

Deutsche Rohstoff AG

Germany / Raw materials

Frankfurt

Bloomberg: DR0 GR

ISIN: DE000A0XYG76

Update

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€34.00**

43.7%

High

CUB CREEK/ELSTER RESERVE VALUE UP 120% SINCE END APRIL

On 16 February DRAG published a reserve valuation dated end December 2016 for its two most valuable oil and gas subsidiaries, Cub Creek Energy and Elster Oil & Gas showing an increase of 120% on the previous end April 2016 valuation. The latest number is also USD45m or 21% above the valuation we published in our most recent note of 12 December for these two subsidiaries. The day before announcing the updated reserve valuation, DRAG withdrew its previous guidance for 2016 net profit before minorities of €8-10m. New guidance is for a number "slightly below" the 2015 result of €0.5m. The main reasons for the shortfall are delays in the start of oil and gas production in Q4 2016 and an unexpectedly large tax expense in connection with increased deferred tax liabilities. However, given that the oil and gas not produced in 2016 will be produced in 2017, and that the deferred tax-related charge is a non-cash item, the increase in the reserve valuation has a much greater impact on our price target. We now see fair value for DRAG at €34.0 per share (previously: €31.0) and maintain our Buy recommendation.

Updated reserve valuation DRAG published a reserve valuation for its two most valuable oil and gas subsidiaries, Cub Creek Energy (CCE) and Elster Oil & Gas (EOG) on 16 February. The reserve valuation is dated 31 December 2016 and updates a previous valuation of the two subsidiaries' oil and gas reserves dated 30 April 2016. The report has been prepared by the well-known consultant, Ryder Scott, and shows a 120% increase in the present value (discount rate: 10%) of proven and probable reserves at the two subsidiaries to USD256m (end April: USD117m). This increase is mainly the result of two factors. The valuation is based on NYMEX futures prices for West Texas Intermediate oil. At end December the NYMEX futures curve was flat at USD56 and well above the end April 2016 curve which climbed from USD47 for 2016 to USD53 for 2021 and then plateaued. Second, in August 2016 CCE added drilling locations on an additional 1,500 acres to the 2,300 acres and 800 acres already owned by CCE and EOG respectively. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2013	2014	2015	2016E	2017E	2018E
Revenue (€m)	17.76	22.87	1.90	11.60	100.42	155.98
Y-o-y growth	473.9%	28.8%	-91.7%	511.5%	765.7%	1244.6%
EBIT (€m)	-5.40	88.73	3.36	-0.75	62.44	93.61
EBIT margin	-30.4%	387.9%	176.9%	-6.5%	62.2%	60.0%
Net income (€m)	-8.31	25.17	1.16	-0.57	31.58	48.32
EPS (diluted) (€)	-1.56	4.80	0.23	-0.11	6.24	9.54
DPS (€)	0.00	0.50	0.55	0.60	1.00	1.00
FCF (€m)	-35.07	82.10	-12.11	-85.59	-14.98	-2.87
Net gearing	54.1%	-63.7%	-40.5%	109.0%	90.0%	62.8%
Liquid assets (€m)	46.06	92.82	71.04	10.83	19.88	16.15

RISKS

Risks include negative movements in the oil price and other raw materials prices, dry well risk, mechanical failure, loss of key personnel.

COMPANY PROFILE

Deutsche Rohstoff AG (DRAG) is a resources company with a portfolio of properties in oil/gas, so-called high tech metals such as tin and tungsten, base metals and rare earths. The business model is based on production in well explored areas in politically stable countries. DRAG is based in Mannheim, Germany.

MARKET DATA

As of 17 Feb 2017

Closing Price	€ 23.66
Shares outstanding	5.06m
Market Capitalisation	€ 119.80m
52-week Range	€ 13.15 / 26.45
Avg. Volume (12 Months)	9,893

Multiples	2015	2016E	2017E
P/E	103.7	n.a.	3.8
EV/Sales	96.5	15.8	1.8
EV/EBIT	37.1	81.1	2.2
Div. Yield	2.3%	2.5%	4.2%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2016

Liquid Assets	€ 65.01m
Current Assets	€ 73.34m
Intangible Assets	€ 21.83m
Total Assets	€ 129.15m
Current Liabilities	€ 2.77m
Shareholders' Equity	€ 55.28m

SHAREHOLDERS

Management	9.7%
BASF-VC	6.3%
Free float	84.0%



Delays to start of production, deferred tax issues cause profit warning On 15 February DRAG issued a profit warning with regard to its 2016 results. The company was previously guiding towards a net profit before minorities of €8-10m. This guidance was initially issued in December 2015. The current expectation, which is based on preliminary and unaudited numbers, is that the result will be “slightly below” last year’s figure of €0.5m. There are two main reasons for the shortfall between previous guidance and management’s current expectation. First, the delays in the start of production from wells at CCE’s Vail and Markham pads have had a greater impact on financial performance than previously expected. Secondly, the rebate on taxes paid following the mid-2014 sale of the Windsor Oil and Gas Project is likely to be partly cancelled out by a deferred tax liability.

CCE began production from 9 wells at the Vail drilling pad in mid-November and from 12 wells at the Markham drilling pad at the end of December. Production at the Vail and Markham pads was originally scheduled to start in mid-October and mid-November respectively. The lower than planned number of production days last year contributed to the discrepancy between previous guidance and the currently expected 2016 result.

Management continues to expect rebate on taxes paid in 2014 The Windsor Oil and Gas Project was sold in mid-2014 for total proceeds of USD220m. The profit before minorities (27.85%) on the sale was USD130m. Taxes paid by DRAG in 2014 on the profit on the sale of this asset amounted to over €30m. DRAG invested ca. USD52m in new oil and gas assets in the U.S. in 2016 excluding Salt Creek’s Williston Basin acquisition in November. Management continues to expect this investment to allow the company to collect a rebate of c. USD10m on taxes paid in 2014. However, the tax rebate will to a large extent be cancelled out on the 2016 P&L by an expense relating to an increase in the company’s deferred tax liability. Management has also indicated that positive currency effects were also lower than expected during 2016 and that last year’s result also suffered to a greater extent than expected from various miscellaneous operational costs.

Negotiations for financing of Almonty’s Sangdong project progressing well On 31 January Almonty published its annual report for the financial year ending 30 September. Low tungsten prices meant that the net result was again in the red at CAD-21.2m (2014/15: CAD-20.3m) on sales of CAD37.3m (2014/15: CAD36.1m). However, EBITDA was positive at CAD4.3m (2014/15: CAD-1.6m). Almonty continues to pursue the development of the Sangdong mine project in South Korea, whose average annual tungsten production is projected to account for ca. 10% of worldwide non-Chinese production. Last summer Almonty announced a binding letter of commitment (LoC) with the Korea Development Bank (KDB) for a term loan of KRW50bn (USD42.6m) to be used for underground mine development and construction of processing plant and infrastructure at Sangdong. An NI 43-101 technical report published in August put total mine development costs at USD66m. The LoC with KDB includes several conditions under which the loan may be drawn down. These include an off-take agreement and Almonty raising financing subordinate to the KDB loan to cover the balance of the development cost. In late November Almonty stated that it had received a LoC from a tungsten industry participant with regard to the subordinate component of the Sangdong financing. Almonty also started talks with the same industry participant about an off-take agreement covering 100% of the initial planned production of the Sangdong mine. We gather that negotiations between Almonty and the prospective financing parties have progressed since November and that KDB is now doing due diligence with a view towards moving to completion.



P&L FORECAST

Figure 1: Changes to forecasts

All figures in € 000s	2016E New	2016E Old	Δ	2017E New	2017E Old	Δ	2018E New	2018E Old	Δ
Revenues	11,600	12,823	-9.5%	100,420	99,160	1.3%	155,977	156,123	-0.1%
EBITDA	2,259	3,217		84,928	83,509		131,689	131,532	
Depreciation and amortisation	3,010	3,288		22,490	22,211		38,080	38,120	
Operating income (EBIT)	-751	-71	958.2%	62,438	61,298	1.9%	93,609	93,413	0.2%
Net financial result	-2,778	-5,437		-3,548	-3,676		-3,808	-3,951	
Pre-tax income (EBT)	-3,530	-5,508		58,889	57,621		89,800	89,462	
Income taxes	2,891	14,070		-20,611	-20,167		-31,430	-31,312	
Net before minorities	-639	8,562		38,278	37,454		58,370	46,426	
Minority interests	73	-1,104		-6,703	-6,544		-10,050	-10,012	
Net income after mins.	-565	7,458		31,575	30,910		48,321	48,139	
EPS (€)	-0.11	1.47	-107.6%	6.24	6.11	2.1%	9.54	9.51	0.4%

Source: First Berlin Equity Research estimates

Figure 1 above shows changes to our forecasts in comparison with our previous report of 12 December. As far as 2016 is concerned, the changes relate to the delay in the start of production at CCE's Vail and Markham wells and the impact of the unexpectedly large tax expense in connection with increased deferred tax liabilities. For 2017 the increase in our revenue forecast is based on the assumption that the oil and gas output forgone in 2016 will be generated in the current year.

VALUATION SUMMARY

We see fair value for the DRAG share at €34.0 (previously: €31.0) Figure 2 summarises the changes to our sum of the parts model discussed in the text above. Our valuation model also takes account of costs in the DRAG holding company not directly associated with the subsidiaries. We estimate that these costs amount to €1.3m annually. Discounting the next ten years of these costs at 5% yields a present value of €-10m. We now see fair value for the DRAG share at €34.0 (previously: €31.0).

Figure 2: Sum of the parts model

€m	New	Old
Cub Creek Energy (DRAG's stake 79.9%)	152.3	131.1
Elster Oil & Gas (DRAG's stake: 93%)	46.0	32.0
Salt Creek Oil & Gas (DRAG's stake: 90%)	31.9	50.5
Almonty (DRAG's stake: 12.58% plus CAD 12.6m in bonds)	11.7	9.6
Tin International (DRAG's stake: 61.5%)	0.2	0.2
Rhein Petroleum (DRAG's stake: 10%)	2.0	2.0
Ceritech (DRAG's stake: 67.9%)	1.0	1.0
Devonian Metals (DRAG's stake: 47%)	0.0	0.0
Hammer Metals (DRAG's stake: 17.8%)	1.4	1.1
Holding company costs	-10.0	0.0
Total enterprise value	236.5	227.6
Cash and financial assets	10.8	3.0
Debt	74.1	74.3
Net cash and financial assets (31.12.2016E)	-63.3	-71.3
Total equity value	173.2	156.3
No shares (m)	5.06	5.06
Equity value per share (€)	34.2	30.9

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in € 000s	2013A	2014A	2015A	2016E	2017E	2018E
Revenues	17,762	22,871	1,897	11,600	100,420	155,977
EBITDA	1,907	114,160	4,933	2,259	84,928	131,689
Depreciation and amortisation	7,302	25,434	1,578	3,010	22,490	38,080
Operating income (EBIT)	-5,395	88,726	3,355	-751	62,438	93,609
Net financial result	-2,414	-4,065	-3,912	-2,778	-3,548	-3,808
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	-7,809	84,661	-557	-3,530	58,889	89,800
Taxes	154	-30,645	1,086	2,891	-20,611	-31,430
Minority interests	-650	-28,845	626	73	-6,703	-10,050
Net income / loss	-8,305	25,171	1,155	-565	31,575	48,321
EPS (in €)	-1.56	4.80	0.23	-0.11	6.24	9.54
Ratios						
EBIT margin on revenues	-30.4%	387.9%	176.9%	-6.5%	62.2%	60.0%
EBITDA margin on revenues	10.7%	499.1%	260.0%	19.5%	84.6%	84.4%
Net margin on revenues	-46.8%	110.1%	60.9%	-4.9%	31.4%	31.0%
Tax rate	2.0%	36.2%	195.0%	81.9%	35.0%	35.0%
Y-Y Growth						
Revenues	473.9%	28.8%	-91.7%	511.5%	765.7%	55.3%
Operating income	n.m.	n.m.	-96.2%	n.m.	n.m.	49.9%
Net income/ loss	n.m.	n.m.	-95.4%	n.m.	n.m.	53.0%



BALANCE SHEET

All figures in € 000s	2013A	2014A	2015A	2016E	2017E	2018E
Assets						
Current assets, total	60,998	98,203	79,267	37,916	42,670	49,065
Cash and cash equivalents	46,063	92,821	71,041	10,826	19,880	16,151
Inventories	3,763	38	55	810	5,698	8,228
Receivables	1,319	106	2,831	3,240	6,837	9,874
Prepayments	137	190	276	810	1,140	1,646
Tax credit	0	0	0	10,891	0	0
Other current assets	5,559	726	4,530	11,339	9,116	13,165
Deferred tax assets	4,157	4,322	534	0	0	0
Non-current assets, total	70,535	36,493	48,786	109,623	171,281	223,942
Intangible assets	4,541	12,279	17,501	29,861	29,581	29,301
Land and buildings	1,856	0	0	400	600	800
Producing oil plants	32,802	0	5,314	47,901	91,802	129,306
Exploration and evaluation	20,153	1,647	1,596	14,386	27,572	38,836
Plant and machinery	2,873	513	444	4,002	7,670	10,804
Other equipment	209	94	119	1,073	2,056	2,896
Equity investments	3,703	11,456	11,822	12,000	12,000	12,000
Securities classified as fixed assets	4,398	10,504	11,990	0	0	0
Total assets	131,533	134,696	128,053	147,539	213,952	273,007
Shareholders' equity & debt						
Current liabilities, total	18,221	4,675	4,230	3,318	20,037	14,118
Bank debt	3,256	414	7	0	0	8,333
Bond debt	0	0	0	0	15,800	0
Accounts payable	13,928	217	957	995	1,271	1,735
Other current liabilities	1,037	4,044	3,266	2,322	2,966	4,049
Long-term liabilities, total	72,021	63,147	57,955	74,133	88,333	100,000
Bond debt	62,237	57,111	51,555	65,800	50,000	50,000
Bank debt	5,993	5,993	6,400	8,333	38,333	50,000
Other long term liabilities	3,791	43	0	0	0	0
Provisions	1,993	1,540	1,089	2,000	2,000	2,000
Minority interests	9,723	2,331	2,566	2,493	9,196	19,245
Shareholders' equity	29,171	60,157	59,274	55,596	84,387	127,644
Consolidated equity	38,894	62,488	61,840	58,089	93,582	146,889
Deferred tax liabilities	404	2,846	2,939	10,000	10,000	10,000
Total consolidated equity and debt	131,533	134,696	128,053	147,539	213,952	273,007
Ratios						
Current ratio (x)	3.35	21.01	18.74	11.43	2.13	3.48
Quick ratio (x)	3.14	21.00	18.73	11.18	1.85	2.89
Financial leverage	54.1%	-63.7%	-40.5%	109.0%	90.0%	62.8%
Book value per share (€)	5.48	11.94	11.77	11.04	16.75	25.34
Net cash (debt)	-21,025	39,807	25,069	-63,307	-84,253	-92,182
Return on equity (ROE)	-17.4%	106.6%	0.9%	-1.1%	50.5%	48.5%



CASH FLOW STATEMENT

All figures in € 000s	2013A	2014A	2015A	2016E	2017E	2018E
EBIT	-5,395	88,726	3,355	-751	62,438	93,609
Depreciation and amortisation	7,302	25,434	1,578	3,010	22,490	38,080
EBITDA	1,907	114,160	4,933	2,259	84,928	131,689
Changes in working capital	-2,546	1,524	-4,625	-9,412	-5,673	-8,575
Interest paid	-35	-4,263	-3,912	-2,778	-3,548	-3,808
Tax paid	154	-29,091	1,086	0	-6,541	-31,430
Profit/loss from sale of Tekton Energy	0	-103,605	0	0	0	0
Other adjustments	-1,248	2,299	3,712	0	0	0
Operating cash flow	-1,768	-18,976	1,194	-9,931	69,165	87,876
Investing cash flow	-33,304	101,073	-13,307	-75,660	-84,148	-90,741
Free cash flow	-35,072	82,097	-12,113	-85,591	-14,983	-2,865
Dividends, share buybacks	-2,661	-38,929	-3,100	-2,785	-2,785	-5,063
Equity financing	4,558	0	0	0	0	0
Debt financing	67,600	0	0	16,171	30,000	20,000
Debt repayment	-2,749	-8,540	-6,182	0	0	-15,800
Other	2,128	999	-2,712	11,990	0	0
Financing cash flow	68,876	-46,470	-11,994	25,376	27,215	-863
Change in cash and equivalents	33,804	35,627	-24,107	-60,215	9,053	-3,728
Other	0	11,131	2,327	0	0	0
Cash and cash equivalents, start of the year	12,259	46,063	92,821	71,041	10,826	19,880
Cash and cash equivalents, end of the year	46,063	92,821	71,041	10,826	19,880	16,151
EBITDA/share (in €)	0.36	21.70	0.97	0.45	16.78	26.03
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	27.1%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-19.4%	5954.7%	-95.5%	-54.2%	3659.3%	55.1%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	22 July 2010	€7.45	Buy	€13.20
2...22	↓	↓	↓	↓
23	8 July 2016	€15.72	Buy	€24.00
24	5 October 2016	€21.40	Buy	€27.00
25	12 December 2016	€23.91	Buy	€31.00
26	Today	€23.66	Buy	€34.00

Authored by: Simon Scholes, Analyst

Company responsible for preparation:

First Berlin Equity Research GmbH

Mohrenstraße 34
10117 Berlin

Tel. +49 (0)30 - 80 93 96 94 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

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

Copyright© 2017 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 34B OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO THE GERMAN ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS [FINANV]

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular the German Securities Trading Act [WpHG], Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and the German Ordinance on the Analysis of Financial Instruments [FinAnV] into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with Section 34b Paragraph 1 of the German Securities Trading Act [WpHG] and Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) financial analyses may only be passed on or publicly distributed if circumstances or relations which may cause conflicts of interest among the authors, the legal entities responsible for such preparation or companies associated with them are disclosed along with the financial analysis.

First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest (further information and data may be provided on request):

- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

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

STRONG BUY: An expected favourable price trend of more than 50% combined with sizeable confidence in the quality and forecast security of management.

BUY: An expected favourable price trend of more than 25% percent.

ADD: An expected favourable price trend of between 0% and 25%.

REDUCE: An expected negative price trend of between 0% and -15%.

SELL: An expected negative price trend of more than -15%.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

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

can be accessed through the following internet link: <http://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA, Canada and/or the United Kingdom (Great Britain).