	
weclapp	7.3	11.4	18.0	25.2	51.1%
yoy	58.7%	56.2%	57.9%	40.0%	
Voice	11.1	10.0	10.0	10.0	-3.4%
yoy	23.3%	-9.9%	0.0%	0.0%	
RISIMA Consulting	0.9	0.9	0.9	0.9	1.9%
yoy	74.0%	5.7%	0.0%	0.0%	
Renewable Energy	9.1	6.3	4.3	4.3	-22.1%
yoy	26.0%	-30.8%	-31.7%	0.0%	
Wind	6.8	4.5	2.5	2.5	-28.4%
yoy	30.3%	-33.8%	-44.4%	0.0%	
Solar	2.3	1.8	1.8	1.8	-7.8%
yoy	15.0%	-21.7%	0.0%	0.0%	
SHAC	33.1	30.0	34.3	39.0	5.6%
yoy	9.0%	-9.4%	14.3%	13.7%	
Selfio	23.7	25.0	28.8	33.0	11.7%
yoy	15.0%	5.5%	15.2%	14.6%	
PELIA Gebäudesysteme	2.4	5.0	5.5	6.0	35.7%
yoy	71.4%	108.3%	10.0%	9.1%	
ClimaLevel Energiesysteme	7.0	0.0	0.0	0.0	-100.0%
yoy	4.5%	5.0%	5.0%	5.0%	
Consolidation	-0.4	0.0	0.0	0.0	

Source: Company data; Hauck & Aufhäuser estimates

Profitability development	2020P	2021E	2022E	2023E	CAGR
EBITDA (€m)	11.6	10.4	9.1	11.7	0.1%
margin	19.1%	17.7%	13.5%	14.7%	
yoy					
ITC	5.0	5.3	7.2	9.4	23.0%
margin	26.2%	23.6%	24.7%	26.0%	
weclapp	2.6	3.7	5.6	7.8	44.5%
margin	35.5%	32.5%	31.0%	31.0%	
Voice	2.4	1.5	1.5	1.5	-14.3%
margin	21.5%	15.0%	15.0%	15.0%	
RISIMA Consulting	0.1	0.1	0.1	0.1	1.9%
margin	8.0%	8.0%	8.0%	8.0%	
Renewable Energy	8.8	4.5	2.6	2.6	-33.6%
margin	96.7%	72.1%	60.0%	60.0%	
Wind	7.2	3.1	1.1	1.1	-45.9%
margin	105.9%	68.9%	45.6%	45.6%	
Solar	1.6	1.4	1.4	1.4	-3.5%
margin	69.6%	80.0%	80.0%	80.0%	
SHAC	1.1	1.1	1.4	1.7	15.6%
margin	3.3%	3.5%	4.1%	4.4%	
Selfio	0.5	0.9	1.0	1.2	33.9%
margin	2.1%	3.4%	3.5%	3.6%	
PELIA Gebäudesysteme	-0.9	0.2	0.4	0.5	na
margin	-37.5%	4.0%	7.3%	8.3%	
ClimaLevel Energiesysteme	1.5	0.0	0.0	0.0	-100.0%
margin	2.5%	2.5%	2.5%	2.5%	
Consolidation	-3.3	-0.5	-2.0	-2.0	

Source: Company data; Hauck & Aufhäuser estimates

Valuation

- We roll over valuation to FY'22, **arriving at a new PT of € 3.20 per share based on SOTP.**
- Notably, 3U's 75% stake in the biggest value driver weclapp should account for the lion's share of 3U's total EV today, in our view.

3U SOTP valuation	FV in € m	Shareholding	3U share	FV/share
weclapp	103.5	75.0%	77.6	2.2
Selfio	21.3	100.0%	21.3	0.6
Renewables	25.0	100.0%	25.0	0.7
Remaining ITC	7.9	100.0%	7.9	0.2
Remaining SHAC	2.0	100.0%	2.0	0.1
Holding cost	30.0		30.0	0.8
3U net cash	9.3	100.0%	9.3	0.3
Total FV	139.0		113.1	3.2

Source: Company data; Hauck & Aufhäuser estimates

To compute the EV of each value driver, we apply relevant multiples:

- **Weclapp:** Applying a discounted median peer group EV/sales multiple for 2022E indicates a fair enterprise value of € 104m based on EV/sales 2022E. While all the peered companies are still considerably larger, there are no suitable publicly listed small cap peers with comparable growth potential available, in our view. To account for this fact, we apply a 50% discount.

weclapp	Price	Currency	Market Cap	EV/Sales 20E (x)	EV/Sales 21E (x)	EV/Sales 22E (x)
APPIAN CORP	158.6	USD	6,184	20.5	17.2	14.6
SALESFORCE.COM	211.3	USD	193,936	11.3	9.1	7.5
CLOUDERA INC	12.5	USD	3,906	4.3	3.9	3.6
SERVICENOW INC	480.4	USD	94,198	20.9	16.3	13.1
RINGCENTRAL IN-A	318.9	USD	25,601	22.0	17.3	14.0
ATLIASSIAN CORP-A	227.5	USD	30,262	18.4	15.1	12.9
EXASOL AG	22.4	EUR	548	20.6	15.2	10.1
NFON AG	20.6	EUR	310	4.7	4.2	3.5
Median (peer group)				19.5	15.2	11.5

Source: Bloomberg; Hauck & Aufhäuser estimates

- **Selfio:** The peer group valuation indicates a fair enterprise value of € 21m based on EV/sales 2022E. Notably, we include online retailers in our peer group, which reflect Selfio's business model much better compared to traditional home improvement companies such as Home Depot and Kingfisher, which still have a large revenue share in the brick-and-mortar business.

Selfio	Price	Currency	Market Cap	EV/Sales 20E (x)	EV/Sales 21E (x)	EV/Sales 22E (x)
ZOOPLUS AG	195.4	EUR	1,397	0.8	0.7	0.6
DELTICOM AG	8.6	EUR	108	0.4	0.3	0.3
ZALANDO SE	88.7	EUR	22,647	2.8	2.3	2.0
MANUTAN INTERNAT	75.8	EUR	577	0.7	0.7	0.7
DUSTIN GROUP	88.2	USD	7,819	0.7	0.7	0.7
WAYFAIR INC- A	314.2	USD	24,196	1.8	1.6	1.3
OVERSTOCK.COM	74.8	USD	3,205	1.2	1.2	1.0
Median (peer group)				0.8	0.7	0.7

Source: Bloomberg; Hauck & Aufhäuser estimates

3U Holding AG

- **Renewables:** We attach a value of € 10m to 3U's 10 MW solar park and € 15m for the remaining wind parks with a capacity of 43 MW, considering the age and paid market multiples according to channel checks.
- **Remaining ITC:** We value the voice business activities at a 5x EV/EBITDA 2022E multiple.
- **Remaining SHAC:** Pelia is valued at 5x EV/EBITDA 2022E.

In a second step, we apply a 10x multiple to holding costs of c. € 3m p.a. Additionally, the net cash of 3U group is added to arrive at the equity value of the portfolio.

Thus, **we arrive at a new PT of € 3.20 per share**. Notably, the largest increase of the fair value stems from rolling over our SOTP to FY'22 and higher multiples of weclapp peers, taking into account the current low discount rates.

Financials

Profit and loss (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	43.7	46.9	48.0	51.4	61.1	58.6	65.7
<i>Sales growth</i>	-9.3 %	7.2 %	2.3 %	7.2 %	18.7 %	-4.0 %	12.0 %
Increase/decrease in finished goods and work-in-process	1.7	-0.5	0.6	-0.1	-0.1	-0.1	-0.1
Total sales	45.5	46.4	48.6	51.4	61.0	58.5	65.6
Other operating income	1.4	1.7	4.8	8.0	3.3	1.8	2.0
Material expenses	26.4	24.9	28.6	28.7	32.8	31.7	35.5
Personnel expenses	9.6	9.5	10.3	11.7	13.8	13.3	14.9
Other operating expenses	6.1	7.1	7.7	8.9	6.0	5.0	7.9
Total operating expenses	40.7	39.7	41.8	41.3	49.3	48.2	56.3
EBITDA	4.7	6.7	6.7	10.1	11.6	10.4	9.3
Depreciation	3.2	3.2	3.6	4.2	4.9	5.3	3.5
EBITA	1.5	3.5	3.1	5.9	6.7	5.1	5.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	1.3	3.2	2.9	5.7	6.5	4.8	5.6
Interest income	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Interest expenses	1.0	1.1	0.9	0.9	0.5	0.5	0.5
Other financial result	0.3	0.3	0.2	0.2	0.2	0.2	0.1
Financial result	-1.2	-1.3	-1.1	-1.0	-0.7	-0.5	-0.4
Recurring pretax income from continuing operations	0.1	1.9	1.8	4.6	5.8	4.3	5.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.1	1.9	1.8	4.6	5.8	4.3	5.1
Taxes	-0.6	0.7	-0.3	0.2	1.6	1.3	1.5
Net income from continuing operations	0.7	1.2	2.2	4.4	4.2	3.0	3.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.7	1.2	2.2	4.4	4.2	3.0	3.6
Minority interest	0.0	0.1	0.2	0.3	0.9	0.9	1.0
Net profit (reported)	0.6	1.1	1.9	4.1	3.3	2.1	2.6
Average number of shares	33.3	33.3	33.3	34.2	35.3	35.3	35.3
EPS reported	0.02	0.03	0.06	0.12	0.09	0.06	0.07

Profit and loss (common size)	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	3.9 %	neg.	1.2 %	neg.	neg.	neg.	neg.
Total sales	103.9 %	99.0 %	101.2 %	99.9 %	99.9 %	99.9 %	99.9 %
Other operating income	3.2 %	3.6 %	10.0 %	15.6 %	5.5 %	3.0 %	3.0 %
Material expenses	60.4 %	53.1 %	59.7 %	55.8 %	53.7 %	54.0 %	54.0 %
Personnel expenses	21.9 %	20.2 %	21.5 %	22.6 %	22.7 %	22.7 %	22.7 %
Other operating expenses	14.0 %	15.1 %	16.1 %	17.4 %	9.9 %	8.5 %	12.0 %
Total operating expenses	93.2 %	84.7 %	87.2 %	80.2 %	80.8 %	82.2 %	85.7 %
EBITDA	10.8 %	14.2 %	14.0 %	19.6 %	19.1 %	17.7 %	14.2 %
Depreciation	7.2 %	6.9 %	7.5 %	8.2 %	8.0 %	9.0 %	5.3 %
EBITA	3.5 %	7.4 %	6.5 %	11.4 %	11.0 %	8.6 %	8.9 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.5 %	0.5 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	3.0 %	6.9 %	6.1 %	11.0 %	10.6 %	8.2 %	8.5 %
Interest income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.2 %	0.2 %
Interest expenses	2.2 %	2.3 %	1.8 %	1.7 %	0.9 %	0.8 %	0.7 %
Other financial result	0.6 %	0.6 %	0.5 %	0.3 %	0.2 %	0.3 %	0.2 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	0.2 %	4.1 %	3.8 %	9.0 %	9.5 %	7.4 %	7.8 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	0.2 %	4.1 %	3.8 %	9.0 %	9.5 %	7.4 %	7.8 %
Tax rate	-558.1 %	36.6 %	-17.5 %	5.3 %	28.0 %	30.0 %	30.0 %
Net income from continuing operations	1.6 %	2.6 %	4.5 %	8.5 %	6.9 %	5.2 %	5.5 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	1.6 %	2.6 %	4.5 %	8.5 %	6.9 %	5.2 %	5.5 %
Minority interest	0.1 %	0.3 %	0.5 %	0.6 %	1.5 %	1.5 %	1.5 %
Net profit (reported)	1.5 %	2.3 %	4.0 %	7.9 %	5.4 %	3.7 %	4.0 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	2.3	2.3	2.2	2.6	3.2	3.0	2.8
Property, plant and equipment	48.7	46.1	39.7	34.8	31.4	31.1	32.6
Financial assets	7.9	7.6	4.2	5.4	5.2	5.1	5.0
FIXED ASSETS	58.9	56.0	46.1	42.7	39.7	39.1	40.3
Inventories	14.8	5.9	7.0	7.8	8.6	8.1	9.1
Accounts receivable	4.7	4.5	4.4	3.9	5.0	4.8	5.4
Other current assets	3.8	1.6	3.0	2.8	2.8	2.8	2.8
Liquid assets	11.7	11.7	12.3	20.6	24.3	26.5	26.0
Deferred taxes	1.8	1.5	1.7	2.7	2.7	2.7	2.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	36.8	25.2	28.4	37.8	43.5	45.0	46.0
TOTAL ASSETS	95.8	81.2	74.5	80.5	83.2	84.1	86.3
SHAREHOLDERS EQUITY	40.5	41.2	42.4	47.2	56.4	57.5	59.2
MINORITY INTEREST	-1.4	-1.2	-1.0	-0.7	-0.7	-0.7	-0.7
Long-term debt	35.4	23.5	19.6	20.5	13.5	13.5	13.5
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.2	1.2	1.4	1.5	1.5	1.5	1.5
Non-current liabilities	36.6	24.7	21.0	22.0	15.0	15.0	15.0
short-term liabilities to banks	9.4	7.1	3.5	1.5	1.5	1.5	1.5
Accounts payable	4.6	3.1	3.2	3.0	3.5	3.4	3.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	4.5	4.8	4.4	5.6	5.6	5.6	5.6
Deferred taxes	1.6	1.6	0.9	1.9	1.9	1.9	1.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	20.0	16.6	12.0	12.0	12.6	12.4	12.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	95.8	81.2	74.5	80.5	83.2	84.2	86.3

Balance sheet (common size)	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	2.4 %	2.8 %	2.9 %	3.2 %	3.8 %	3.6 %	3.2 %
Property, plant and equipment	50.9 %	56.8 %	53.2 %	43.2 %	37.7 %	36.9 %	37.7 %
Financial assets	8.2 %	9.4 %	5.7 %	6.7 %	6.3 %	6.0 %	5.8 %
FIXED ASSETS	61.5 %	69.0 %	61.9 %	53.1 %	47.8 %	46.5 %	46.7 %
Inventories	15.5 %	7.3 %	9.4 %	9.7 %	10.3 %	9.7 %	10.6 %
Accounts receivable	4.9 %	5.5 %	6.0 %	4.9 %	6.0 %	5.7 %	6.3 %
Other current assets	4.0 %	2.0 %	4.0 %	3.5 %	3.4 %	3.4 %	3.3 %
Liquid assets	12.2 %	14.4 %	16.5 %	25.5 %	29.3 %	31.5 %	30.1 %
Deferred taxes	1.9 %	1.8 %	2.2 %	3.3 %	3.2 %	3.2 %	3.1 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	38.5 %	31.0 %	38.1 %	46.9 %	52.2 %	53.5 %	53.3 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	42.3 %	50.7 %	57.0 %	58.7 %	67.8 %	68.3 %	68.6 %
MINORITY INTEREST	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Long-term debt	37.0 %	29.0 %	26.4 %	25.5 %	16.2 %	16.0 %	15.6 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	1.2 %	1.4 %	1.8 %	1.8 %	1.7 %	1.7 %	1.7 %
Non-current liabilities	38.2 %	30.4 %	28.2 %	27.3 %	18.0 %	17.8 %	17.3 %
short-term liabilities to banks	9.8 %	8.7 %	4.8 %	1.9 %	1.9 %	1.8 %	1.8 %
Accounts payable	4.8 %	3.9 %	4.3 %	3.7 %	4.3 %	4.0 %	4.4 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	4.7 %	5.9 %	5.9 %	6.9 %	6.7 %	6.6 %	6.5 %
Deferred taxes	1.6 %	1.9 %	1.2 %	2.4 %	2.3 %	2.3 %	2.2 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	20.9 %	20.4 %	16.1 %	14.9 %	15.1 %	14.8 %	14.9 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Net profit/loss	0.7	1.2	2.2	4.4	4.2	3.0	3.6
Depreciation of fixed assets (incl. leases)	3.2	3.2	3.6	4.2	4.9	5.3	3.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	0.5	0.4	0.4	0.2	0.2	0.3
Others	-1.3	-5.9	-4.6	-3.8	0.0	0.0	0.0
Cash flow from operations before changes in w/c	3.0	-1.0	1.6	5.2	9.3	8.6	7.4
Increase/decrease in inventory	-8.0	8.9	-1.0	-0.8	-0.8	0.5	-1.0
Increase/decrease in accounts receivable	2.2	0.2	0.0	0.5	-1.1	0.2	-0.6
Increase/decrease in accounts payable	1.0	-1.4	0.1	-0.2	0.6	-0.1	0.4
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-4.8	7.7	-1.0	-0.5	-1.4	0.5	-1.1
Cash flow from operating activities	-1.7	6.6	0.6	4.7	8.0	9.1	6.2
CAPEX	10.6	0.8	0.7	3.0	5.8	5.1	5.0
Payments for acquisitions	0.0	0.0	1.3	0.0	0.0	0.0	0.0
Financial investments	0.1	0.0	0.1	1.3	0.0	0.0	0.0
Income from asset disposals	0.1	-0.3	10.2	13.5	11.0	0.0	0.0
Cash flow from investing activities	-10.6	-1.2	8.1	9.2	5.2	-5.1	-5.0
Cash flow before financing	-12.3	5.5	8.7	13.9	13.2	4.0	1.2
Increase/decrease in debt position	16.4	-5.0	-7.4	-6.2	-7.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	1.6	0.0	0.0	0.0
Dividends paid	0.0	0.3	0.7	1.0	1.4	1.8	1.8
Others	-0.1	-0.1	-0.1	0.0	2.1	0.0	0.0
Effects of exchange rate changes on cash	-1.1	0.8	-0.4	0.8	0.0	0.0	0.0
Cash flow from financing activities	16.3	-5.4	-8.2	-5.6	-6.3	-1.8	-1.8
Increase/decrease in liquid assets	2.9	0.8	0.2	9.1	6.9	2.2	-0.6
Liquid assets at end of period	7.3	8.2	8.4	17.5	24.3	26.6	26.0

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TTL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2016	2017	2018	2019	2020E	2021E	2022E
P&L growth analysis							
Sales growth	-9.3 %	7.2 %	2.3 %	7.2 %	18.7 %	-4.0 %	12.0 %
EBITDA growth	17.3 %	41.9 %	0.6 %	50.3 %	73.4 %	2.6 %	-20.0 %
EBIT growth	48.7 %	147.4 %	-10.0 %	94.3 %	122.5 %	-15.0 %	-14.6 %
EPS growth	-178.4 %	65.4 %	81.5 %	105.9 %	60.9 %	-49.2 %	-21.3 %
Efficiency							
Total operating costs / sales	93.2 %	84.7 %	87.2 %	80.2 %	80.8 %	82.2 %	85.7 %
Sales per employee	292.6	311.5	291.6	581.3	690.1	n/a	n/a
EBITDA per employee	31.5	44.3	40.8	114.1	131.6	n/a	n/a
Balance sheet analysis							
Avg. working capital / sales	28.7 %	23.7 %	16.2 %	16.5 %	15.0 %	15.6 %	15.8 %
Inventory turnover (sales/inventory)	3.0	7.9	6.9	6.6	7.1	7.2	7.2
Trade debtors in days of sales	39.3	34.8	33.8	27.7	30.0	30.0	30.0
A/P turnover [(A/P*365)/sales]	38.1	24.4	24.2	21.2	21.2	21.2	21.2
Cash conversion cycle (days)	180.8	76.1	82.3	88.8	86.3	84.6	84.6
Cash flow analysis							
Free cash flow	-12.3	5.8	-0.1	1.6	2.2	4.0	1.2
Free cash flow/sales	-28.1 %	12.4 %	-0.1 %	3.2 %	3.6 %	6.8 %	1.8 %
FCF / net profit	neg.	547.8 %	neg.	40.4 %	66.3 %	186.5 %	46.6 %
Capex / deprn	291.5 %	22.0 %	19.2 %	95.0 %	112.7 %	92.1 %	132.9 %
Capex / maintenance capex	261.9 %	17.6 %	13.3 %	52.4 %	97.2 %	90.3 %	132.9 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	33.2	18.9	10.9	1.5	-9.3	-11.5	-11.0
Net Debt/EBITDA	7.1	2.8	1.6	0.1	0.0	0.0	0.0
Net debt / equity	0.8	0.5	0.3	0.0	neg.	neg.	neg.
Interest cover	1.4	3.0	3.3	6.6	12.3	10.7	12.3
Dividend payout ratio	51.8 %	62.6 %	51.7 %	34.3 %	53.6 %	82.4 %	68.1 %
Asset utilisation							
Capital employed turnover	0.5	0.7	0.7	0.7	0.8	0.8	0.9
Operating assets turnover	0.7	0.9	1.0	1.2	1.5	1.4	1.5
Plant turnover	0.9	1.0	1.2	1.5	1.9	1.9	2.0
Inventory turnover (sales/inventory)	3.0	7.9	6.9	6.6	7.1	7.2	7.2
Returns							
ROCE	1.7 %	4.1 %	4.2 %	8.3 %	9.4 %	6.7 %	7.5 %
ROE	1.6 %	2.6 %	4.6 %	8.6 %	5.8 %	3.7 %	4.4 %
Other							
Interest paid / avg. debt	2.6 %	2.9 %	3.2 %	3.8 %	2.8 %	2.4 %	3.0 %
No. employees (average)	150	151	165	89	89	0	0
Number of shares	33.3	33.3	33.3	34.2	35.3	35.3	35.3
DPS	0.0	0.0	0.0	0.0	0.1	0.1	0.1
EPS reported	0.02	0.03	0.06	0.12	0.09	0.06	0.07
Valuation ratios							
P/BV	2.3	2.3	2.2	2.0	1.7	1.6	1.6
EV/sales	2.8	2.3	2.1	1.8	1.4	1.4	1.3
EV/EBITDA	25.8	16.0	14.7	9.3	7.2	7.9	8.8
EV/EBITA	79.0	30.9	31.7	15.9	12.4	16.1	14.1
EV/EBIT	92.3	32.9	33.8	16.5	12.9	16.9	14.8
EV/FCF	-9.9	18.3	-1476.2	57.0	38.4	20.5	68.0
Adjusted FCF yield	1.4 %	2.2 %	3.0 %	5.6 %	5.1 %	3.5 %	4.0 %
Dividend yield	0.4 %	0.8 %	1.1 %	1.5 %	1.9 %	1.9 %	1.9 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under the Temporary Permission Regime for EEA firms, subject to the FCA requirements on research recommendation disclosures

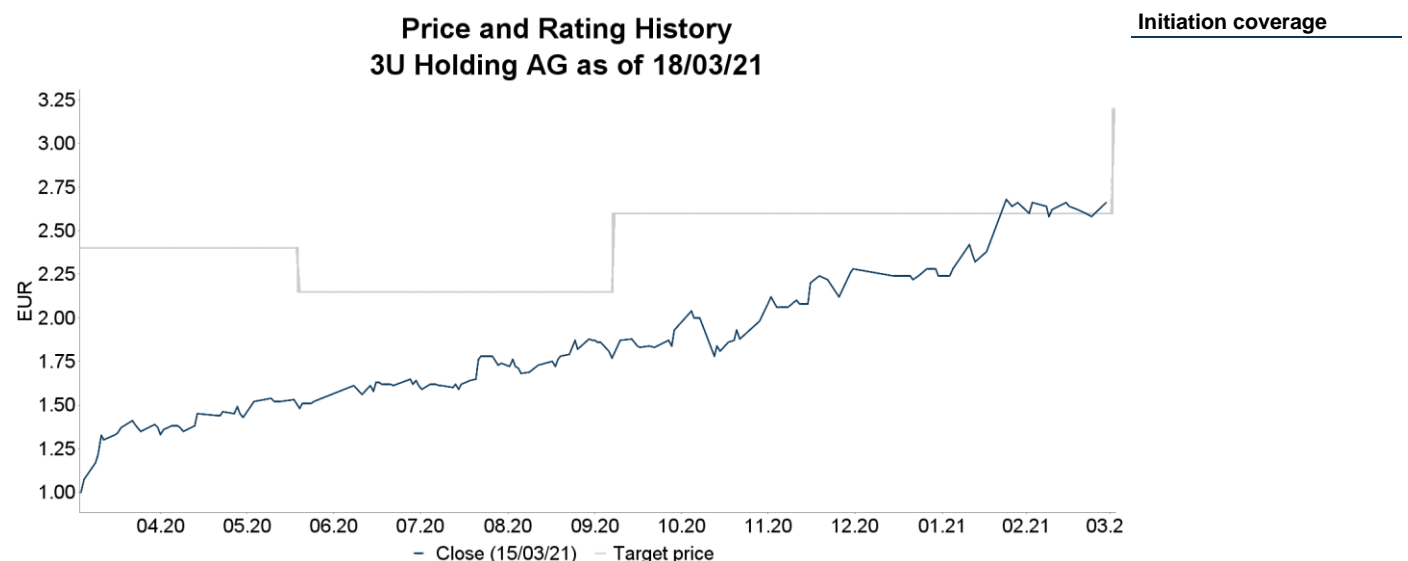
It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA’s rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers AG

- (1) or any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers AG or its affiliate(s),
- (5) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or any other person belonging to the same group with that person is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
3U Holding AG	2, 8

Historical target price and rating changes for 3U Holding AG in the last 12 months



Company	Date	Analyst	Rating	Target price	Close
3U Holding AG	12.11.2020	Köhler, Alina	Buy	EUR 2,60	EUR 1,88
	24.09.2020	Köhler, Alina	Buy	EUR 2,60	EUR 1,77
	13.08.2020	Köhler, Alina	Buy	EUR 2,15	EUR 1,73
	10.08.2020	Köhler, Alina	Buy	EUR 2,15	EUR 1,78
	05.06.2020	Köhler, Alina	Buy	EUR 2,15	EUR 1,51

Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	71.62 %	80.00 %
Sell	8.11 %	0.00 %
Hold	20.27 %	20.00 %

Date of publication creation: 18/03/2021 08:48 AM

Date of publication dissemination: 18/03/2021 08:52 AM

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under the Temporary Permission Regime for EEA firms and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

<https://www.hauck-aufhaeuser.com/en/investment-banking/equities#institutionalresearch>

Disclosures for U.S. persons only

This research report is a product of HAUCK & AUFHÄUSER PRIVATBANKIERS AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK & AUFHÄUSER PRIVATBANKIERS AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK & AUFHÄUSER PRIVATBANKIERS AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Contacts: Hauck & Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 91
Fax: +49 (0) 40 414 3885 71
Email: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-ib.de

Alina Köhler
Analyst
Tel.: +49 40 450 6342 3095
E-Mail: alina.koehler@ha-ib.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Frederik Bitter
Analyst
Tel.: +49 40 450 6342 3091
E-Mail: frederik.bitter@ha-ib.de

Frederik Jarchow
Analyst
Tel.: +49 40 414 3885 76
E-Mail: frederik.jarchow@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 450 6342 3096
E-Mail: simon.bentlage@ha-ib.de

Hauck & Aufhäuser Sales

Alexander Lachmann
Equity Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-ib.de

Carlos Becke
Equity Sales
Tel.: +44 203 9473 245
E-Mail: carlos.becke@ha-ib.de

Christian Schwenkenbecher
Equity Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Christian Bybjerg
Equity Sales
Tel.: +49 414 3885 74
E-Mail: christian.bybjerg@ha-ib.de

Hugues Madelin
Equity Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-ib.de

Imogen Voorspuy
Equity Sales
Tel.: +44 203 9473 244
E-Mail: imogen.voorspuy@ha-ib.de

Markus Scharhag
Equity Sales
Tel.: +49 89 23 93 2813
E-Mail: markus.scharhag@ha-ib.de

Rune Dinesen
Equity Sales
Tel.: +49 40 414 38 85 72
E-Mail: rune.dinesen@ha-ib.de

Vincent Bischoff
Equity Sales
Tel.: +49 40 414 38 85 88
E-Mail: vincent.bischoff@ha-ib.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 78
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.com
www.hauck-aufhaeuser.com

Christian von Schuler
Trading
Tel.: +49 40 414 38 85 77
E-Mail: christian.schuler@hauck-aufhaeuser.com

Fin Schaffer
Trading
Tel.: +49 40 414 38 85 98
E-Mail: fin.schaffer@hauck-aufhaeuser.com

Nils Carstens
Trading
Tel.: +49 40 414 38 85 85
E-Mail: Nils.Carstens@ha-ib.de

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E-Mail: kathleen.jonas@hauck-aufhaeuser.com

Carolin Heidrich
Middle-Office
Tel.: +49 176 10 59 41 52
E-Mail: carolin.heidrich@hauck-aufhaeuser.com