

MPH Health Care AG

Germany / Healthcare
 Frankfurt
 Bloomberg: 93M1 GR
 ISIN: DE000A289V03

Update

RATING
PRICE TARGET
 Return Potential 89.7%
 Risk Rating High

BUY
€ 37.00

STRONG Q1 AT M1, TROUBLE AT CR ENERGY

Audited 2024 reporting showed an overall YoY uptick, while Q1 showed a 7% QoQ decline. However, results were overshadowed by news from CR Energy, which accounted for some 24% of MPH's listed portfolio at YE24. The investment holding announced on 30 May that it "is set to start insolvency proceedings as it continues talks with investors about the provision of equity or debt to cover working capital needs". CRE investors hit the bid on the news, erasing ~85% of its market cap, which means MPH's NAV will take a hit with Q2 reporting. We expect proceedings to take some time and for details to be thin going forward. Our SotP model now prudently assumes a total write-down of CRE's €63m book value. We still see excellent prospects for M1 Kliniken, which followed up a good 2024 performance with strong Q1 KPIs and think the sharpened focus on the more stable and transparent M1 could trigger a narrowing of the substantial ~65% discount to MPH's NAV. We now conservatively apply a 50% discount, a level more common to listed holding companies, to the €73 per share value in our model. Our TP thus drops to €37 per share (old: €108). We stick to our Buy-rating (90% upside).

Trouble at CR Energy CRE's audited 2024 results had been slated for June / July, although we suspect this will be postponed. The company reported good business momentum in H1/24, repeating that it was unaffected by property sector headwinds, thanks to its equity-financed business model. The investment holding has not sourced external funding in years, and reported a 98% equity ratio at the holding level with its six month results. This makes it hard to square with the likely insolvency. Plus, six month reporting showed that the Terrabau and Solartec participations racked up combined H1 net earnings of €9.5m, and that this amount was expected to climb in the back half of 2024 before the entire distribution would be transferred to the holding. These clues all point to trouble developing in late H2/24. We hope to gain further insight into the issues at the subsidiary level that appear to be the culprit but . . . (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2021	2022	2023	2024	2025E	2026E
Operating rev. (€m)	13.5	30.7	34.5	65.4	23.5	28.0
Y/Y growth	294.6%	126.4%	12.4%	89.7%	-64.1%	19.2%
EBIT (€m)	-9.1	29.6	30.2	33.0	-40.3	25.2
Pre-tax income (€m)	-9.2%	29.5%	29.8%	32.3%	-40.7%	24.9%
Net income (€m)	-9.0	29.1	29.5	32.0	-39.9	24.4
EPS (diluted) (€)	-2.09	6.80	6.90	7.48	-9.31	5.69
DPS (€)	0.00	0.00	1.20	1.20	1.20	1.20
NAV (€m)	192.3	221.4	251.0	277.9	232.9	252.1
NAVPS (€)	44.9%	51.7%	58.6%	64.9%	54.4%	58.9%
Liquid assets (€m)	4.4	3.8	5.1	1.2	2.9	3.6

RISKS

Regulatory changes in healthcare systems, homogenization of pharmaceutical prices within the EU, and prolonged macro economic downturns that limit private healthcare spend.

COMPANY PROFILE

MPH Health Care AG is a Berlin-based investment company focused on the purchase and development of companies positioned chiefly in growth segments of the healthcare market. These primarily entail specialty pharmaceuticals for chronic diseases and lifestyle and beauty treatments. The company also holds a stake in a residential property developer.

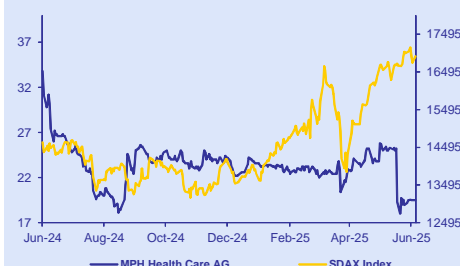
MARKET DATA

As of 16 Jun 2025

Closing Price € 19.50
 Shares outstanding 4.28m
 Market Capitalisation € 83.48m
 52-week Range € 18.00 / 31.20
 Avg. Volume (12 Months) 2,472

Multiples	2024	2025E	2026E
P/E	2.6	n.a.	3.4
EV/Sales	2.8	0.0	3.7
P/NAV	0.3	0.4	0.3
Div. Yield	6.2%	6.2%	6.2%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2024

Liquid Assets € 1.00m
 Current Assets € 3.01m
 Financial Assets € 287.92m
 Total Assets € 291.06m
 Current Liabilities € 5.78m
 Shareholders' Equity € 277.87m

SHAREHOLDERS

Magnum 60.0%
 Baring Fund Managers 1.7%
 KBC Asset Management SA 1.3%
 Free Float 37.0%

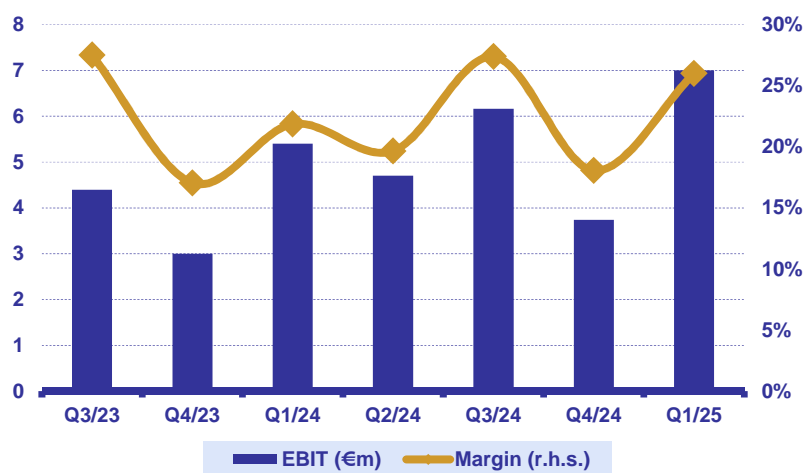
. . . expect CRE to keep a tight lid on developments, while insolvency proceedings are ongoing. The company also noted that current projects at the subsidiaries (Terrabau and Solartec) should not be affected by this, and that the Executive Board continues to hold talks with investors for the provision of equity and debt capital.

No signs of a slowdown at M1 . . . The thriving Beauty business continued to pave the way for good sales and earnings growth (table 1 overleaf). The group topline eclipsed €339m at YE24 (+7% Y/Y) and included €92m in Beauty segment sales (+30% Y/Y) plus Trade turnover of €247m (+1%). The injectables business posted a 30% rise in operating profit and again notched a 22% margin—firmly above the 20% floor targeted by management. Five new clinics opened in 2024, bringing the number of beauty centres to 63 across ten countries. Aside from new clinics, M1 is also focused on boosting overall doctor hours—either through new specialists or added shifts—as part of its growth path. We also note that neither M1's operations nor supply chains are exposed to the trade war.

. . . as Q1/25 extended positive 2024 trends M1 also published KPIs for the March quarter building upon the good business momentum witnessed last year. Group sales were up 9.5% Y/Y to €93m, and EBIT climbed 29% on the prior year comp to €9m (Q1/24: €7m). The Beauty segment again led the good performance chipping in turnover of €26m (+4% Y/Y) and EBIT of €7m (+24%) equal to a 26% margin. The latter KPI was up 410 basis points on the Q1/24 comp. Management expect the strong trends to continue.

Meanwhile, the **Trade segment** notched €67m in sales for the three month period and EBIT of €2.1m. The margin improved from 2.3% in the prior year quarter to 3.1%. M1 brass hinted they are weighing strategic options for the Haemato-driven Trade business but there was no further update in the Q1 commentary.

Figure 1: M1 Beauty segment developments



Source: First Berlin Equity Research; M1 Kliniken AG



M1 KLINIKEN 2024 HIGHLIGHTS

Table 1: M1 Kliniken 2024 results vs FBe and prior year

EURm	Q4/24	Q4/24E	Variance	Q4/23	Variance	2024	2023	Variance
Revenue	82.0	85.5	-4%	79.7	3%	339.2	316.3	7%
Beauty	20.7	19.9	4%	17.6	18%	91.7	70.8	30%
Trade	61.2	65.6	-7%	62.1	-1%	247.4	245.5	1%
EBITDA	n.a.	n.a.	-	4.1	-	32.0	21.0	52%
Margin	-	-	-	5%	-	9%	7%	-
EBIT	4.7	2.8	68%	2.8	68%	26.8	15.7	71%
Beauty	3.7	3.7	1%	3.0	23%	20.0	15.4	30%
Margin	18%	19%	-	17%	-	22%	22%	-
Trade	0.9	-0.9	n.m.	-0.2	n.m.	6.7	0.3	2140%
Margin	2%	-1%	-	0%	-	3%	0%	-

Source: First Berlin Equity Research; M1 Kliniken AG

M1's Trade business pulls its earnings weight Segment sales topped €247m and kept pace with the prior year (€246m) KPI. The EBIT result (€6.8m) was encouraging after a weak 2023, when the segment had to absorb unusually high eliminations and barely broke even (€0.3m). M1 management recently commented that they are reviewing an offer to purchase the Trade segment. Haemato AG—which is majority-owned by M1 Kliniken—has received a Conditional Binding Offer (CBO) for the acquisition of its trading segment operated by the fully-owned subsidiary, Haemato Pharm GmbH.

Other reporting highlights Pre-tax income for the group rose 53% on an annualised basis to €26m. Net income for the year tallied €16m or €085 per share topping the prior year comps of €10m and €0.53 respectively.

The company will propose a €0.5 dividend to the AGM this summer (16 July 2025) matching the payout restarted last year. The proposed dividend equates to a 59% payout ratio and a 3.5% yield.

Table 1: Financial highlights

in EURm	2024	2023	Variance
Liquid assets	21.4	22.4	-4%
Interest bearing debt	10.7	6.3	70%
Net cash	10.7	16.1	-34%
Intangible assets	87.5	87.4	0%
Total assets	187.9	213.0	-12%
Shareholders' equity	134.2	143.2	-6%
Equity ratio	71%	67%	-

Source: First Berlin Equity Research; M1 Kliniken

Equity ratio climbs 400 basis points The balance sheet total fell 12% to €134m (2023: €213m), due mainly to the share buy-back program. M1 exited the year with a strong net cash position (€11m) that will help finance M1's clinic expansion without having to raise hefty sums of money, which should cheer dilution-sensitive investors.

**Table 2: Cash flow development**

in EURm	2024	2023	Variance
Operating cash flow	30.5	7.8	291%
Cash flow from investments	-5.7	-9.4	n.a.
Free cash flow	24.8	-1.6	n.a.
Conversion rate ¹	78%	n.a.	-
Cash flow from financing	-30.4	-14.8	n.a.
Consolidation adjustments	4.7	13.0	n.a.
Net cash flow	-0.9	-3.4	n.a.
¹ percent of EBITDA			

Source: First Berlin Equity Research; M1 Kliniken

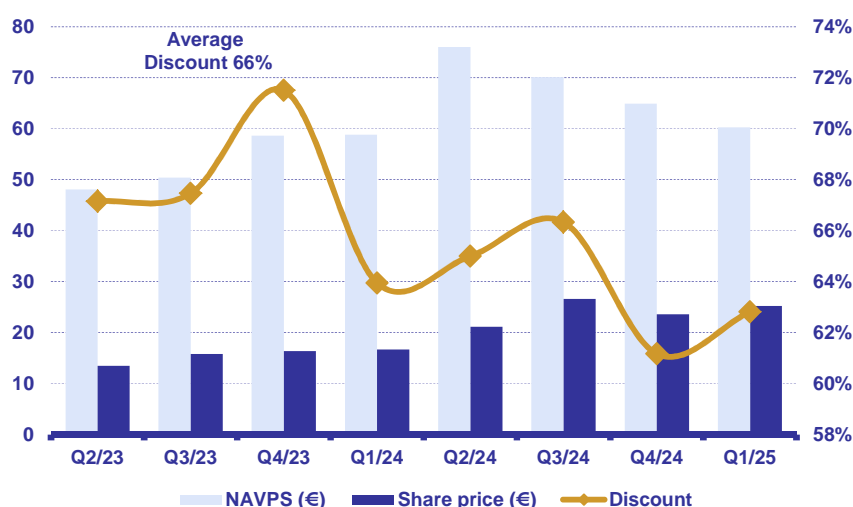
78% EBITDA conversion into FCF Net operating cash flow tallied ~€31m, thanks to the positive net result and good working capital management. Cash flow from investing (€-9m) reflects further investments in the Haemato stake, while the cash flow from financing result (€-15m) was chiefly impacted by the stock repurchase programme resulting in a €-14m outflow and the €-9m dividend payout.



MPH 2024 RESULTS AND Q1/25 KPIS

NAVPS up 11% YoY MPH's NAV tallied €278m (YE23: €251m) at the end of 2024, corresponding to NAVPS of €64.9. The investment holding reported a 9% annualised rise in EBIT to €33m, primarily traced to non-cash fair value write-ups of the listed participations. On a sequential basis, the KPI was off the 9M/24 pace (€56m), due largely to the 17% recoil in CRE shares in the October-to-December quarter. The discount to NAV reached its lowest point in two years at 61%. The equity ratio stood at 95% at the end of the period (YE23: 94%). Management will again propose a €1.2ps dividend to this summer's AGM matching the payout from the prior year.

Figure 2: MPH share price discount to NAV



Source: First Berlin Equity Research; MPH Health Care AG

Table 3: MPH financial highlights

All figures in EUR '000	2024	2023	variance
Cash & liquid assets	1,031	5,094	-80%
Financial assets	287,920	259,249	11%
Financial debt (short- and long-term)	10,431	13,047	-20%
Net debt / (cash)	9,400	7,953	18%
Total assets	291,063	266,352	9%
Shareholders' equity	277,870	250,966	11%
Equity ratio	95%	94%	-
NAV	277,870	250,966	11%
NAVPS (€)	64.9	58.6	11%

Source: First Berlin Equity Research; MPH Health Care AG

First quarter KPIs MPH also reported KPIs for the March quarter. NAV dipped 7% QoQ to €258m (YE24: €278m), while the NAVPS moved down in lockstep on the unchanged share count to €64.9. The sequential decline owes to a €20m net result traced to end of quarter portfolio values. The equity ratio barely budged at 95.5%. The company will report a full set of results with six month reporting in September, which will reflect the aforementioned developments at CR Energy.



VALUATION

Reworking valuation methodology CR Energy announced it will likely start insolvency proceedings. We have thus assumed a total write-down of the YE24 value of the CRE stake (€63m) in MPH's financial assets in our sum-of-the-parts model. This now refers mainly to the fair value of M1 Kliniken determined by our DCF model (overleaf).

MPH shares have historically traded at a roughly 65% discount to NAV. The KPI will now be almost exclusively driven by the market value of the listed M1 Kliniken AG. The good news is that we regard the beauty specialist as the more stable and transparent of the two core participations.

Table 4: SotP calculations

	Shareholdings	SO	MPH stake	Share price*	Fair value per share ¹	Projected value
Unit	'000	'000	%	€	€	€m
M1 Kliniken AG	12,079	19,643	61%	14.8	28.0	338
CR Energy AG	13,095	23,520	56%	0.7	0.0	0
Projected value of listed holdings						338

* Source: Bloomberg (Previous day's closing price)

	Unit	Value
Fair value of listed portfolio	€m	338
Non-listed investment (book value)	€m	25
Net debt / (cash) (2024)	€m	9
Present value of holding costs	€m	40
Total fair value	€m	313
MPH shares outstanding	m	4
Fair value per share	€	73
Discount to FV	%	50
Target price	€	37

¹ First Berlin Equity Research covers CR Energy (Buy / PT: EUR 2); M1 (Buy / PT: EUR 28); CRE KPIs reflect new share count after the stock split

	Unit	New	Old	Variance
Fair value of listed portfolio	€m	338	488	-31%
Non-listed investment (book value)	€m	25	25	0%
Net debt	€m	9	8	18%
Present value of holding costs	€m	40	43	-6%
Total fair value	€m	313	462	-32%
MPH shares outstanding	m	4	4	0%
Fair value per share	€	73	108	-32%

Although MPH's portfolio diversification will take a hit, we believe the removal of the obfuscated CR Energy business could trigger a narrowing of the hefty NAV discount. Investors can now focus on an M1 business that combines attractive growth with good cash flow generation that is easier to track and predict.

For now, we apply a 50% discount to fair value that is more in line with the allowance commonly applied to investment holdings. This results in a €37 target price (old: €108) and equates to 90% upside.



Despite the turmoil at CRE Energy, we still like the prospects for the M1 injectables business that leans into strong prejuvenation trends and see no reason to rein in our confidence in its growth prospects. On this basis, we consider the stake in M1 Kliniken a strong portfolio asset and remain Buy-rated on MPH.

Figure 3: M1 Kliniken DCF model

in EUR'000	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Sales	362,414	399,618	437,005	475,445	511,435	542,543	568,475	591,362
NOPLAT	21,866	25,770	29,828	34,420	39,148	43,964	49,061	54,292
(+) depreciation & amortisation	5,441	5,557	5,921	6,147	6,416	6,492	6,645	6,731
(=) Net operating cash flow	27,307	31,328	35,750	40,567	45,563	50,457	55,706	61,023
(-) Total investments (CapEx and WC)	-11,070	-10,094	-10,507	-10,886	-10,861	-10,326	-9,828	-9,523
(-) Capital expenditures	-5,385	-5,562	-5,993	-6,283	-6,610	-6,727	-6,913	-7,022
(-) Working capital	-5,685	-4,532	-4,514	-4,603	-4,251	-3,598	-2,915	-2,501
(=) Free cash flows (FCF)	16,237	21,234	25,242	29,681	34,703	40,131	45,878	51,500
PV of FCFs	15,438	18,380	19,891	21,292	22,663	23,858	24,830	25,374

All figures in EUR '000		Terminal EBIT margin							
		6.8%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%	14.5%
PV of FCFs in explicit period	197,308	42.48	44.40	46.33	48.25	50.17	52.09	54.02	
PV of FCFs in terminal period	332,544	34.89	36.36	37.83	39.31	40.78	42.25	43.72	
Enterprise value (EV)	529,853	29.53	30.69	31.85	33.02	34.18	35.34	36.50	
+ Net cash / - net debt	10,736	25.55	26.49	27.42	28.36	29.30	30.24	31.17	
+ Investments / minority interests	-1,656	22.48	23.25	24.02	24.78	25.55	26.32	27.09	
Shareholder value	538,932	20.04	20.68	21.32	21.96	22.60	23.24	23.88	
Fair value per share in EUR	28.00	18.05	18.59	19.13	19.67	20.21	20.75	21.29	

		Terminal growth rate							
		6.8%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	10.4%	39.38	41.83	44.74	48.25	52.57	58.00	65.07	
Pre-tax cost of debt	7.0%	33.38	35.07	37.02	39.31	42.02	45.29	49.32	
Tax rate	25.0%	28.86	30.07	31.44	33.02	34.84	36.97	39.50	
After-tax cost of debt	5.3%	25.34	26.23	27.23	28.36	29.64	31.11	32.81	
Share of equity capital	90.0%	22.52	23.20	23.95	24.78	25.72	26.77	27.97	
Share of debt capital	10.0%	11.8%	20.23	20.75	21.32	21.96	22.66	23.44	24.31
WACC	9.8%	12.8%	18.32	18.73	19.18	19.67	20.21	20.80	21.45

*Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2021	2022	2023	2024	2025E	2026E
Fair value gains on financial assets	9,185	23,816	27,194	58,847	18,119	22,408
Income from participations	766	207	0	0	400	400
Investment income	3,561	6,605	7,237	6,488	4,939	5,161
Other operating income	35	37	26	30	32	33
Operating revenue	13,547	30,665	34,457	65,365	23,489	28,002
SG&A	-923	-987	-1,142	-1,139	-1,196	-1,256
Other OpEx	-328	-20	0	0	0	0
Net loss from investments	0	0	-990	-376	0	0
Fair value loss on financial assets	-21,350	-70	-2,097	-30,864	-62,590	-1,500
EBITDA	-9,055	29,587	30,228	32,986	-40,297	25,246
Depreciation & amortisation	-20	-25	-19	-28	-11	-13
EBIT	-9,075	29,562	30,209	32,958	-40,308	25,233
Interest expense	-194	-169	-576	-965	-378	-378
Interest income	80	80	135	333	0	0
EBT	-9,189	29,473	29,768	32,326	-40,686	24,855
Income taxes	233	-358	-224	-284	814	-497
Net income / loss	-8,956	29,115	29,544	32,042	-39,872	24,357
EPS (in €)	-2.1	6.8	6.9	7.5	-9.3	5.7



BALANCE SHEET

All figures in EUR '000	2021	2022	2023	2024	2025E	2026E
Assets						
Current assets, total	4,453	3,960	7,096	3,015	4,945	5,773
Cash and equivalents	1,843	1,669	4,552	1,034	2,779	3,404
ST financial assets	2,599	2,148	543	165	168	172
Trade receivables	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Other ST assets	11	143	2,001	1,816	1,998	2,197
Non-current assets, total	193,543	233,032	259,256	288,049	241,080	259,490
Property, plant & equipment	41	22	8	131	132	135
Goodwill & other intangibles	0	0	0	0	0	0
Financial assets	193,502	233,010	259,249	287,919	240,947	259,355
Total assets	197,996	236,992	266,353	291,065	246,025	265,263
Shareholders' equity & debt						
Current liabilities, total	4,200	13,740	5,006	5,778	5,737	5,743
Trade payables	51	49	54	129	129	129
Provisions	101	87	139	139	143	147
Other ST financial liabilities	4,028	12,984	4,721	5,478	5,431	5,431
Other current liabilities	20	619	92	32	34	35
Long-term liabilities, total	1,490	1,831	10,380	7,416	7,428	7,439
Long-term debt	0	0	8,333	5,081	5,081	5,081
Deferred tax liabilities & others	1,490	1,831	2,047	2,335	2,347	2,358
Shareholders' equity	192,306	221,421	250,966	277,871	232,861	252,080
Minority interests	0	0	0	0	0	0
Total equity	192,306	221,421	250,966	277,871	232,861	252,080
Total consolidated equity and debt	197,996	236,992	266,353	291,065	246,025	265,263
NAV	192,306	221,421	250,966	277,871	232,861	252,080
NAVPS (€)	44.9	51.7	58.6	64.9	54.4	58.9



CASH FLOW STATEMENT

All figures in EUR '000	2021	2022	2023	2024	2025E	2026E
Net income	-8,956	29,115	29,544	32,042	-39,872	24,357
Depreciation and amortisation	20	25	19	28	11	13
Revaluation gains	12,165	-23,746	-25,097	-27,983	44,472	-20,908
Changes in working capital	1,619	897	1,027	3,035	-167	-185
Other adjustments	-761	-207	989	376	0	0
Net financial result	195	170	206	536	378	378
Tax expense	-233	359	224	284	-814	497
Operating cash flow	4,049	6,612	6,912	8,318	4,007	4,153
Investment income	-5,173	-6,605	-7,170	-6,488	-4,939	-5,161
Tax paid	38	-3	-1,759	-2	814	-497
Net operating cash flow	-1,086	4	-2,017	1,828	-118	-1,505
Cash flow from investing	6,366	-8,956	5,405	3,398	7,426	7,645
Equity inflow , net	0	0	0	0	0	0
Debt inflow , net	-12	8,956	8,333	-1,667	-47	0
Dividend paid to shareholders	0	0	0	-5,138	-5,138	-5,138
Interest expense	-194	-179	-591	-896	-378	-378
Cash flow from financing	-206	8,777	7,742	-7,701	-5,563	-5,516
Liabilities due at beginning of the period	-3,600	0	-8,247	-1,044	0	0
Net cash flows	5,075	-174	2,883	-3,518	1,745	624
Cash, start of the year	369	1,843	1,669	4,552	1,034	2,779
Cash, end of the year	1,843	1,669	4,552	1,034	2,779	3,404
Free cash flow (FCF)	5,280	-8,951	3,388	5,226	7,308	6,140
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	-47.4%	n.m.	n.m.	54.3%	39.8%	-16.0%

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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:

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.

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.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 October 2012	€24.55	Buy	€55.00
2...31	↓	↓	↓	↓
32	10 July 2023	€15.30	Buy	€59.00
33	18 October 2023	€14.60	Buy	€62.00
34	13 December 2023	€15.70	Buy	€62.00
35	10 May 2024	€24.80	Buy	€81.00
36	10 June 2024	€33.20	Buy	€81.00
37	12 June 2024	€33.00	Buy	€113.00
38	8 October 2024	€23.80	Buy	€108.00
39	18 December 2024	€23.20	Buy	€108.00
40	Today	€19.50	Buy	€37.00

INVESTMENT HORIZON

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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

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

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