Research Report (Anno)

SYGNIS AG

Organic and Acquisitive Growth in Sales and Results; Critical Mass Reached for Sales Success; High Upside Potential Present

Target Price: 3.30 €

Rating: BUY

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) from page 14

Completion: 08/11/2017 **First Publication: 08/11/2017**

GBC AG
Investment Research

SYGNIS AG*4,5a,6a,7,10,11

BUY
Price Target: 3,30

current price: 1.49
07/11/17 / XETRA-closing
currency: EUR

Key data:

ISIN: DE000A1RFM03
WKN: A1RFM0
Ticker symbol: LIO1
Number of shares³: 44.877
Marketcap³: 66.87
EnterpriseValue³: 69.14
³ in m / in EUR m

Transparency Level:
Prime Standard
Market Segment:
Regulierter Markt
Accounting Standard:
IFRS

Financial year-end: 12/31

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* catalogue of potential conflicts of interests on page 15

Company Profile

Sector: Biotechnology

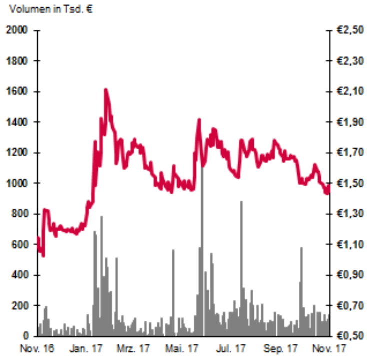
Focus: development and commercialisation of DNA-technologies , proteomik-applications, labeling-technologies

Employees: 94 (30/06/2017)

Founded in: 1997

Headquarter: Heidelberg

Executive Board: Dr. Heikki Lanckriet, David Roth



SYGNIS AG, headquartered in Heidelberg, is a life sciences company listed on the Prime Standard of the Deutsche Börse. The company focuses on the development and marketing of innovative molecular biology technologies in the NGS (next-generation sequencing) sector. Its most important products currently on the market are TruePrime™ (DNA amplification), SunScript™ (transcribing RNA into DNA), RunBlue (DNA and protein separation and purification) and Lightning Link (DNA and protein labeling) which are sold both through their own marketing and by non-exclusive sales partners. Other products (e.g., DNA amplification under liquid biopsy) should also make entry possible into high-volume diagnostic markets (e.g. hospitals). SYGNIS AG acquired Expedeon Holdings Ltd. and C.B.S. Scientific in 2016 as part of its acquisitive growth strategy. This expanded its product spectrum in the proteomics area, the second most important market segment for molecular biology. Innova Bioscience Ltd was acquired in 2017, resulting in further vertical expansion of the product range.

P&L in EURm	31/12/2016	31/12/2017e	31/12/2018e	31/12/2019e
Revenue	1.79	7.65	11.91	16.67
EBITDA	-3.21	-2.14	1.79	3.34
EBIT	-4.02	-3.06	0.59	2.44
Net Profit	-4.39	-3.19	0.28	2.11
Ratios				
EV/Revenue	38.65	9.04	5.81	4.15
EV/EBITDA	neg.	neg.	38.58	20.68
EV/EBIT	neg.	neg.	117.19	28.29
P/E	neg.	neg.	238.81	31.69
P/B	1.61			

Financial Schedule

**last research published by GBC:
Date: publication / price target in € / rating
25/01/2017: RS / 3.70 / BUY
16/06/2016: RS / 3.95 / BUY
17/12/2015: RS / 3.75 / BUY
26/11/2015: RS / 3.75 / BUY
20/11/2015: RS / 3.75 / BUY
** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D86150 Augsburg

EXECUTIVE SUMMARY

- SYGNIS AG further accelerated its ongoing acquisitive growth with its takeover of Innova Bioscience in 2017. It is anticipated that the acquisition of Cambridge (UK)-based Innova will result in an expansion of the product range in the protein marking field, a procedure of great significance in protein measurement. Based on its own data, Innova is one of the leading providers in the field, with a product spectrum of over 300 products (patented in 24 countries). With this acquisition, SYGNIS AG now clearly has much greater coverage of work flow in genetics and protein research.

- With its Innova acquisition, SYGNIS AG is pressing forward with the acquisitive growth strategy that it began in financial year 2016. By taking over Expedeon Holdings Ltd., the company absorbed a business already active in the proteomics area, combining the two life science areas of genetics and proteomics. SYGNIS AG had already acquired C.B.S. Scientific, a system provider in electrophoresis, by the end of 2016.

- Not least through the acquisition of Innova, SYGNIS AG has now reached a critical mass both in terms of product level and company size, enabling the company to participate in R&D-market potential. Additional potential lies particularly in the diagnostics area, especially in the increasing use of personalised medicine. A trend is basically becoming visible in which NGS (next generation sequencing) applications, and so also the technologies offered by SYGNIS AG, are increasingly shifting away from research into the high-volume clinical area.

- Based on the increased market potential, the current strongly enhanced product range and the initial integration of Innova Bioscience Ltd., revenue in the range of €7-8 million will be achieved in this financial year, after revenue of €1.79 million in financial year 2016. In the first nine months of 2017 SYGNIS AG saw total revenue of €5.34 million (previous year: €0.98 million). We anticipate a sustained upward trend in revenue in the coming years, and predict revenue of €16.67 million in 2019.

- Break-even should take place in 2018, as the extraordinary effects related to the acquisition will weigh down on results for this financial year. We foresee break-even as early as the fourth quarter of 2017 in operational cash flow.

- On this basis, we have updated our DCF valuation model and established a new fair value of €3.30 per share (previously: €3.70). In particular, the capital increase carried out in relation to the Innova acquisition at a price of €1.38 and the effects from the related dilution effect will have a negative impact on share price. Altogether, the declared fair company value rose to €153.14 million (previously: €139.27 million). Based on the current price level of €1.49, our previously issued BUY rating remains unchanged.

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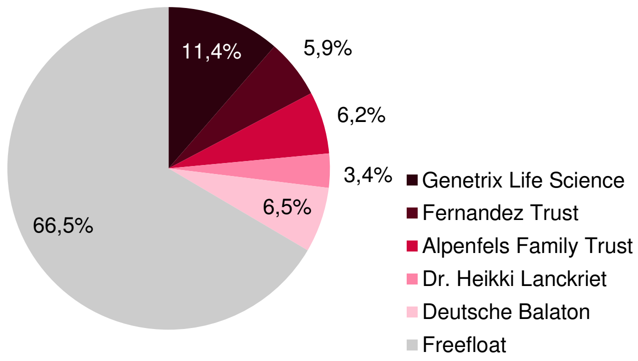
COMPANY

Shareholder Structure

Shareholder	in %
Genetrix S.L	11.4%
Fernandez Trust	5.9%
Dr. Heikki Lanckriet	3.4%
Deutsche Balaton	6.5%
Alpenfels Family Trust	6.2%
Freefloat	**66.5%**

Source: SYGNIS AG; GBC AG

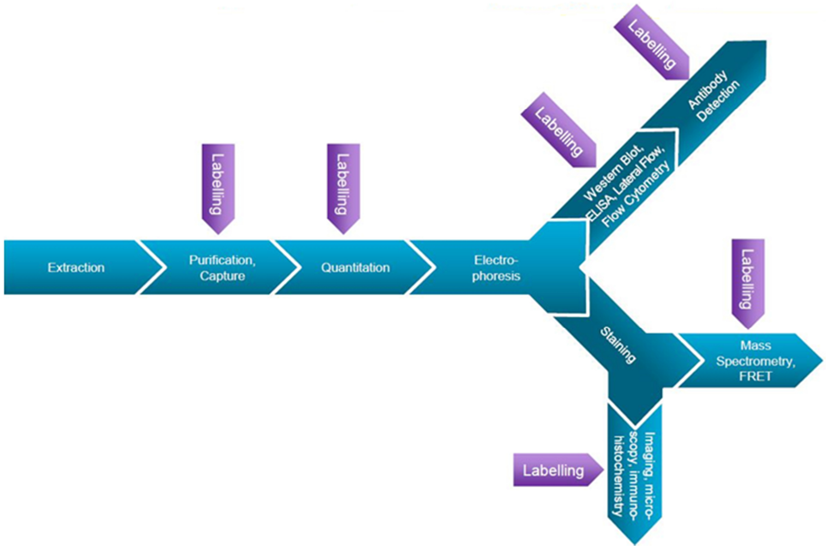


Acquisition of Innova Biosciences Ltd.

After the successful conclusion of the capital increase involving the issuance of a total of 7.26 million shares at a price of €1.38 resulted in gross proceeds of about €10 million, SYGNIS was in a position to implement its planned acquisition of Innova Biosciences Ltd. (short: Innova).

It is anticipated that the acquisition of Cambridge (UK)-based Innova will result in an expansion of the product range in the protein marking area, a procedure of great significance in protein measurement. Based on its own data, Innova is one of the leading providers in the field, with a product range of over 300 products (patented in 24 countries). Among its main products are rapid, one-step labelling kits for antibodies, proteins and peptides. The company also offers conjugation kits for nanoparticles and oligonucleotides. Innova products basically label proteins in order to enable their detection, measurement and analysis in subsequent steps of analysis. Labelling techniques such as provided by Innova, which enable and enhance detection and quantitation of biomolecules, is a very important process in a research and development setting but is equally important in both clinical and POC diagnostics. The Innova biosciences products, technology and expertise therefore strengthen the Company's ability to derive value from it's technology in the lucrative diagnostics market segment.

Workflow use of Innova products in the field of proteomics



Source: SYGNIS AG; GBC AG

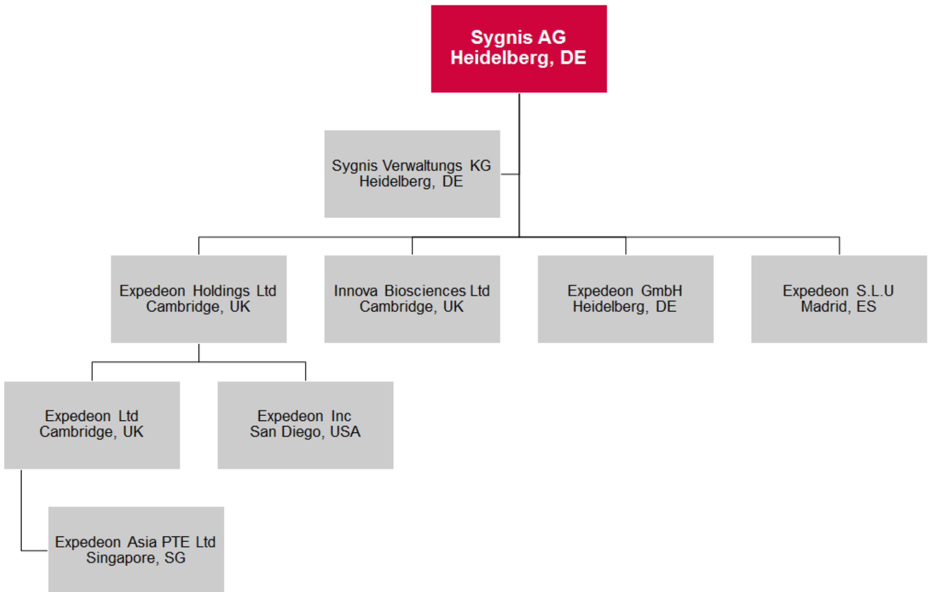
SYGNIS AG now clearly has much greater coverage of work flow in genetics and protein research with this acquisition. It is worth mentioning here the fact that the molecule marking provided by Innova is important in nearly every step in DNA and protein analysis, with significant synergetic effects on potential vertical integration.

SYGNIS AG product range

With the Innova acquisition, SYGNIS is continuing the acquisitive growth strategy that it began in financial year 2016. By taking over Expedeon Holdings Ltd., the company absorbed a business already active in the proteomics area, combining the two life science areas of genetics and proteomics. The Expedeon Group markets products for electrophoresis, one of the most important applications for protein analysis. The Expedeon Group also markets mass spectrometers for protein measurement and applications for protein processing and protein separation.

SYGNIS AG concluded a binding agreement for the acquisition of San Diego-based C.B.S. Scientific in 2016. The company has been acquired and fully integrated since then (see press release of 11/04/17) and operates as a system supplier (laboratory equipment) in the electrophoresis area, which means that it enables a horizontal expansion of our product in a way similar to Expedeon, and so also of the work flow in the two important branches of life science.

Corporate structure



Source: SYGNIS AG; GBC AG

Market und Market Environment

After the successful acquisitions of the past financial year, SYGNIS AG has a large variety of products and applications that can be described as complementary to each other. The fields of DNA and RNA reproduction and analysis (the TruePrime product family) and “reverse transcriptase”, and hence the transfer from RNA into DNA are covered under the original product line. Proteomics applications, the second major area in molecular biology, is covered by the acquisition of Expedeon. The new Innova products are mainly markers for proteins and antibodies.

A wide range of applications are provided by the considerably expanded product range; the common denominator of Sygnis products is the area of medical research and diagnostics. The global diagnostics market (in vitro diagnostics: IVD), combining a variety of applications, technologies and products, amounted to about €6.45 billion in 2015. According to the study “Molecular Diagnostics Market Size Growth, Industry trends Reports 2024”, a high annual average market growth (CAGR) of about 12% is expected through 2024. This focuses mainly on further technological development of applications and the increasing shift toward the clinical area, and so into volume business.

The paradigm shift in medicine related to the trend toward personalised medicine is considered a major factor here. A key element in personalised medicine is targeted and individualised diagnostics, which according to the Diagnostics Industry Association makes a better understanding of physiological and pathological conditions possible. Suitable biomarkers are needed for therapeutics questions when considering individual molecular biological constellations. For example, biomarkers contribute to identifying the individual genetic characteristics of a patient that caused a disease to develop. Reading the genetic information of a patient, also conducted using DNA sequencing, is the critical factor. These genetic data are then used as the basis for patient-specific, individualized treatment. Currently 55 medications with a biomarker test are approved in Germany, while at the same time the number of studies using biomarker applications in oncology sharply increased from 12% (2005) to 43% (2013). Overall it is expected that the use of personalised medicine will reach a worldwide market volume of 2.77 billion US dollars by 2022, compared to 1.26 billion US dollars in 2015.

Next Generation Sequencing (NGS), the area covered by SYGNIS AG, represents the foundation for further growth in the diagnostics market. However, the exponential cost reduction in genome sequencing is also a major driver of the increasing adoption of NGS in diagnostics. In 2001, a genome readout cost €95 million US dollars; currently the expense is about 1,000 US dollars.

NGS is currently used primarily in research institutions; the further development of the technology and increasing cost efficiency are expected to lead to an increase in mass market applications (clinical area, etc.).

The product range of SYGNIS AG, which was developed organically and within acquisitions, is currently well positioned to satisfy the demand of the unregulated research- and development market. From this market alone we anticipate a great demand, which should quickly lead to increasing revenues. In addition to that, Sygnis is well positioned to profit from the expected demand from the high-volume diagnostics market. We expect the diagnostics market to be the biggest growth driver for the medium- to long-term corporate development.

COMPANY DEVELOPMENT

Revenue and earnings development as at 30/09/2017

P&L (in EURm)	FY 2015	FY 2016	Q1/2017	Q2/2017	Q3/2017
Revenue	0.56	1.79	1.37	1.61	2.36
EBIT	-3.86	-4.02	-1.32	-0.87	-1.18
Net profit	-4.01	-4.39	-1.20	-0.78	-1.16

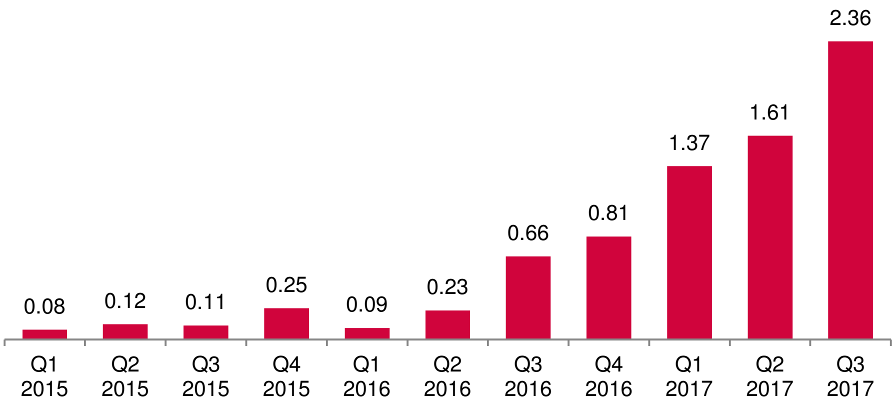
Source: SYGNIS AG; GBC AG

In 2016 Sygnis embarked on an acquisition strategy to enable enhanced revenue growth of its Trueprime products and technology. The company recognised that it required commercial scale to fast track revenue growth of its product lines. The acquisition of Expedeon Holdings Ltd. provided the company with an expanded and complementary product offering and the commercial infrastructure to market and sell these products. Furthermore the continued focus on research and development in delivering additional products the company is now able to market through its acquired sales channels. In particular, the further development of TruePrime^{TM} technology should be mentioned in the liquid biopsy field and single-cell analysis (the introduction of kits for liquid biopsies for amplification of carcinogenous cell-free DNA in the blood).

Another important aspect in business development over recent reporting periods and especially subsequent to the Expedeon acquisition was the strengthening of sales channels in key markets of Germany, the USA, Great Britain and Singapore. SYGNIS AG gained access to existing distribution channels in the regions named as part of the transaction - the most important markets for life science applications.

Revenue is showing a sharply positive tendency given the already successful use of the distribution channels acquired. This was particularly evident in the quarterly development, which showed a steep increase in revenue level in the last quarter. At €2.36 million, revenue was up the third quarter of 2017 by over 250% from the previous year's third quarter. On a 9month basis, with €5.34 million revenue was more than 450 % higher than the previous year's revenue at €0.98 million:

Revenue development (in EURm)

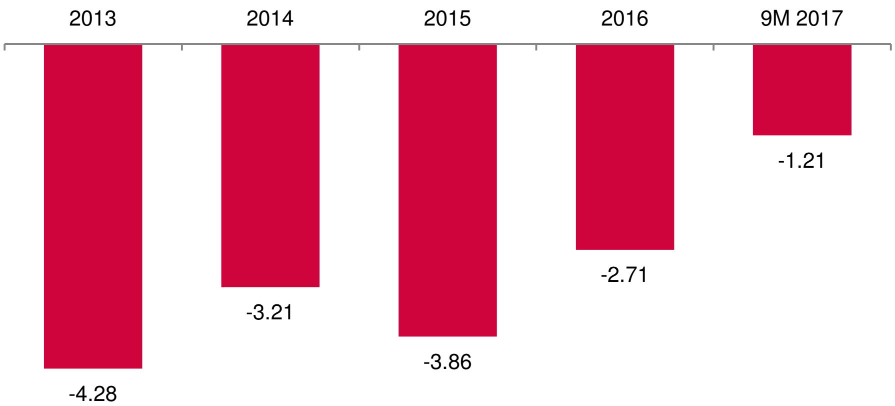


Source: SYGNIS AG; GBC AG

Based on company data, surpassing the €1 million revenue mark on a quarterly basis was achieved primarily by new products introduced and increasing success in the sale of existing products. In addition, the 2016 year end revenue from acquired C.B.S. was received for the first time, but it represented a small proportion.

The sharply higher revenue base due to unusual acquisition-related effects had no positive influence on the development of results for the past reporting periods. One-time effects are responsible for this, especially in relation to transaction and reorganisation costs, among other things. While the extraordinary charges amount to a total of €1.31 million in 2016, they were €2.16 million for the first nine month of 2017 as well. This also includes effects not affecting liquidity from fair value accounting for the acquisition of Expedeon Group and the resulting higher write-offs. With adjustment for these effects, SYGNIS saw an improvement in EBIT for the nine-month period on €-1.21 million (prior year: -€2.13 million).

adjusted EBIT (in EURm)



Source: SYGNIS AG; GBC AG

While administrative expenses and manufacturing costs for sales were characterised by acquisition-related expenses, SYGNIS AG saw a downward trend, specifically in R&D costs. However, other products are to be developed based on existing technology and introduced to the market, meaning that R&D is still on the agenda. As percentage of the increasing revenues we expect a lower R&D quota but still higher R&D expenses. The comparatively short development period and particularly the time to market should be noted, as we are not dealing here with medications subject to approval.

SYGNIS AG only resorts to credit to a limited extent, with the predominant part of its credit coming from funding programmes, and therefore interest-free. As a result, interest expenses only play a negligible role, at €0.13 million (FY 2016) and €0.03 million (9month 2017). In addition, the company has a significant share of tax losses carried forward on which no deferred taxes have been generated, amounting to €82.2 million at the end of financial year 2016. This means that the tax burden will be considerably depressed in the coming years, along with positive results. Based on the low financial income and the high losses carried forward, a positive EBIT development ought to have a disproportionate effect on after-tax results.

Balance sheet and financial situation as of 30/09/2017

in EURm	31/12/2014	31/12/2015	31/12/2016	30/09/2017
Shareholder's Capital	8.34	10.41	31.41	39.95
Equity ratio (in %)	66.5%	74.2%	82.6%	80.6%
Liquid assets	3.76	4.56	3.80	1.49
Operating Cashflow	-3.58	-3.82	-3.22	-3.02
Investment – Cashflow	-0.62	-0.53	-1.80	-9.00
Financing – Cashflow	5.44	4.74	4.24	9.16

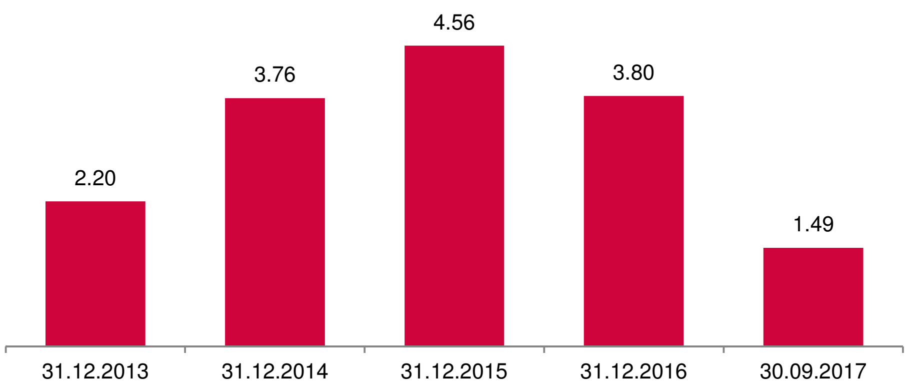
Source: SYGNIS AG; GBC AG

SYGNIS AG's balance sheet was particularly characterised during previous reporting periods by the Expedeon acquisition and the first-time acquisition of Innova and the resulting significant expansion of the balance sheet. Both acquisitions resulted in an intake on the asset side of intangible assets (patents, licences, customer lists), resulting in a corresponding increase in the operating assets. Goodwill also showed a corresponding increase from both transactions to €30.50 million 31/12/2015: €5.94 million). As the final sales price allocation of the Innova acquisition is still pending, there may still be some changes between these two asset positions.

The financing of both acquisitions and the smaller C.B.S. Scientific were mainly covered by capital increases. The Expedeon acquisition was handled under a non-cash capital increase of €19.71 million (15.72 million share issue) and a cash capital increase of €5.30 million. The Innova transaction was handled under a cash capital increase of a gross figure of €10.02 million and a non-cash capital increase of €3.63 million (2 million share issue). Altogether, as a result company equity increased significantly to €39.95 million (31/12/2015: €10.41 million). Despite the respective considerable balance sheet expansion, the equity ratio improved very well, to over 80%.

As SYGNIS AG as of yet has not reached any operational break-even and has a negative cash flow, the company's financial resources are particularly in focus. SYGNIS AG has presented a negative operational cash flow both last year and in the first nine months of 2017. This was partly offset in the prior period by the capital measures introduced, so that SYGNIS AG continues to enjoy sufficient liquidity.

Liquid assets (in EURm)



Source: SYGNIS AG; GBC AG

Forecasts

P&L (in EURm)	FY 2016	FY 2017e	FY 2018e	FY 2019e
Revenue	1.79	7.65	11.91	16.67
EBIT	-4.02	-3.06	0.59	2.44
Net profit	-4.39	-3.19	0.28	2.11

Quelle: GBC AG

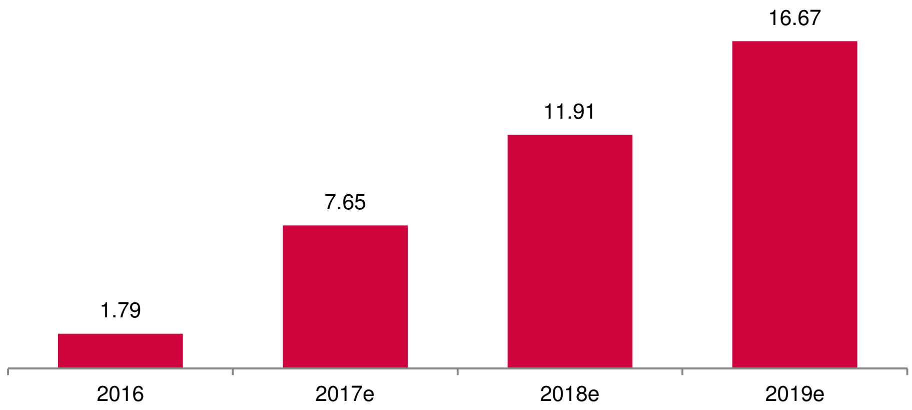
Revenue forecasts FY 2017 - 2019

Both organic and inorganic growth were a important part for SYGNIS AG in the previous reporting periods. The organic component of the company's growth is a result of the further development of its product range and the accompanying planned introduction of kits under the two main products TruePrime^{TM} and SunScript^{TM}. The introduction of the TruePrime^{TM} Biopsy Kit, which set the foundation for accelerated entry into the clinical area, should be particularly noted. It is possible to amplify (reproduce) freely circulating tumour DNA with the liquid biopsy kit, which could become an important tool in oncological research and diagnostics.

Along with organic growth, the acquisitive effects resulting from the takeover of Expedeon Ltd. and C.B.S. Scientific Inc. contributed to revenue growth. Along with the new revenue stream, SYGNIS AG profited from the distribution channels obtained from the Expedeon acquisition, which are also used for the distribution of SYGNIS products. The Expedeon Group has direct sales channels in the UK, Germany, Asia and the USA, which covers the largest and most important life science regions worldwide.

The successful acquisition of Innova Biosciences Ltd. in May 2017 was a further important step within their inorganic growth strategy. The revenue level in the second half of 2017 alone should increase from the first-time consolidation of Innova revenues. In the coming financial year, a sustained high sales trend is to be expected based on the full-year inclusion of Innova's sales (€3.00 million p.a.) for the first time. SYGNIS AG envisaged a 2017 revenue target of €7-8 million in its half-year reporting with the inclusion of Innova revenue.

Revenue forecasts (in EURm)



Source: GBC AG

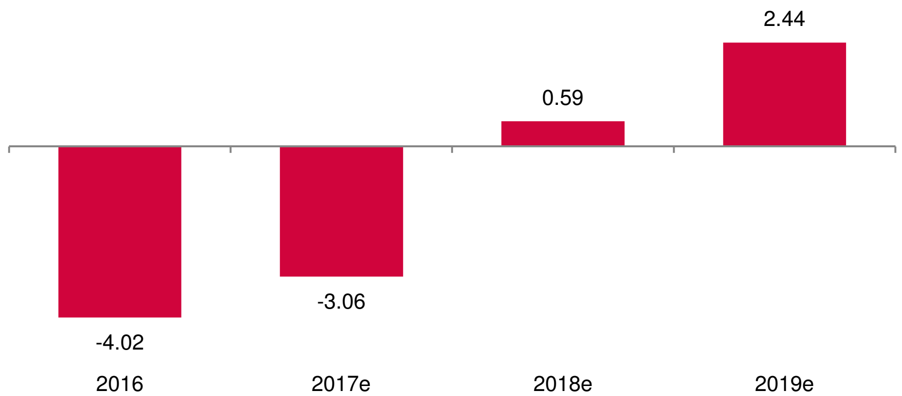
The high revenue trend that we expect in the coming financial years is based exclusively on the stronger exploitation of the synergistic effects of the acquired companies and the mounting use of the SYGNIS range of products in diagnostics. And Innova provides a complimentary product range, raising the potential of heavy cross-selling. Customers can thus be addressed in both research and the academic area as well as customers in the commercial area. Furthermore, the new distribution channels from the Expedeon acquisition can be used for distribution of the Innova product range, making possible a higher revenue trend for the newly acquired company.

The product range of SYGNIS AG, which was developed organically and within acquisitions, is currently well positioned to satisfy the demand of the unregulated research- and development market. From this market alone we anticipate a great demand, which should quickly lead to increasing revenues. In addition to that, Sygnis is well positioned to profit from the expected demand from the high-volume diagnostics market. We expect the diagnostics market to be the biggest growth driver for the medium- to long-term corporate development (see Market and market environment).

Earnings forecasts FY 2017-2019

SYGNIS AG assumes that it will achieve break-even for the first time in operating cash flow in fourth quarter 2017. On a total year basis, this should occur for the first time in the upcoming financial year 2018. As before, the results situation will be characterised by integration expenses in financial year 2017. For example, SYGNIS AG's production, administrative, research and distribution capacities and Innova's headquarters in Cambridge, in close proximity to the SYGNIS main office, are currently being combined. This results in high synergy effects, although the integration expenses will still weigh on the current financial year. However, the fact should be emphasised that Innova is a profitable company, with an annual profit of about €0.5 million, that ought to have a correspondingly positive effect on the result for SYGNIS Group starting from the conclusion of the merger.

EBIT-forecasts (in EURm)



Source: GBC AG

We anticipate an EBIT margin over 40% over the long term, based on effects of scale and synergy. We have taken this level of profitability into consideration in the consistency phase of our DCF evaluation model.

VALUATION

Model assumptions

We rated SYGNIS AG using a three-stage DCF model. Starting with the specific consolidated estimates for the years 2017-2019 in phase 1, the outlook for 2020 to 2024 was developed in phase 2 using value drivers. We expect increases in revenue of 15.0 %. We have set 45.0% as the target EBITDA margin. We have included the tax rate in phase 2 at 15.0%, based on the remaining losses carried forward. Additionally, after the end of the forecast horizon, a residual value is determined in the third phase by means of a perpetual annuity. As the final value, we assume a growth rate of 3.0 %.

Determining the capital costs

The weighted average cost of capital (WACC) of SYGNIS AG is calculated from the equity cost and the cost of debt. The market premium, the company-specific beta, as well as the risk-free interest rate have to be determined in order to determine the equity cost.

The risk-free interest rate is derived from the current structured interest rate curves for risk-free bonds in accordance with the recommendations from the “Fachausschuss für Unternehmensbewertung und Betriebswirtschaft” (FAUB, Special Committee for Business Valuation and Business Management) of the “Institut der Wirtschaftsprüfer in Deutschland e.V.” (Institute of Public Auditors in Germany). This is based on the zero bond interest rate calculated using the Svensson Method published by the German Bundesbank. In order to compensate for short-term market fluctuations, the average returns for the previous three months are used and the result is rounded up to the nearest 0.25 basis points. The value currently used for the risk-free interest rate is 1.25 %.

We set the historical market premium of 5.50 % as a reasonable expectation of the market premium. This is supported by historical analyses of equity market returns. The market premium reflects in a percentage the improved return expected from equity markets relative to low-risk government bonds.

According to GBC estimates, a beta of 1.41 is currently determined. Using the premises provided, the equity cost is calculated at 9.03 % (beta multiplied by risk premium plus risk-free interest rate). As we assume a sustainable weighting of the equity cost of 90 %, the result is a weighted average cost of capital (WACC) of 8.65 %.

Valuation result

The resulting fair value per share at the end of the 2018 fiscal year corresponds to the stock price target of €3.30 (previously: €3.70). In particular, the capital increase carried out in relation to the Innova acquisition at a price of €1.38 and the effects from the related dilution effect will have a negative impact on share price. Altogether, our declared fair company value rose to €153.14 million (previously: €139.27 million).

DCF-Modell

SYGNIS AG - Discounted Cashflow (DCF) model scenario

Value driver of the DCF - model after the estimate phase:

consistency - phase	
Revenue growth	15.0%
EBITDA-Margin	45.0%
Depreciation to fixed assets	6.7%
Working Capital to revenue	1.3%

final - phase	
Eternal growth rate	3.0%
Eternal EBITA - margin	45.8%
Effective tax rate in final phase	25.0%

three phases DCF - model:

phase	estimate			consistency					final
in €m	FY 17e	FY 18e	FY 19e	FY 20e	FY 21e	FY 22e	FY 23e	FY 24e	value
Revenue	7.65	11.91	16.67	19.18	22.05	25.36	29.16	33.54	
Revenue change	308.0%	63.2%	40.0%	15.0%	15.0%	15.0%	15.0%	15.0%	3.0%
Revenue to fixed assets	0.61	1.08	1.96	1.96	2.50	2.50	2.50	2.50	
EBITDA	-2.14	1.79	3.34	8.63	9.92	11.41	13.12	15.09	
EBITDA-Margin	-29.3%	15.0%	20.1%	45.0%	45.0%	45.0%	45.0%	45.0%	
EBITA	-3.06	0.59	2.44	8.06	9.27	10.82	12.45	14.31	
EBITA-Margin	-41.9%	5.0%	14.7%	42.0%	42.0%	42.7%	42.7%	42.7%	45.8%
Taxes on EBITA	-0.03	-0.25	-0.24	-0.81	-0.93	-1.62	-1.87	-2.15	
Taxes to EBITA	-0.9%	41.7%	10.0%	10.0%	10.0%	15.0%	15.0%	15.0%	25.0%
EBI (NOPLAT)	-3.09	0.34	2.20	7.26	8.34	9.20	10.58	12.17	
Return on capital	-40.4%	3.1%	20.9%	85.4%	83.3%	101.1%	101.1%	101.1%	85.8%
Working Capital (WC)	-1.00	-0.50	0.00	0.24	0.28	0.32	0.36	0.42	
WC to revenue	-13.7%	-4.2%	0.0%	1.3%	1.3%	1.3%	1.3%	1.3%	
Investment in WC	0.76	-0.50	-0.50	-0.24	-0.04	-0.04	-0.05	-0.05	
Operating fixed assets (OAV)	12.02	11.00	8.50	9.78	8.82	10.14	11.67	13.41	
Depreciation on OAV	-0.92	-1.20	-0.90	-0.57	-0.65	-0.59	-0.68	-0.78	
Depreciation to OAV	7.7%	10.9%	10.6%	6.7%	6.7%	6.7%	6.7%	6.7%	
Investment in OAV	-5.06	-0.18	1.60	-1.84	0.30	-1.91	-2.20	-2.53	
Capital employed	11.02	10.50	8.50	10.01	9.10	10.46	12.03	13.83	
EBITDA	-2.14	1.79	3.34	8.63	9.92	11.41	13.12	15.09	
Taxes on EBITA	-0.03	-0.25	-0.24	-0.81	-0.93	-1.62	-1.87	-2.15	
Total investment	-12.30	-0.68	1.10	-2.08	0.27	-1.95	-2.25	-2.58	
Investment in OAV	-5.06	-0.18	1.60	-1.84	0.30	-1.91	-2.20	-2.53	
Investment in WC	0.76	-0.50	-0.50	-0.24	-0.04	-0.04	-0.05	-0.05	
Investment in Goodwill	-8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cashflows	-14.47	0.86	4.20	5.74	9.26	7.84	9.01	10.36	202.64

Value operating business (due date)	145.29	157.00
Net present value explicit free Cashflows	31.92	33.82
Net present value of terminal value	113.37	123.18
Net debt	4.61	3,86
Value of equity	140.68	153.14
Minority interests	0.00	0.00
Value of share capital	140.68	153.14
Outstanding shares in m	44.88	46.38
Fair value per share in €	3.13	**3.30**

Cost of capital:

Risk free rate	1.3%
Market risk premium	5.5%
Beta	1.41
Cost of equity	9.0%
Target weight	90.0%
Cost of debt	7.0%
Target weight	10.0%
Taxshield	25.0%
WACC	**8.7%**

Return on capital	WACC				
	7.7%	**8.2%**	**8.7%**	**9.2%**	**9.7%**
83.8%	3.97	3.57	3.24	2.96	2.73
84.8%	4.02	3.61	3.27	2.99	2.76
85.8%	4.06	3.64	**3.30**	3.02	2.78
86.8%	4.10	3.68	3.33	3.05	2.81
87.8%	4.14	3.71	3.37	3.08	2.83

ANNEX

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HOLD	The expected return, based on the derived target price, incl. dividend payments within the rel 10 % and < + 10 %.
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