

PSI AG

Germany / Software
 Primary exchange: Frankfurt
 Bloomberg: PSAN GR
 ISIN: DE000A0Z1JH9

9M 2020 results

RATING
PRICE TARGET **ADD**
€ 26.00
 Return Potential 9.2%
 Risk Rating Medium

SALES AND EBIT BOTH UP EX PROVISIONING AND CURRENCY EFFECTS

Nine months results were close to our expectations. Sales were 1% lower at €158.1m (FBe: €156.9m; 9M/19: €159.7m) while EBIT declined 15.3% to €8.9m (FBe: €8.6m; 9M/19: €10.5m). The order intake was 2.2% lower at €178m (9M/19: €182m). In the annual report in mid-March, i.e. at the outset of the SARS-CoV-2 pandemic, PSI guided for a slight decline in 2020 sales and a 20% reduction in EBIT compared with 2019. EBIT for the first nine months was weakened by the impact of negative currency effects (mainly the weakness of the US Dollar against the Euro) as well as provisioning for personnel matters and payment risks. Without these effects both sales and EBIT would have been above the prior year figures. The reported decline in 9M/20 EBIT was well under 20%. But in view of the renewed lockdown in Germany, management has decided not to alter the guidance from March even though “the current course of business indicates a better development.” Despite the second lockdown in Germany, we think it unlikely that currency/provisioning effects will be as burdensome in Q4/20 as during the first three quarters of the year and now forecast a 10% decline in full-year 2020 EBIT to €15.4m (previously: 20% to €13.7m). We have raised our price target from €21.20 to €26.00 to reflect both the upward revision to our 2020 forecasts and higher sales growth projections for subsequent years in view of this summer’s announcement by the German government of €40bn in climate-related spending and other recently announced international green recovery packages. Due to the strong appreciation in the share price over recent months the recommendation goes from Buy to Add.

Shift in product mix away from oil & gas squeezed Energy Management margins Sales at the Energy Management segment (energy grids, energy trading, public transport) climbed 4.9% to €85.0m (9M/19: €81.0m) while EBIT came in at €4.0m (9M/19: €4.4m). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m) | 186.10 | 199.16 | 225.18 | 223.61 | 249.22 | 270.51 |
| Y-o-y growth | 5.2% | 7.0% | 13.1% | -0.7% | 11.5% | 8.5% |
| EBIT (€m) | 13.37 | 15.45 | 17.20 | 15.37 | 21.21 | 26.15 |
| EBIT margin | 7.2% | 7.8% | 7.6% | 6.9% | 8.5% | 9.7% |
| Net income (€m) | 9.50 | 10.59 | 14.26 | 10.44 | 15.06 | 19.08 |
| EPS (diluted) (€) | 0.61 | 0.68 | 0.91 | 0.67 | 0.96 | 1.22 |
| DPS (€) | 0.23 | 0.25 | 0.05 | 0.25 | 0.35 | 0.45 |
| FCF (€m) | -2.92 | 11.57 | 3.75 | 13.25 | 23.80 | 16.12 |
| Net gearing | 18.7% | 9.8% | 42.0% | 30.4% | 16.4% | 12.4% |
| Liquid assets (€m) | 38.13 | 44.58 | 38.66 | 45.58 | 60.48 | 65.70 |

RISKS

Risks include a renewed downturn in the prices of oil, gas and steel.

COMPANY PROFILE

PSI makes software control systems, primarily for energy, utility companies and metals producers. Customers also include manufacturers and the operators of transportation networks. The company’s control system products are widespread in its core German market.

MARKET DATA

As of 30 Oct 2020

| | |
|-------------------------|-----------------|
| Closing Price | € 23.80 |
| Shares outstanding | 15.70m |
| Market Capitalisation | € 373.60m |
| 52-week Range | € 12.00 / 27.10 |
| Avg. Volume (12 Months) | 8,296 |

| Multiples | 2019 | 2020E | 2021E |
|------------|------|-------|-------|
| P/E | 26.1 | 35.6 | 24.7 |
| EV/Sales | 1.8 | 1.8 | 1.6 |
| EV/EBIT | 23.7 | 26.6 | 19.3 |
| Div. Yield | 0.2% | 1.1% | 1.5% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2020

| | |
|----------------------|-----------|
| Liquid Assets | € 41.38m |
| Current Assets | € 144.24m |
| Intangible Assets | € 62.77m |
| Total Assets | € 253.38m |
| Current Liabilities | € 72.78m |
| Shareholders' Equity | € 98.40m |

SHAREHOLDERS

| | |
|---------------------------------------|-------|
| InvAG für langfristige Investoren TGV | 20.7% |
| Innogy SE | 17.8% |
| Management and employees | 15.0% |
| Harvinder Singh | 8.1% |
| Free float and other | 38.4% |

Figure 1: 9M/20 results versus our forecasts

| € 000s | 9M 20A | 9M 20E | Δ 9M 20A vs. 9M 20E | 9M 19A | Δ 9M 20A vs. 9M 19A |
|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| External sales | 158,139 | 156,853 | 0.8% | 159,718 | -1.0% |
| <i>by division:</i> | | | | | |
| Energy Management | 85,033 | 82,537 | 3.0% | 81,024 | 4.9% |
| Production Management | 73,106 | 74,316 | -1.6% | 78,694 | -7.1% |
| EBIT margin | 8,874 5.6% | 8,613 5.7% | 3.0% | 10,479 6.6% | -15.3% |
| <i>by division:</i> | | | | | |
| Energy Management | 3,975 | 3,902 | 1.9% | 4,428 | -10.2% |
| <i>margin</i> | <i>4.6%</i> | <i>4.6%</i> | | <i>5.3%</i> | |
| Production Management | 6,211 | 5,915 | 5.0% | 7,036 | -11.7% |
| <i>margin</i> | <i>7.5%</i> | <i>7.6%</i> | | <i>8.2%</i> | |
| Reconciliation | -1,312 | -1,204 | | -985 | |
| EPS (€) | 0.38 | 0.37 | 2.7% | 0.46 | -17.4% |

Source: PSI AG; First Berlin Equity Research estimates

Sales at the electrical networks and public transport businesses moved ahead but both sales and the order intake at the oil & gas business suffered from reduced demand from energy exporting countries such as Russia, the Gulf States and Malaysia due to low commodity prices. The reported segment EBIT margin narrowed to 4.7% (9M/19: 5.4%). Overseas oil & gas business generates above average margins and so the decline in revenue from this source squeezed margins. However, we believe the segment margin would have been ahead had it not been for provisioning for pandemic-related payment risks.

New business at PSImetals pushed Product Management order intake higher Sales at the Production Management segment (metals production, industry, logistics) declined 7.1% to €73.1m (9M/19: €78.7m) while EBIT fell 11.7% to €6.2m (9M/19: €7.0m). Here too risk provisioning burdened the result. Sales and EBIT at PSImetals fell during the first nine months but substantial new orders from North America, China and Russia pushed the order intake ahead both at this business and at the segment as a whole. The automotive and industry business recorded a lower order intake but sales declined only gently and are now beginning to pick up. This business was supported by new orders from electric vehicle producers, automotive parts suppliers and caravan manufacturers. Logistics business sales fell overall as business with industrial customers shrank but sales in Poland and Russia were boosted by booming local e-commerce markets.

Operating cashflow up over 280% due to reduced working capital requirement Cashflow from operations before investment in working capital fell 7.0% to €17.2m during 9M/20 (9M/19: €18.5m). In 9M/20 flat sales meant that working capital consumed only €3.0m whereas in 9M/19 it consumed €14.8m. In consequence net operating cash flow jumped to €14.2m (9M/19: €3.7m). Cashflow from investing activities amounted to €-3.1m (9M/19: €-7.2m). The 9M/19 number included the acquisition of the BTC Smart-Grid division for €3.5m. PSI acquired Prognos Energy GmbH in Q2/20 but the purchase price was very low at €11,000 because the company had financial problems. Dividend payments fell to €0.8m (9M/19: €3.8m) in connection with the reduction in the 2019 dividend to €0.05 (2018: €0.25). Principal repayments of leasing liabilities consumed €4.2m (9M/19: €3.1m). The 9M/20 cash position was €41.4m (FY/19: €38.7m). Netdebt including pension liabilities and leasing liabilities was €34.8m at 9M/20 equivalent to net gearing of 35.4% (9M/19: net debt including pension liabilities and leasing liabilities of €42.0m equivalent to net gearing of 46.5%).



Management is examining further takeover targets in core grid management business.

In June PSI acquired the Potsdam-based Prognos Energy, a provider of software for high resolution forecasting of energy feed-in from wind energy and photovoltaic. The acquisition of the Swiss-based NEPLAN AG followed in October. NEPLAN's software is used for the planning, analysis, simulation, technical and commercial optimisation of electrical grid expansion and also for the cross-linked areas of gas, water and district heating. NEPLAN's software is deployed by over 500 customers in 110 countries. In 2019 the company generated sales of €3.8m. The acquisition will help PSI meet expected increasing demand for electrical grid expansion planning solutions due to the growth of renewable energy, electro-mobility and sector coupling. PSI stated in the nine months report that the company is considering further acquisitions in electrical grid management. The Prognos and NEPLAN acquisitions both augmented the functionality of PSI's existing product offering. But future acquisitions may follow the pattern of the late 2018 acquisition of the network software control business of BTC Business Technology Consulting. Here the priority was to acquire trained personnel to help PSI meet increasing demand for electrical network control solutions.

Price target raised from €21.20 to €26.00; recommendation goes from Buy to Add We have raised our price target from €21.20 to €26.00 to reflect the upward revision to our 2020 forecasts, this summer's announcement by the German government of a stimulus package including €40bn in climate-related spending and other recently announced international green investment packages. The German investment programme includes €7bn for new hydrogen projects, €2bn for green automotive innovations, €2.5bn for EV charging infrastructure and €2.5bn for public transport improvements. On the strength of these announcements we now expect a five year organic sales CAGR for PSI's Energy Management segment of 8.8% (previously: 6.2%). Our 2021 Energy Management segment EBIT margin forecast falls because we now model a longer period of weak investment from overseas oil & gas customers.

Figure 2: Changes to our forecasts

| €m | 2020E | | | 2021E | | | 2022E | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | New | Old | Δ % | New | Old | Δ % | New | Old | Δ % |
| External sales | 223.6 | 213.1 | 4.9% | 249.2 | 246.5 | 1.1% | 270.5 | 261.5 | 3.4% |
| by division: | | | | | | | | | |
| Energy Man. | 121.5 | 121.5 | 0.0% | 134.9 | 132.4 | 1.9% | 147.0 | 141.7 | 3.7% |
| Production Man. | 102.1 | 91.6 | 11.5% | 114.4 | 114.1 | 0.2% | 123.5 | 119.8 | 3.1% |
| Total EBIT | 15.4 | 13.7 | 12.2% | 21.2 | 22.8 | -7.0% | 26.1 | 25.5 | 2.5% |
| margin (%) | 6.9% | 6.4% | - | 8.5% | 9.3% | - | 9.7% | 9.8% | - |
| by division: | | | | | | | | | |
| Energy Man. | 6.8 | 7.5 | -9.7% | 10.4 | 12.0 | -13.7% | 14.3 | 13.8 | 3.6% |
| margin (%) | 5.4% | 6.0% | - | 7.5% | 8.8% | - | 9.5% | 9.5% | - |
| Production Man. | 10.6 | 7.5 | 41.5% | 13.6 | 13.0 | 4.7% | 15.3 | 14.0 | 9.1% |
| margin (%) | 9.2% | 7.5% | - | 10.6% | 10.4% | - | 11.0% | 10.7% | - |
| Reconciliation | -2.0 | -1.3 | - | -2.8 | -2.1 | - | -3.4 | -2.4 | - |
| EPS (€) | 0.67 | 0.59 | 13.3% | 0.96 | 1.04 | -7.3% | 1.22 | 1.19 | 2.6% |

Source: PSI AG; First Berlin Equity Research estimates



VALUATION MODEL

| €000s | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | 2027E |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Net sales | 223,607 | 249,224 | 270,511 | 289,682 | 308,929 | 329,519 | 346,736 | 363,315 |
| NOPLAT | 10,762 | 15,376 | 19,403 | 21,321 | 22,716 | 24,206 | 25,467 | 26,681 |
| + Depreciation and amortisation | 9,713 | 11,324 | 12,291 | 13,162 | 14,036 | 14,972 | 15,754 | 16,508 |
| = net operating cash flow | 20,474 | 26,700 | 31,694 | 34,483 | 36,752 | 39,178 | 41,222 | 43,188 |
| - total investments (Capex and WC) | -6,601 | -2,265 | -14,919 | -15,096 | -11,939 | -12,749 | -12,397 | -12,656 |
| Capital expenditure | -3,994 | -8,721 | -9,335 | -9,662 | -9,598 | -10,245 | -10,304 | -10,640 |
| working capital | -2,606 | 6,456 | -5,584 | -5,435 | -2,340 | -2,504 | -2,094 | -2,016 |
| = Free cash flow (FCF) | 13,874 | 24,435 | 16,775 | 19,387 | 24,813 | 26,430 | 28,824 | 30,532 |
| PV of FCF's | 13,715 | 22,440 | 14,311 | 15,365 | 18,268 | 18,076 | 18,314 | 18,021 |

| €000s | |
|--|---------|
| PVs of FCFs explicit period (2020-35)* | 266,205 |
| PVs of FCFs in terminal period | 176,757 |
| Enterprise Value (EV) | 442,962 |
| Net cash/(net debt) | -34,786 |
| Shareholder value | 408,176 |

| Value per share (€) | 26.00 |
|---------------------|-------|
|---------------------|-------|

| WACC | 7.65% |
|------------------------|-------|
| Cost of equity | 9.5% |
| Pre-tax cost of debt | 3.0% |
| Normal tax rate | 30.0% |
| After-tax cost of debt | 2.1% |
| Share of equity | 75.0% |
| Share of debt | 25.0% |
| Terminal growth | 2.0% |

Sensitivity analysis

| WACC | Terminal growth rate (%) | | | | | | Fair value per share |
|--------|--------------------------|-------|-------|-------|-------|-------|----------------------|
| | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | |
| 4.65% | 43.27 | 46.29 | 50.28 | 55.77 | 63.83 | 76.77 | 101.02 |
| 5.65% | 34.36 | 35.97 | 37.98 | 40.53 | 43.89 | 48.53 | 55.33 |
| 6.65% | 28.32 | 29.26 | 30.38 | 31.75 | 33.44 | 35.59 | 38.43 |
| 7.65% | 23.96 | 24.54 | 25.21 | 26.00 | 26.95 | 28.10 | 29.53 |
| 8.65% | 20.65 | 21.03 | 21.45 | 21.94 | 22.51 | 23.18 | 23.98 |
| 9.65% | 18.06 | 18.31 | 18.59 | 18.91 | 19.27 | 19.68 | 20.16 |
| 10.65% | 15.98 | 16.15 | 16.34 | 16.55 | 16.79 | 17.06 | 17.36 |
| 11.65% | 14.27 | 14.39 | 14.52 | 14.67 | 14.83 | 15.01 | 15.21 |

*for layout purposes the model shows numbers only to 2027 but runs until 2035

Source: First Berlin Equity Research estimates



INCOME STATEMENT

| All figures in €'000 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 186,096 | 199,156 | 225,180 | 223,607 | 249,224 | 270,511 |
| Cost of materials | -27,228 | -28,919 | -32,259 | -32,423 | -35,390 | -38,413 |
| Gross profit | 158,868 | 170,237 | 192,921 | 191,184 | 213,834 | 232,098 |
| Total personnel costs | -112,343 | -121,279 | -137,795 | -140,872 | -152,027 | -165,012 |
| Net other operating costs | -28,809 | -28,897 | -27,089 | -25,225 | -29,276 | -28,646 |
| Depreciation & amortisation | -4,351 | -4,611 | -10,832 | -9,713 | -11,324 | -12,291 |
| EBIT | 13,365 | 15,450 | 17,205 | 15,374 | 21,208 | 26,150 |
| Net interest | -983 | -1,061 | -1,053 | -894 | -880 | -885 |
| Associates | 142 | 134 | 288 | 302 | 318 | 333 |
| Pretax profit | 12,524 | 14,523 | 16,440 | 14,783 | 20,646 | 25,598 |
| Income taxes | -3,027 | -3,938 | -2,178 | -4,344 | -5,590 | -6,518 |
| Net income / loss | 9,497 | 10,585 | 14,262 | 10,439 | 15,055 | 19,080 |
| EPS (€) | 0.61 | 0.68 | 0.91 | 0.67 | 0.96 | 1.22 |
| EBITDA | 17,716 | 20,061 | 28,037 | 25,087 | 32,532 | 38,440 |
| Ratios | | | | | | |
| Gross margin | 85.4% | 85.5% | 85.7% | 85.5% | 85.8% | 85.8% |
| EBIT margin | 7.2% | 7.8% | 7.6% | 6.9% | 8.5% | 9.7% |
| EBITDA margin | 9.5% | 10.1% | 12.5% | 11.2% | 13.1% | 14.2% |
| Net income margin | 5.1% | 5.3% | 6.3% | 4.7% | 6.0% | 7.1% |
| Tax rate | 24.2% | 27.1% | 13.2% | 29.4% | 27.1% | 25.5% |
| Expenses as % of output | | | | | | |
| Personnel | -60.4% | -60.9% | -61.2% | -63.0% | -61.0% | -61.0% |
| Net other operating income/expenses | -15.5% | -14.5% | -12.0% | -11.3% | -11.7% | -10.6% |
| Depreciation & amortisation | -2.3% | -2.3% | -4.8% | -4.3% | -4.5% | -4.5% |
| Y-o-y growth | | | | | | |
| Total revenues | 5.2% | 7.0% | 13.1% | -0.7% | 11.5% | 8.5% |
| EBIT | 12.9% | 15.6% | 11.4% | -10.6% | 37.9% | 23.3% |
| Net income / loss | 11.1% | 11.5% | 34.7% | -26.8% | 44.2% | 26.7% |



BALANCE SHEET

| All figures in €'000 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current assets, total | 116,463 | 127,787 | 136,310 | 147,795 | 164,442 | 179,886 |
| Cash and cash equivalents | 38,132 | 44,579 | 38,656 | 45,578 | 60,484 | 65,696 |
| Trade accounts and notes receivables | 31,611 | 34,407 | 38,455 | 29,069 | 39,876 | 44,634 |
| Inventories | 7,823 | 8,712 | 10,612 | 10,538 | 11,745 | 12,748 |
| Receivables relating to long term contracts | 33,118 | 34,367 | 40,725 | 53,666 | 44,860 | 48,692 |
| Other current assets | 5,779 | 5,722 | 7,862 | 8,944 | 7,477 | 8,115 |
| Non-current assets, total | 77,547 | 80,884 | 112,527 | 111,056 | 116,950 | 123,034 |
| Property, plant and equipment | 12,531 | 13,592 | 37,039 | 37,086 | 40,063 | 43,485 |
| Goodwill | 48,289 | 49,417 | 54,892 | 54,892 | 54,892 | 54,892 |
| Other intangible assets | 8,200 | 9,468 | 9,531 | 8,497 | 9,969 | 11,361 |
| Associates | 150 | 440 | 440 | 742 | 1,060 | 1,393 |
| Deferred tax assets | 8,377 | 7,967 | 10,625 | 9,839 | 10,966 | 11,902 |
| Other non-current assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 194,010 | 208,671 | 248,837 | 258,851 | 281,392 | 302,920 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 59,679 | 65,960 | 70,710 | 71,554 | 79,752 | 84,399 |
| Interest bearing debt | 2,622 | 1,795 | 1,112 | 0 | 0 | 0 |
| Trade accounts payable | 14,564 | 16,440 | 17,454 | 15,652 | 17,446 | 19,477 |
| Liabilities relating to long term contracts | 13,287 | 16,531 | 17,212 | 13,416 | 17,446 | 18,936 |
| Provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 29,206 | 31,194 | 34,932 | 42,485 | 44,860 | 45,987 |
| Non-current liabilities, total | 54,034 | 56,081 | 83,588 | 81,923 | 84,507 | 87,280 |
| Interest bearing debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Leasing liabilities | 0 | 0 | 22,523 | 22,552 | 24,362 | 26,443 |
| Pension provisions | 50,540 | 51,284 | 54,737 | 55,011 | 55,286 | 55,562 |
| Deferred tax liabilities | 3,494 | 4,797 | 6,328 | 4,360 | 4,860 | 5,275 |
| Consolidated equity | 80,297 | 86,630 | 94,539 | 105,374 | 117,133 | 131,241 |
| Shareholders' equity | 80,297 | 86,630 | 94,539 | 105,374 | 117,133 | 131,241 |
| Minorities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total consolidated equity and debt | 194,010 | 208,671 | 248,837 | 258,851 | 281,392 | 302,920 |
| Ratios | | | | | | |
| Current ratio (x) | 1.95 | 1.94 | 1.93 | 2.07 | 2.06 | 2.13 |
| Quick ratio (x) | 1.82 | 1.81 | 1.78 | 1.92 | 1.91 | 1.98 |
| Equity ratio | 41.4% | 41.5% | 38.0% | 40.7% | 41.6% | 43.3% |
| Net gearing | 18.7% | 9.8% | 42.0% | 30.4% | 16.4% | 12.4% |
| Equity per share | 5.12 | 5.52 | 6.02 | 6.71 | 7.46 | 8.36 |
| Interest coverage ratio (x) | 13.60 | 14.56 | 16.34 | 17.20 | 24.10 | 29.56 |
| Capital employed (CE) | 89,815 | 95,229 | 103,431 | 113,269 | 113,371 | 116,521 |
| Return on capital employed (ROCE) | 10.4% | 11.4% | 11.6% | 9.5% | 13.6% | 16.7% |



CASH FLOW STATEMENT

| All figures in €'000 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|--------------------------------------|---------------|---------------|----------------|---------------|---------------|----------------|
| Pretax result | 12,524 | 14,523 | 16,440 | 14,783 | 20,646 | 25,598 |
| Depreciation and amortisation | 4,351 | 4,611 | 10,832 | 9,713 | 11,324 | 12,291 |
| Other | -1,098 | -94 | -1,030 | -4,647 | -5,908 | -6,852 |
| Operating cash flow | 15,777 | 19,040 | 26,242 | 19,849 | 26,062 | 31,038 |
| Investment in working capital | -14,609 | -51 | -13,764 | -2,606 | 6,456 | -5,584 |
| Net operating cash flow | 1,168 | 18,989 | 12,478 | 17,242 | 32,518 | 25,453 |
| Cashflow from investing | -4,089 | -7,424 | -8,729 | -3,994 | -8,721 | -9,335 |
| Free cash flow | -2,921 | 11,565 | 3,749 | 13,248 | 23,797 | 16,118 |
| Dividend paid | -3,439 | -3,596 | -3,919 | -785 | -3,924 | -5,494 |
| Share buy back | -297 | -422 | -275 | 0 | 0 | 0 |
| New share capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt financing | 2,622 | -827 | -683 | 0 | 0 | 0 |
| Lease liabilities | 0 | 0 | -4,759 | -4,703 | -5,242 | -5,689 |
| Other | 0 | 0 | -544 | 0 | 0 | 0 |
| Cash flow from financing | -1,114 | -4,845 | -10,180 | -5,488 | -9,166 | -11,183 |
| Other | -841 | -273 | 508 | -838 | 275 | 276 |
| Change in cash | -4,876 | 6,447 | -5,923 | 6,922 | 14,906 | 5,211 |
| Cash, start of the year | 43,008 | 38,132 | 44,579 | 38,656 | 45,578 | 60,484 |
| Cash, end of the year | 38,132 | 44,579 | 38,656 | 45,578 | 60,484 | 65,696 |
| Free cash flow per share in € | -0.19 | 0.74 | 0.24 | 0.85 | 1.52 | 1.03 |
| Y-o-y growth | | | | | | |
| Operating cash flow | 5% | 21% | 38% | -24% | 31% | 19% |
| Net operating cash flow | -91% | 1526% | -34% | 38% | 89% | -22% |
| Free cash flow | n.m. | n.m. | -68% | 253% | 80% | -32% |

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Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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The production of this recommendation was completed on 2 November 2020 at 14:42

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

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The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

| Category | | 1 | 2 |
|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) | | 0 - 2 billion | > 2 billion |
| Strong Buy ¹ | An expected favourable price trend of: | > 50% | > 30% |
| Buy | An expected favourable price trend of: | > 25% | > 15% |
| Add | An expected favourable price trend of: | 0% to 25% | 0% to 15% |
| Reduce | An expected negative price trend of: | 0% to -15% | 0% to -10% |
| Sell | An expected negative price trend of: | < -15% | < -10% |

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 15 July 2003 | €4.96 | Market Perform | €5.00 |
| 2...66 | ↓ | ↓ | ↓ | ↓ |
| 67 | 2 April 2019 | €17.00 | Add | €19.00 |
| 68 | 2 May 2019 | €18.45 | Add | €19.00 |
| 69 | 6 November 2019 | €19.10 | Add | €22.40 |
| 70 | 6 April 2020 | €16.50 | Buy | €21.20 |
| 71 | Today | €23.80 | Add | €26.00 |

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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