

Kapsch TrafficCom AG

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Kapsch 9M 2023/24: Navigating Challenges with Strategic Foresight

Fiscal Resilience in Q1-Q3 2023/24: In the first three quarters of the 2023/24 fiscal year, Kapsch TrafficCom experienced a nuanced financial landscape, marked by strategic advancements and operational challenges. Revenue encountered a slight decline, falling 4% to EUR 400m, primarily due to customer credits and adjustments in project margins. Despite this, the company secured a substantial operational profit (EBIT) of EUR 70m, a remarkable increase attributed largely to a significant cash inflow from a toll settlement in Germany. This period has been pivotal for Kapsch TrafficCom, not just in terms of financial recuperation but also in reinforcing its market position through successful project executions and strategic project acquisitions. This operational backdrop, coupled with the financial maneuvers including the settlement and capital restructuring, underscores a resilient response to the market's evolving dynamics, setting a robust foundation for future growth and profitability enhancements.

Mio. Euro	Kapsch 9M/22/23	Kapsch 9M/23/24**	FMR 9M/23/24e	Konsensus 9M/23/24e*
Konzernumsatz	414,4	400,1	416,0	415,7
EBIT berichtet**	9,8	70,0	87,5	81,5
EBIT-Marge berichtet, %	2,4%	17,5%	21,0%	19,6%

Quelle: Kapsch, FMR

*von Kapsch erstellt **davon aus Mautvergleich: 72,0 Mio. Euro

Kapsch TrafficCom Q1-Q3 FY 2023/24: Sustained Buy on Strategic Strengths Reviewing Kapsch TrafficCom's Q1-Q3 FY 2023/24 performance, we sustain our **"BUY"** recommendation with a EUR 15.80 target price. Despite a slight revenue dip to EUR 400m, the Traffic Management segment's 6.7% growth and EUR 70m EBIT highlight resilience and strategic execution. Factoring in cost efficiencies and a significant legal settlement, our positive stance is reinforced, considering adjustments for net working capital and share count.

FY End: 31.03.; in EUR m	(21/22-24/25e)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Turnover	5.6%	731.2	505.2	519.8	553.4	582.0	612.0
EBITDA	3.8%	13.6	-67.1	32.6	29.4	105.8	38.0
Margin	1.9%	-13.3%	6.3%	5.3%	18.2%	6.2%	
EBIT	11.8%	-39.2	-123.1	11.0	7.6	84.7	16.9
Margin	-5.4%	-24.4%	2.1%	1.4%	14.6%	2.8%	
Net result	n.m.	-48.1	-102.8	-9.3	-24.8	59.9	5.0
EPS, EUR	n.m.	-3.70	-7.91	-0.72	-1.91	4.19	0.35
Dividend per share, EUR		0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales		0.82	1.11	0.76	0.73	0.56	0.53
EV/EBITDA		-15.2	-4.6	36.0	53.3	3.8	19.1
P/E		-6.8	-1.9	-19.0	-5.4	2.3	27.3
Net debt/EBITDA		15.0	-2.9	5.6	7.0	1.4	3.9

Source: Kapsch, FMR

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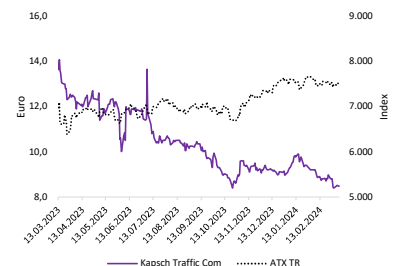
BUY

Before: Buy

Price target EUR **15.80 (15.80)**
Share price* EUR 8.34 (+89%)

*last price Vienna Stock Exchange

Update	2022/23	2023/24e	2024/25e
Turnover	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS, EUR	0.0	0.0	0.0



Source: Vienna Stock Exchange, FMR

Basic share data

Number of shares (million)	14.30
Free Float (in %)	36.7
Market cap (EURm)	124.12
Trading volume (30 days Ø)	14,971
High (EUR, 52 weeks)	14.08
Low (EUR, 52 weeks)	8.10

Shareholder structure

Kapsch Group Beteiligung	63.3%
Free float	36.7%

Corporate calendar

Result FY23/24 report	19.06.2024
Result Q124/25 report	21.08.2024

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Valuation: Update

Due in particular to adjustments to our working capital forecasts, our price target gets a rounded EUR 15.84 per share. This considers the higher number of shares after the capital increase (+ 1.3m new shares) is taken into account.

Kapsch: DCF model - share still has significant upside potential

EUR m	PHASE 1					PHASE 2					PHASE 3
	2023/24e	2024/25e	2025/26e	2026/27e	2027/28e	2028/29e	2029/30e	2030/31e	2031/32e	2032/33e	
Sales	582.0	612.0	643.0	664.0	690.6	711.7	731.9	751.2	769.4	786.4	
Y-o-Y growth	5.2%	5.2%	5.1%	3.3%	4.0%	3.1%	2.8%	2.6%	2.4%	2.2%	
EBIT	84.7	16.9	24.8	28.6	33.1	35.0	36.9	39.3	42.6	48.4	
EBIT-margin	14.6%	2.8%	3.9%	4.3%	4.8%	4.9%	5.0%	5.2%	5.5%	6.2%	
Income tax on EBIT	-21.2	-4.2	-6.2	-7.2	-8.3	-8.8	-9.2	-9.8	-10.7	-12.1	
Depreciation/Amortisation	21.1	21.1	21.6	21.9	21.9	23.3	23.8	24.3	25.0	27.5	
Change other non-cash items	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	
Change in net working capital	-6.8	-0.1	8.0	-2.2	-2.2	-2.2	-2.3	-2.2	-2.0	-1.7	
Net capital expenditure	-26.4	-21.5	-22.5	-23.0	-24.0	-24.8	-25.4	-26.1	-26.7	-27.5	
Free cash flow	51.4	12.1	25.7	18.2	20.5	22.7	23.8	25.5	28.3	34.6	
Present values	49.2	10.3	19.5	12.3	12.5	12.4	11.6	11.2	11.1	12.2	212.1
Present value Phase 1	103.9										
Present value Phase 2	58.6										
Present value Phase 3	212.1										
Total present value	374.6										
+ Non-operating assets/Other	-14.6										
- Net financial debt	-133.6										
Fair value of equity	226.5										
- Number of shares (m)	14.300										
Fair value per share (in EUR)	15.84										

Risk free rate	2.0%	Target equity ratio	55.0%
Equity risk premium	8.0%	Beta factor	1.6
Debt risk premium	3.0%	WACC	10.0%
EBIT-margin (PHASE 3)	8.0%	Terminal growth rate	2.0%

Sensitivity analysis						
		WACC				
		9.0%	9.5%	10.0%	10.5%	11.0%
Terminal growth rate	3.0%	22.65	20.05	17.83	15.92	14.25
	2.5%	21.01	18.69	16.70	14.97	13.45
	2.0%	19.60	17.52	15.84	14.14	12.74
	1.5%	18.38	16.50	14.85	13.40	12.10
	1.0%	17.31	15.59	14.08	12.73	11.53

Source: FMR

At the current share price of EUR 8.34, there is considerable upside potential of currently 89%. In our opinion, the P/E valuation is currently only of limited value. On the one hand because of the loss-making situation in recent years and on the other because of the high extraordinary income in the current financial year. The high order backlog will lead to an improvement in sales and earnings over the next few years, which we believe will be reflected in the share price.

Highlights H1/23/24 and outlook

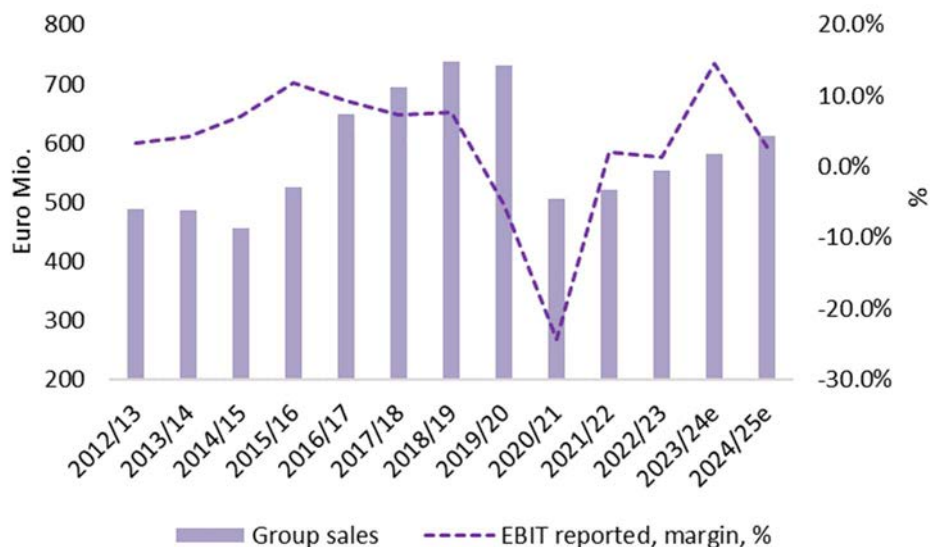
In the context of [Revenue Streams](#) and Market Adaptation, Kapsch TrafficCom charted a course through a challenging fiscal terrain marked by a revenue dip of 4% to EUR 400m. This contraction was primarily due to customer credits and margin adjustments and while it was a deviation from the estimated (FMRe) EUR 416.0m, it was mitigated by the strategic expansion in the Traffic Management segment, which surged by 7%. This segment's growth, in the face of broader market headwinds, underscores Kapsch TrafficCom's adeptness in pivoting to align with market demands and customer preferences.

In evaluating Kapsch TrafficCom's Operational Earnings and [Financial Strategy](#), we note a significant uplift in EBIT to EUR 70m from EUR 10m year-over-year, largely buoyed by a EUR 72m gain from a legal settlement in Germany. Operational efficiencies, notably a EUR 9m reduction in personnel expenses and a favorable resolution of overdue receivables adding EUR 5m, played critical roles. These positive factors were somewhat tempered by increased costs for materials and manufacturing due to inflation and currency fluctuations, alongside margin pressures in certain projects, cumulatively impacting EBIT by EUR 19m. This performance underlines the company's strategic financial acumen in leveraging extraordinary items and cost management to reinforce its fiscal foundation amidst challenging market conditions.

Considering the Segment [Performance and Investments](#), we see a contrast where the tolling segment, albeit lagging behind the previous year's performance, benefited from the significant cash inflow from the German settlement. Conversely, the Traffic Management segment's growth by 6.7% is emblematic of Kapsch TrafficCom's strategic investments, signaling a shift towards sectors with higher profitability margins and a proactive approach to the evolving industry trends.

The company's [Forward-Looking Statements](#) and Projections articulate a promising future with anticipated revenue growth in the single digits and a significant EBIT boost. These projections are not merely aspirational but are grounded in the series of new projects that the company has secured, reflecting a strategic vision for growth, cost efficiency, and improved liquidity management. This forward-thinking approach positions Kapsch TrafficCom to effectively capitalize on upcoming business opportunities and to continue its trajectory of financial improvement.

Kapsch TrafficCom's performance narrative over the first three quarters of 2023/24 is one of strategic recalibration and steadfast navigation through fiscal challenges. The company has managed to maintain a strong operational earnings profile, which, in conjunction with its strategic approach to market dynamics and segment-specific investments, sets the stage for sustained growth and industry leadership in the evolving realms of traffic management and tolling solutions.

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


Quelle: Kapsch, FMR

Kapsch: Toll segment:

EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Implementation T	219.3	100.3	89.2	119.4	124.0	126.0
Operations T	234.9	187.5	205.2	202.5	213.0	220.0
Components T	109.3	70.5	75.5	81.5	83.0	92.0
Sales segment T	563.5	358.2	369.9	403.4	420.0	438.0
y-o-y, %		-36.4%	3.3%	9.1%	4.1%	4.3%
EMEA	315.1	190.0	191.6	186.8		
Americas	221.3	148.0	158.0	189.7		
APAC	27.1	20.2	20.2	26.9		
Sales segment T	563.5	358.2	369.9	403.4		
EBIT: T	1.5	-117.2	3.3	-7.6	68.7	2.5
EBIT-margin: T, %	0.3%	n.m.	0.9%	n.m.	16.4%	0.6%

Quelle: Kapsch, FMR

Kapsch: Segment Traffic Management

EUR m	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e	2026/27e
Implementation TM	73.6	65.2	60.0	44.6	53.0	60.0	63.0	65.0
Operations TM	84.4	76.4	84.6	99.8	102.0	106.0	111.0	113.0
Components TM	9.7	5.4	5.4	5.6	7.0	8.0	9.0	10.0
Sales TM segment	167.7	147.0	149.9	150.0	162.0	174.0	183.0	188.0
y-o-y, %		-12.3%	2.0%	0.1%	8.0%	7.4%	5.2%	2.7%
EMEA	88.5	87.1	90.3	85.8				
Americas	72.2	57.0	54.1	59.3				
APAC	7.0	3.0	5.5	4.9				
Sales TM segment	167.7	147.0	149.9	150.0				
EBIT: TM	-40.7	-6.0	7.7	15.2	16.0	14.4	15.2	16.6
EBIT-margin: TM, %	-24.3%	n.m.	5.1%	10.1%	9.9%	8.3%	8.3%	8.8%

Quelle: Kapsch, FMR

Appendix

Profit and loss statement

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Revenues	731,2	505,2	519,8	553,4	582,0	612,0
YoY growth	-0,9%	-30,9%	2,9%	6,5%	5,2%	5,2%
Increase/Decrease in inventories of finished goods and work in progress	-6,1	-6,2	-2,7	2,0	1,2	1,2
as % of revenues	-0,8%	-1,2%	-0,5%	0,4%	0,2%	0,2%
Total Operating Output	725,1	499,0	517,1	555,4	583,2	613,2
YoY growth	-4,4%	-31,2%	3,6%	7,4%	5,0%	5,2%
Cost of Materials	-334,9	-243,5	-202,8	-222,6	-232,1	-241,0
as % of revenues	-45,8%	-48,2%	-39,0%	-40,2%	-39,9%	-39,4%
Gross Profit	390,1	255,6	314,3	332,8	351,1	372,2
as % of revenues	53,4%	50,6%	60,5%	60,1%	60,3%	60,8%
Personnel expenses	-269,2	-243,8	-227,1	-247,9	-253,1	-263,7
as % of revenues	-36,8%	-48,3%	-43,7%	-44,8%	-43,5%	-43,1%
Other operating expenses	-118,7	-84,7	-69,1	-76,2	-72,9	-78,5
as % of revenues	-16,2%	-16,8%	-13,3%	-13,8%	-12,5%	-12,8%
Other operating income	11,3	5,8	14,5	20,7	80,7	8,0
as % of revenues	1,6%	1,2%	2,8%	3,7%	13,9%	1,3%
EBITDA reported	13,6	-67,1	32,6	29,4	105,8	38,0
as % of revenues	1,9%	-13,3%	6,3%	5,3%	18,2%	6,2%
Depreciation of property, plant and equipment, and amortisation of intangible assets	-52,8	-56,0	-21,6	-21,8	-21,1	-21,1
as % of revenues	-7,2%	-11,1%	-4,2%	-3,9%	-3,6%	-3,4%
EBIT reported	-39,2	-123,1	11,0	7,6	84,7	16,9
as % of revenues	-5,4%	-24,4%	2,1%	1,4%	14,6%	2,8%
Financial result (net)	-24,3	-9,9	-5,7	-17,5	-4,2	-9,6
EBT (Earnings before taxes)	-63,4	-133,1	5,3	-9,9	80,5	7,3
as % of revenues	-8,7%	-26,3%	1,0%	-1,8%	13,8%	1,2%
Income taxes	7,7	27,8	-11,5	-14,3	-20,1	-1,8
as % of EBT	-12,2%	-20,9%	-215,1%	144,1%	-25,0%	-25,0%
Net income	-55,7	-105,2	-6,2	-24,2	60,4	5,5
as % of revenues	-7,6%	-20,8%	-1,2%	-4,4%	10,4%	0,9%
Minority interests	7,6	2,4	-3,1	-0,6	-0,5	-0,5
Net income attributable to shareholders	-48,1	-102,8	-9,3	-24,8	59,9	5,0
as % of revenues	-6,6%	-20,3%	-1,8%	-4,5%	10,3%	0,8%
Shares outstanding (in m), weighted	13,00	13,00	13,00	13,00	14,30	14,30
Basic earnings per share (EUR)	-3,37	-7,19	-0,65	-1,74	4,19	0,35

Source: Kapsch, FMR

Balance sheet

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
Assets						
Non-current assets	227,3	205,0	195,6	182,8	184,3	184,8
as % of total assets	31,3%	34,6%	38,2%	38,1%	38,0%	38,3%
Intangible assets	15,2	13,4	13,0	9,1	6,8	5,2
Goodwill	44,7	22,8	22,7	22,7	22,7	22,7
Property, plant and equipment	82,3	55,2	49,0	52,1	53,8	55,8
Non-current financial assets	43,5	42,0	42,8	40,9	41,9	42,9
Real Estate held as financial investment	0,0	0,0	0,0	0,0	0,0	0,0
Leasing and rental assets	1,2	0,0	0,0	0,0	0,0	0,0
Other non-current assets	13,8	5,2	3,7	3,9	4,0	4,1
Deferred tax assets, long-term	26,3	62,0	60,2	49,8	50,8	49,8
Other non-current financial assets	0,3	4,4	4,1	4,3	4,3	4,3
Current assets	499,9	388,2	316,6	297,3	301,4	297,2
as % of total assets	68,7%	65,4%	61,8%	61,9%	62,0%	61,7%
Inventories	55,7	41,7	35,6	45,1	48,3	49,2
Trade accounts receivable	177,0	130,0	131,4	118,0	122,1	123,4
Current prepayments made	0,0	0,0	0,0	0,0	0,0	0,0
Other current non-financial assets	138,6	106,6	83,9	82,2	83,0	81,4
Deferred tax assets, short-term	4,7	6,8	4,4	4,9	5,1	5,3
Current financial assets	1,4	1,0	1,6	1,9	2,0	2,1
Cash and cash equivalents	122,6	102,0	59,8	45,2	40,9	35,9
Assets held for sale	0,0	0,0	0,0	0,0	0,0	0,0
as % of total assets	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total assets	727,2	593,2	512,1	480,1	485,7	482,0
Shareholders' equity and liabilities						
Shareholders' equity	182,5	84,8	77,9	51,3	115,5	120,5
as % of total equity and liabilities	25,1%	14,3%	15,2%	10,7%	23,8%	25,0%
Subscribed capital	13,0	13,0	13,0	13,0	14,3	14,3
Capital reserves	117,5	117,5	117,5	117,5	120,5	120,5
Retained earnings	57,7	-39,3	-47,3	-74,2	-74,2	-74,2
Treasury stocks	0,0	0,0	0,0	0,0	0,0	0,0
Other equity items	0,0	0,0	0,0	0,0	59,9	64,9
Minority interest on equity	-5,7	-6,5	-5,3	-5,0	-5,0	-5,0
Non-current provisions/liabilities	273,2	198,3	194,0	115,2	158,2	151,1
as % of total equity and liabilities	37,6%	33,4%	37,9%	24,0%	32,6%	31,3%
Non-current pension provisions	27,6	27,3	24,2	20,6	19,6	19,2
Other non-current provisions	4,3	3,3	1,7	1,4	1,4	1,4
Non-current financial liabilities	235,3	156,6	163,6	90,7	134,5	127,7
Non-current prepayments received	0,0	0,0	0,0	0,0	0,0	0,0
Non-current deferred tax liabilities	1,7	1,0	2,9	1,6	1,8	1,8
Other non-current liabilities	4,3	10,0	1,6	0,9	1,0	1,0
Current liabilities and provisions	271,5	310,2	240,2	313,6	212,1	210,5
as % of total equity and liabilities	37,3%	52,3%	46,9%	65,3%	43,7%	43,7%
Current provisions	23,4	42,5	28,6	18,9	19,1	19,5
Current financial liabilities	64,3	115,9	55,9	142,8	40,0	38,0
Trade accounts payable	92,4	59,4	71,5	75,0	75,4	75,8
Current prepayments received	0,0	0,0	0,0	0,0	0,0	0,0
Current tax liabilities	4,0	1,8	2,3	2,1	2,1	2,1
Current deferred tax liabilities	0,0	0,0	0,0	0,0	0,0	0,0
Other current liabilities	87,4	90,6	81,8	74,8	75,5	75,2
Liabilities held for sale	0,0	0,0	0,0	0,0	0,0	0,0
as % of total equity and liabilities						
Total equity and liabilities	727,2	593,2	512,1	480,1	485,7	482,0

Source: Kapsch, FMR

Cash flow statement

in EUR m (IFRS)	2019/20	2020/21	2021/22	2022/23	2023/24e	2024/25e
EBIT	-39,2	-123,1	11,0	7,6	84,7	16,9
Depreciation/impairments	52,8	56,0	21,6	21,8	21,1	21,1
Change in pension and similar provisions	-4,7	-2,0	-2,6	-1,8	-1,0	-0,4
Other non-cash expenses/income	7,4	15,3	-3,7	-12,2	-0,6	-0,7
Change in Working Capital	31,3	82,9	16,6	-8,6	-6,8	-0,1
Cash effects from divestment of fixed assets						
Cash effect from interests	-4,0	-4,3	-5,0	-6,5	0,0	0,0
Cash effect from other participation result	0,0	0,0	0,0	0,0	0,0	0,0
Cash tax adjustments	-10,2	-13,7	-12,6	-6,1	-20,0	-1,8
Cash effects from extraordinary items						
Cashflow from Operations	33,4	11,1	25,5	-5,8	77,4	35,0
Investments in Fixed assets	-33,6	-14,1	-16,0	-8,7	-21,5	-22,5
Payments received: Disposal of non-current assets	0,0	1,3	0,8	6,6	0,0	0,0
Change in consolidation: Disposals/Acquisitions	2,2	-0,8	1,2	0,9	0,0	0,0
Interest and other financial income	0,4	6,8	5,3	1,0	0,0	0,0
Cash changes from extraordinary items	0,0	0,0	0,0	0,0	0,0	0,0
Other changes from investing activities	0,0	0,0	0,0	0,0	-1,1	0,9
Cashflow from investing activities	-31,0	-6,8	-8,7	-0,2	-22,6	-21,6
Cash changes in financial debt	66,6	-11,4	-45,6	9,9	-59,0	-8,7
Changes in shareholders equity	0,0	0,0	0,0	0,0	4,3	0,0
Dividend payments	-19,5	0,0	0,0	0,0	0,0	0,0
Cash changes from own shares	0,0	0,0	0,0	0,0	0,0	0,0
Interest and other financial expenses	0,0	0,0	0,0	0,0	0,0	0,0
Other changes from financing activities	-15,6	-15,5	-15,4	-14,4	-4,3	-9,7
Cashflow from financing activities	31,4	-26,8	-61,1	-4,5	-59,1	-18,5
Total change in cash and cash equivalents	33,8	-22,5	-44,3	-10,5	-4,3	-5,0
Effect of exchange rate changes on cash	-5,8	1,9	2,1	-4,1	0,0	0,0
Other changes in cash and cash equivalents	0,0	0,0	0,0	0,0	0,0	0,0
Cash and cash equivalents: Beginning of period	94,7	122,6	102,0	59,8	45,2	40,9
Cash and cash equivalents: End of period	122,6	102,0	59,8	45,2	40,9	35,9

Source: Kapsch, FMR

Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority

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2. Mandatory details

a) First publication: 11.03.2024

b) Time conditions of expected updates: quarterly

c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.

e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.

f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

3. Disclosures

a) Neither FMR Frankfurt Main Research AG nor an affiliated company, nor any person who contributed to the compilation

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(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company **Disclosure(s)**

Kapsch TrafficCom

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(iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company **Disclosure(s)**

Kapsch TrafficCom

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Recommendation history over last 12 months:

Date	Recommendation	Share price at publishing date	Target price
17.06.2022	HOLD	13.80	16.00
18.08.2022	HOLD	12.68	15.70
17.11.2022	BUY	11.38	16.00
23.02.2023	BUY	12.98	15.80
20.04.2023	BUY	12.50	15.20
01.06.2023	BUY	10.55	13.90
23.06.2023	BUY	11.85	13.80
07.07.2023	BUY	11.70	18.60
23.08.2023	BUY	10.40	18.60
29.11.2023	BUY	9.20	15.80
11.03.2024	BUY	8.34	15.80

4. Creation and distribution

a) Responsibility for creation and distribution

FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuer

Dr. Mohamad Vaseghi, Equity Analyst

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

5. Investment recommendation details

Investment recommendation details - stocks:

BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

Sell: In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

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8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

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