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Research update

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3U Holding AG

Acquisition in growth area offers great value enhancement potential

Rating: Buy (prev.: Hold) | **Price:** 3.35 € | **Price target:** 3.80 € (prev.: 3.50 €)

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Recent business development

Basic data

Based in:	Marburg
Sector:	Software / E-Commerce
Headcount:	211
Accounting:	IFRS
ISIN:	DE0005167902
Ticker:	UUU:GR
Price:	3.35 Euro
Market segment:	Prime Standard
Number of shares:	35.3 m
Market Cap:	118.3 m Euro
Enterprise Value:	111.5 m Euro
Free Float:	67.0 %
Price high/low (12M):	3.49 / 1.68 Euro
Ø turnover (Xetra, 12 M):	60,900 Euro / day

3U reported a 10 percent decline in sales to EUR 27.3 m in the first half of the year, but this was entirely due to the sale of a subsidiary and a wind farm at the end of 2020. Adjusted for this effect, sales increased by 4 percent. Since the partial sale of a property, which had already been agreed in the summer of last year, had also had an effect on income in the first quarter, the half-year EBIT increased by 20 percent to EUR 2.6 m despite the decline in sales, while the half-year profit after taxes and minorities even doubled to EUR 1.5 m. Viewed separately, however, the operating development of the second quarter showed weaknesses as well. This was partly due to external factors such as the unfavourable weather in the Renewable Energies segment or the increasing supply bottlenecks in e-commerce, but partly also to internal developments. A strong increase in capacity and the upfront costs of an acquisition led to reduced profitability at weclapp, but this is expected to remain temporary. With this acquisition of the B2B platform operator ITscope, announced in July, the software specialist has opened up further growth opportunities and synergy potential.

FY ends: 31.12.	2018	2019	2020	2021e	2022e	2023e
Sales (m Euro)	48.0	51.4	61.1	59.5	72.5	84.6
EBIT (m Euro)	2.7	5.5	5.9	6.0	9.9	10.6
Net profit	1.9	4.1	3.3	2.6	4.6	4.5
EPS	0.05	0.12	0.09	0.07	0.13	0.13
Dividend per share	0.03	0.04	0.05	0.04	0.06	0.08
Sales growth	2.3%	7.2%	18.7%	-2.6%	21.8%	16.7%
Profit growth	81.5%	111.7%	-20.2%	-19.2%	72.6%	-1.6%
PSR	2.47	2.30	1.94	1.99	1.63	1.40
PER	61.2	28.9	36.2	44.8	26.0	26.4
PCR	198.8	25.3	24.8	10.1	10.8	10.9
EV / EBIT	41.2	20.3	18.8	18.6	11.3	10.6
Dividend yield	0.9%	1.2%	1.4%	1.1%	1.9%	2.4%

Sales lower due to consolidation

The reported half-year sales of the 3U Group fell by 10 percent to EUR 27.3 m compared to the previous year. This is due to the sale of a wind farm and a subsidiary at the end of 2020, which together contributed EUR 4.2 m to sales in the first half of 2020. Adjusted for this effect, revenue from continued operations increased by around 4 percent. Once again, the cloud software specialist weclapp showed the highest dynamics, increasing its revenues by 45 percent to almost EUR 4.7 m and thus contributing significantly to the growth of the ICT segment by 20 percent to EUR 10.8 m. However, the growth dynamic at weclapp has thus noticeably decreased in the second quarter; in the first quarter, growth was as high as 52 percent. Upon enquiry, the company explained this effect with lower one-off revenues as well as the tying up of management resources due to the preparation of the takeover of ITscope GmbH announced in July (see below). In the ICT segment, Voice Business and Data Centre Services also showed increasing revenues in the first half of the year, while the telephony business with private customers, which had recorded an interim high last year due to the pandemic, has now resumed its long-term downward trend. With half-year revenues of less than EUR 1 m, however, this business now plays only a subordinate role for the segment and even more so for the group as a whole.

Three stress factors in the Renewable Energies segment

In contrast, there was a decline in sales in the segment Renewable Energies, where, in addition to the disposal of the sold wind farm Lüdersdorf, the unfavourable weather conditions (fewer wind and sun hours compared to the previous year) and the expiry of the guaranteed feed-in tariff for part of the portfolio had a noticeable effect. As a result, segment sales fell by 43 percent to EUR 3.1 m.

Selfio continues growth

The SHAC segment's sales fell as well (-14 percent), but this was entirely due to last year's sale of the ClimaLevel subsidiary. In contrast, the continued operations of the segment, consisting essentially of the e-commerce specialist Selfio and the logistics company Pelia, which mainly works for Selfio, grew organically by almost 11 percent to EUR 13.8 m. Stronger growth was prevented by supply bottlenecks for numerous products, which, according to the company, became increasingly noticeable in the second quarter. As a result, many orders could only be processed with a delay. Also, the market development caused significant price increases, which Selfio was, however, largely able to pass on to its own customers, according to the management.

Business figures	HY 2020	HY 2021	*Change*
Sales	30.41	27.34	*-10.1%*
ITC	9.03	10.83	*+19.9%*
Renewable Energies	5.48	3.12	*-43.1%*
SHAC	16.11	13.84	*-14.1%*
EBITDA	4.69	4.59	*-2.2%*
ITC	2.38	2.55	*+7.0%*
Renewable Energies	4.52	2.44	*-46.0%*
SHAC	-0.56	-0.22	*-60.2%*
EBITDA margin	*15.4%*	*16.8%*	
ITC	26.4%	23.6%	
Renewable Energies	*82.5%*	*78.3%*	
SHAC	-3.4%	-1.6%	
EBIT	2.15	2.58	*+19.9%*
ITC	2.00	2.17	*+8.5%*
Renewable Energies	2.79	1.07	*-61.8%*
SHAC	-0.76	-0.42	*-44.6%*
EBIT margin	*7.1%*	*9.4%*	
EBT	1.83	2.38	*+30.0%*
EBT margin	*6.0%*	*8.7%*	
Net profit	0.74	1.47	*+99.7%*
Net margin	*2.4%*	*5.4%*	

m Euro and percent, source: Company

Almost all expense ratios increased

Since the sale of ClimaLevel also resulted in employees leaving the group, the average number of employees in the first half of the year fell slightly to 200 full-time equivalents (previous year: 205). In the course of the first half of the year, however, the headcount was noticeably increased again, so that the figure as at 30 June was 211, well above the level at the beginning of the year (193). The expansion took place primarily at weclapp, where especially the management and sales capacities were strengthened to secure dynamic growth. As a result, personnel expenses in the ICT segment were 27 percent higher than in the previous year at EUR 3.4 m and were responsible for the − minimal − increase in personnel expenses (+1 percent to EUR 6.5 m) at the group level as well, despite the sold subsidiaries. The development at weclapp was also the main reason for the 2 percent increase to EUR 4.3 m in other operating expenses in the consolidated income statement. There, especially the upfront costs of the ITscope acquisition agreed in July had caused an additional burden (at the level of the ICT segment, there was even a 36 percent increase in other operating expenses as a result). On the other hand, depreciation and amortisation (-21 percent) and cost of materials (-6.6 percent) declined in the consolidated income statement. As a result of these developments, all expense ratios in the consolidated income statement (in relation to sales), except for depreciation and amortisation, have deteriorated, by a cumulative 5.4 percentage points.

Profit margins improved

The fact that the EBITDA, EBIT and pre-tax margins were nevertheless improved (see table on the previous page) was due to two effects. On the one hand, changes in inventories and capitalised own work/assets made a stronger contribution to the result by a total of EUR 0.3 m, and on the other hand, much more importantly, 3U was able to book EUR 2 m in the first quarter as other operating income. This came from the sale of the parts of the Adelebsen property rented to third parties, which was already agreed at the end of June 2020 but not completed until the beginning of 2021.

Pre-tax profit increases by 30 percent

In absolute terms, EBITDA still fell, but at 2 percent (to EUR 4.6 m) the decline was much more moderate compared to sales. EBIT, on the other hand, which also benefited from significantly lower depreciation, increased by 20 percent to EUR 2.6 m. The EBT, which also benefited from the improvement in the financial result from EUR -0.3 to -0.2 m, increased even more sharply by 30 percent to EUR 2.4 m. Since at the same time the share of minority shareholders in group earning more than halved to only EUR 0.2 m, the half-year profit after taxes and minorities even doubled to EUR 1.5 m.

Significant cash flow surplus

The operating cash flow for the first half of the year was EUR 2.6 m, almost three times last year's figure. However, it should be noted that the latter included a cash outflow of EUR 3 m for the purchase of gold, which does not count as liquidity under IFRS. Including this item, the operating cash flow of the first half of 2020 would have amounted to EUR 3.9 m. The fact that this year's figure remained below this level was largely due to the composition of the profit, which this time came to a greater extent from an asset sale and for which the operating cash flow had therefore to be adjusted. On the other hand, the inflow from the sale of land in Adelebsen had a major positive effect on the investment cash flow (EUR +5.1 m), which almost completely covered the payments for the logistics property near Koblenz, which has now been completed and moved into according to plan. In total, this resulted in an investment cash flow improved from EUR -1.7 to -0.7 m. Consequently, the free cash flow increased by EUR 2.7 m to EUR +1.9 m. After deducting payments from financing activities of EUR 2.5 m (of which EUR 1.8 m for dividends, EUR 0.2 m for net redemption and EUR 0.6 m for lease payments), liquidity (excluding gold holdings) decreased by EUR 0.6 m to EUR 23.0 m in the first half of the year.

Comfortable equity ratio

Liquidity thus continues to significantly exceed financial liabilities, which amounted to EUR 16.9 m as at 30 June. The equity base also remains extremely solid. At the end of June, as at the beginning of the year, it amounted to almost EUR 52 m, which corresponds to an equity ratio of 59.6 percent in relation to the slightly higher balance sheet total. The rise in the balance sheet total is mainly due to the construction of the logistics centre near Koblenz, which increased tangible assets by 12 percent to EUR 36.3 m.

Promising acquisition

In line with its strategy, 3U intends to use its solid financial and balance sheet resources for inorganic growth, particularly in the areas of cloud computing and e-commerce. A promising step in this direction was taken in mid-July with the announcement of the complete takeover of ITscope GmbH by weclapp. ITscope is the provider of a cloud-based B2B trading platform that digitally connects retailers, service providers and system vendors on the one hand with wholesalers, importers and manufacturers on the other. Currently, 5,000 companies of all kinds and 400 distributors are directly or indirectly connected to the platform, with a clear focus on the IT sector. For example, ITscope counts 3,500 system houses among its customers who (directly or via resellers) use the platform to digitally process the purchase and resale of IT equipment to their customers. ITscope receives a monthly fee from each connected company (SaaS model), in addition a small commission is charged for each transaction. With this model, sales increased last year by 31 percent to EUR 3.2 m, and a comparable growth to around EUR 4.5 m is planned for 2021. A price in the lower double-digit million range has been agreed for the complete takeover of the profitable company, part of which is to be settled by new weclapp shares and part in cash. weclapp sees in the takeover the potential for diverse synergies in terms of technology and sales; in perspective, the combination of the strengths of the two companies should enable the establishment of a cloud-based, comprehensive transaction platform for international trade. In the short term, the company emphasises above all the attractiveness of the powerful PIM (Product Information Management) and DAM (Digital Asset Management) modules of the ITscope platform, with which the functionality of the weclapp platform can also be quickly expanded by two important aspects.

Forecast confirmed

As the acquisition has not yet been completed and the date of consolidation is therefore still open, 3U has not yet included the acquisition in its forecast for the current year. This was left unchanged and still foresees sales of between EUR 58 and 63 m, EBITDA of EUR 11 to 13 m and a net result after minorities of EUR 2 to 4 m. Adjusted for last year's sales activities, these figures represent high organic growth, ranging from 11.5 to 21.1 percent for sales and 6.3 to 20.5 percent for EBITDA. However, during the investor and analyst conference, 3U admitted to expecting a decline in sales this year, so that the lower half of the target range is currently more likely. This can be explained by the overall somewhat weaker momentum in the second quarter, which was observed both at Selfio (due to the delivery bottlenecks) and at weclapp (fluctuations in one-off revenues and preparations for the acquisition). Combined with the below-average weather conditions in the Renewable Energies segment, this led to a growth in sales from continued operations of 4.3 percent, which was yet well below the minimum target of 11.5 percent for the entire year. In terms of earnings, however, the forecast should be easier to achieve because additional income is expected in the second half of the year from the first partial sales of the property development in Würzburg. According to the company, 95 percent of the space there has now been successfully marketed, which, following the recent ground-breaking ceremony, should make itself felt in the coming months in the form of initial payments in step with construction progress.

Revenue estimates raised from 2022

Unlike 3U, we have included the ITscope acquisition in our estimates. We have assumed that the consolidation will take place at the beginning of the fourth quarter. However, since we consider our previous sales estimate for 2021 to be too optimistic after the weaker second quarter in terms of sales and in view of the delivery bottlenecks at Selfio, we have simultaneously revised the assumptions for organic development downwards. In total, this leads to a sales estimate of EUR 59.5 m, which is thus slightly below the old figure (EUR 60 m) despite the acquisition. However, we expect a clearly positive effect on sales from 2022 onwards. Instead of the previous figure of just under EUR 68 m, we now expect EUR 72.5 m thanks to the acquisition. Due to the acquisition-related increase in weclapp's share in the group's sales, the growth strength of this company will also have a stronger impact on the group's figures in the following years, which is why the growth rate of group sales has also increased over the entire detailed estimation period. We now see the target sales for 2028 at EUR 172 m (previously: EUR 150 m).

Profit expectation significantly higher

As we attribute to the weclapp business (incl. ITscope) not only a stronger growth dynamic, but also a higher profitability than to the rest of the group, the now even higher weclapp weight in the group figures is also reflected in the EBITDA margin, which has noticeably increased in our model from 2022 onwards. For 2028, we now trust 3U to reach a level of 17.6 percent − and thus 1.8 percentage points more than before. For this year, however, we do not yet see any margin effect from the acquisition; rather, its costs are likely to burden EBITDA, as they did in the first half of the year. We have therefore reduced our EBITDA estimate for 2021 from EUR 12.0 m to EUR 11.4 m, as a result of which the EBIT expectation (EUR 6.0 m after EUR 6.8 m) and net income (EUR 2.6 m after EUR 3.6 m) have also declined. Both figures are additionally influenced by the write-offs that are to be made on the purchase price components of the ITscope acquisition, which have affected the EBIT estimates for the next few years. We now see the target EBIT margin for 2028 at 15.9 percent. The table on this page shows the overall model business development resulting from our assumptions for the years 2021 to 2028; detailed overviews of the estimates for balance sheet, income statement and cash flows statement can be found in the Annex.

Framework data unchanged

The basic data of the model remain unchanged. We continue to discount the cash flows resulting from our estimates at a WACC rate of 6.8 percent, based on a cost of equity of 8.5 percent (consisting of: beta factor: 1.3, risk-free interest rate: 1.0 percent, risk premium 5.8 percent), borrowing costs of 4.0 percent, a target debt ratio of 30 percent and a tax rate for the tax shield of 30.0 percent. The assumptions used to determine

m Euro	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales	59.5	72.5	84.6	99.5	114.2	131.3	151.0	171.9
Sales growth		21.8%	16.7%	17.6%	14.9%	15.0%	15.0%	13.8%
EBIT margin	10.1%	13.6%	12.5%	12.3%	12.5%	13.7%	14.9%	15.9%
EBIT	**6.0**	**9.9**	**10.6**	**12.3**	**14.3**	**18.0**	**22.5**	**27.3**
Tax rate	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%
Adjusted tax payments	1.8	2.9	3.1	3.7	4.2	5.4	6.7	8.1
NOPAT	**4.2**	**6.9**	**7.4**	**8.6**	**10.0**	**12.6**	**15.8**	**19.1**
+ Depreciation & Amortisation	5.4	5.0	4.5	3.4	3.4	3.4	3.0	3.0
+ Increase long-term accruals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flo	9.7	12.0	12.0	12.1	13.5	16.1	18.9	22.2
- Increase Net Working Capital	2.7	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9	-1.0
- Investments in fixed assets	-18.9	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1
Free cash flow	**-6.6**	**10.6**	**10.5**	**10.5**	**11.8**	**14.3**	**17.0**	**20.1**

the terminal value have also remained the same: In order to reduce risk, we continue to use a 30 percent safety margin discount on the target EBIT margin for 2028 and, subsequently, a "perpetual" growth rate of 1 percent.

Price target: EUR 3.80 per share

The model results in a market value of equity after minorities of EUR 132.7 m or EUR 3.76 per share, from which we derive the new price target of EUR 3.80 (previously: EUR 3.50). The increase is due to the integration of ITscope's high-growth and profitable business into the model, the effect of which significantly overcompensated for the somewhat more cautious assessment of organic development in 2021. Since the inclusion of ITscope is still a rough estimate due to the still poor information situation (concrete price, impact on the amount of minority interests in weclapp), major adjustments could result in this respect in future updates. We continue to rate the estimation risk as slightly above average, awarding four out of six possible points.

Sensitivity analysis

When the input parameters are varied for our sensitivity analysis (WACC between 5.8 and 7.8 percent and perpetual cash flows growth between 0 and 2 percent), the fair value of the share lies between EUR 2.93 and EUR 5.42.

Sensitivity analysis	Perpetual cash flows growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
5.8%	5.42	4.94	4.56	4.25	3.99
6.3%	4.79	4.42	4.12	3.87	3.66
6.8%	4.28	4.00	**3.76**	3.56	3.38
7.3%	3.88	3.65	3.45	3.29	3.14
7.8 %	3.54	3.35	3.19	3.05	2.93

Conclusion

3U's figures for the first half-year have their highs and lows. Adjusted for the negative consolidation effects of subsidiaries sold last year, revenues increased by 4 percent to EUR 27.3 m. Without this correction, however, revenues fell by 10 percent. Nevertheless, thanks to the proceeds from the sale of a plot of land, EBIT improved by 20 percent to EUR 2.6 m, and the half-year net income after taxes and minorities even doubled to EUR 1.5 m.

In operating terms, however, especially the second quarter showed some weaknesses. For example, Selfio's growth momentum was slowed by increasing supply bottlenecks for building materials. Due to lower one-off revenues and the management's concentration on an acquisition, weclapp also grew only "slowly" by its own standards, by around 37 percent. As, at the same time, the expansion of management and sales capacities as well as the preparation of the acquisition resulted in high additional costs, profitability also remained below the usual level.

However, the acceptance of these costs paid off in mid-July with the agreement of the complete takeover of ITscope GmbH, with which weclapp was able to supplement its own positioning very promisingly in terms of technology, products and the addressed markets.

We believe the acquisition has great value-enhancing potential and have reflected this in our adjusted estimates. Although at the same time we have modelled the operating development for 2021 somewhat more cautiously, the fair value we determined has increased to EUR 3.80 per share thanks to the acquisition. On this basis, we again see significant upside potential for the 3U share and therefore change our rating from "Hold" to "Buy".

Annex I: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
ASSETS									
I. Total non-current assets	39.2	60.7	56.7	53.2	50.9	48.6	46.3	44.3	42.5
1. Intangible assets	2.4	12.4	12.2	12.0	11.8	11.7	11.5	11.4	11.3
2. Tangible assets	34.7	46.2	42.4	39.2	37.0	34.8	32.7	30.9	29.1
II. Total current assets	43.5	43.6	49.9	55.0	60.1	65.6	72.5	80.4	89.4
LIABILITIES									
I. Equity	52.0	62.3	66.7	70.4	75.0	80.5	87.9	97.4	108.6
II. Accruals	1.6	1.7	1.8	2.0	2.1	2.2	2.3	2.4	2.5
III. Liabilities									
1. Long-term liabilities	20.6	27.6	25.4	23.1	20.9	18.1	14.7	10.5	5.5
2. Short-term liabilities	11.7	12.6	12.7	12.8	12.9	13.4	13.9	14.5	15.2
TOTAL	**85.9**	**104.3**	**106.6**	**108.3**	**110.9**	**114.1**	**118.7**	**124.7**	**131.8**

P&L estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales	61.1	59.5	72.5	84.6	99.5	114.2	131.3	151.0	171.9
Gross profit	27.6	30.1	39.0	47.4	57.8	68.5	81.7	97.4	114.0
EBITDA	11.6	11.4	14.9	15.0	15.7	17.6	21.4	25.5	30.3
EBIT	5.9	6.0	9.9	10.6	12.3	14.3	18.0	22.5	27.3
EBT	5.3	5.1	8.9	9.7	11.4	13.4	17.3	22.1	27.1
EAT (before minorities)	4.0	3.6	6.2	6.8	8.0	9.4	12.1	15.5	19.0
EAT	3.3	2.6	4.6	4.5	4.9	5.6	7.3	9.6	12.0
EPS	0.09	0.07	0.13	0.13	0.14	0.16	0.21	0.27	0.34

Annex II: Cash flows estimation and key figures

Cash flows estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
CF operating	4.8	11.8	10.9	10.9	10.9	12.3	14.9	17.8	21.2
CF from investments	-4.8	-18.9	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1
CF financing	5.3	6.0	-4.3	-5.6	-5.9	-6.8	-8.2	-10.2	-12.8
Liquidity beginning of year	20.6	26.4	25.3	30.9	35.2	39.2	43.6	49.3	55.7
Liquidity end of year	26.4	25.3	30.9	35.2	39.2	43.6	49.3	55.7	63.0

Key figures

Percent	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales growth	18.7%	-2.6%	21.8%	16.7%	17.6%	14.9%	15.0%	15.0%	13.8%
Gross margin	45.3%	50.6%	53.9%	56.0%	58.1%	59.9%	62.2%	64.5%	66.3%
EBITDA margin	18.9%	19.2%	20.5%	17.8%	15.8%	15.4%	16.3%	16.9%	17.6%
EBIT margin	9.7%	10.1%	13.6%	12.5%	12.3%	12.5%	13.7%	14.9%	15.9%
EBT margin	8.6%	8.6%	12.2%	11.4%	11.5%	11.8%	13.2%	14.7%	15.8%
Net margin (after minorities)	5.3%	4.4%	6.3%	5.3%	4.9%	4.9%	5.6%	6.4%	7.0%

Disclaimer

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9) At the time of the publication of the report, the issuer holds holdings exceeding 5 % of its total issued share capital in the sc-consult GmbH

10) sc-consult GmbH has included the company's shares in a virtual portfolio managed by sc-consult GmbH

Following conflicts of interests occurred in this report: 1), 3), 4)

Within the framework of compliance regulations, sc-consult GmbH has established structures and processes for the identification and disclosure of conflicts of interests. The responsible compliance representative is currently managing director Dipl.-Kfm. Holger Steffen (e-mail: holger.steffen@sc-consult.com)

II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 31.08.2021 at 7:40 and published on 31.08.2021 at 9:15.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

Strong Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points).
Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).
Speculative Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points).

Hold	We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the rating. The rating "hold" is also used in cases where we perceive a price potential of more than 10 percent, but explicitly mentioned temporary factors prevent a short-term realization of the price potential.
Sell	We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating.

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

The rating resulting from these methods reflects current expectations and can change anytime subject to company-specific or economic changes.

More detailed explanations of the models used by SMC Research can be found at:
http://www.smc-research.com/impressum/modellerlaeuterungen

An overview of the recommendations prepared and distributed by SMC Research in the last 12 months can be found at: http://www.smc-research.com/publikationsuebersicht

In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

Date	Rating	Price target	Conflict of interests
19.05.2021	Hold	3.50 Euro	1), 3), 4)
18.03.2021	Buy	3.00 Euro	1), 3), 4)
19.11.2020	Buy	2.60 Euro	1), 3), 4)
13.10.2020	Buy	2.40 Euro	1), 3), 4)
18.08.2020	Buy	2.40 Euro	1), 3)
14.05.2020	Buy	2.05 Euro	1), 3)
31.03.2020	Buy	1.90 Euro	1), 3)
17.02.2020	Buy	2.40 Euro	1), 3), 4)
13.11.2019	Buy	2.10 Euro	1), 3), 4)
19.09.2019	Buy	2.10 Euro	1), 3), 4)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: one report, one update and two research comments.

The publishing dates for the financial analyses are not yet fixed at the present moment.

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