

# DFV Deutsche Familienversicherung AG

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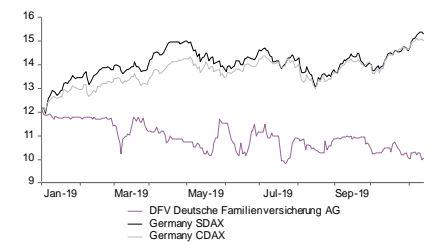
**BUY**

Old rec.: BUY

Price target **EUR 15.00** (15.00)  
Price\* **EUR 10.00** (+50%)

\*XETRA trading price at the close of the previous day

Change	2019e	2020e	2021e
Total income	-	-	-
EBIT	-	-	-
EPS	-	-	-



Source: Factset

## Share Data

Shares (millions)	13.26
Free Float (%)	38.18%
Market Cap (EURm)	133.3
Daily turnover (Ø)	2.668
High (EUR, 52 weeks)	12.0
Low (EUR, 52 weeks)	9.5

## Shareholders

SK Beteiligungen (Dr. Knoll)	21.31%
Heirs & Supervisory board	21.03%
Luca Pesarini	22.91%
Free float, others	34.75%

## Company events

Deutsches Eigenkapitalforum	25.11.2019
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## In cooperation with:



ODDO SEYDLER

## Q3/19: Premiums and contracts continue to grow

**Continued growth and reaffirmed guidance 2019:** Today DFV Deutsche Familienversicherung AG presented its 9M/19-figures which show ongoing corporate growth. The Frankfurt based insurtech confirmed its full year guidance for 2019 and further expects to gain +100k new insurance contract (FMRe. +80k). Due to its heavy investments into growth the company still expects to reach an EBT between EUR -9m and EUR -11m (FMRe: EUR -9.6m).

**Contractual development:** After nine months the volume of new business increased by 82.4% to 70,539 policies whereby growth was primarily driven by the supplementary health insurance business (65,045 new contracts; +75.4%). In the property insurance segment 5,494 new contracts (+244.5%) were generated whereby animal health insurance contributed with 1,960 contracts to that contract growth.

As at 30.09.2019 the total insurance portfolio amounted to 495,972 contracts and thus increased by 9% (31.12.2018: 454,964). We project the total portfolio of insurance products to reach 499,380 at the end of the current fiscal year. Our forecast also considers the waning electronic equipment insurance segment.

**Total gross written premiums:** As a consequence of cancellations of existing/old insurance contracts, the total number of insurance contracts is growing slower than the newly acquired business. However, as already mentioned in our previous updates this ongoing portfolio restructuring is associated with rising average premiums per contract. For example, in 2018 the company gained 38,681 contracts with a premium volume of EUR 11.4m in the first nine months (average premium per gained contract: 295.0 EUR). In the first nine months of 2019 DFV gained 70,539 new contracts with a total premium volume of EUR 22.8m (average premium per gained contract: 323.7 EUR; +9.7% YoY).

In 9M/19 total gross written premiums reached EUR 65.7m which was slightly below the respective figure for the full year 2018 (EUR 66.5m). We therefore leave our estimate of gross written premiums for 2019e unchanged (FMRe: EUR 86.2m).

**We confirm our BUY recommendation with a price target of EUR 15.00 per share. However, the current low daily average trading volume prevent the stock to close the gap vs. its fair value. As long as the volume remains at that level, the upside potential stays limited.**

FY End: 31.12. in EURm	CAGR (18-21e)	2016	2017	2018	2019e	2020e	2021e
Gross written premium	27.8%	64.1	70.7	66.5	86.2	113.9	138.9
Total income	26.9%	28.1	33.1	34.7	43.6	58.0	71.1
EBIT		2.0	2.1	-4.1	-9.6	-3.6	3.9
EBIT margin		7.2%	6.4%	-11.8%	-22.1%	-6.2%	5.4%
Net income		1.5	0.9	-5.9	-7.2	-2.7	2.9
Net margin		5.3%	2.8%	-16.9%	-16.6%	-4.6%	4.1%
EPS		0.19	0.17	-0.25	-0.54	-0.20	0.22
Dividend per share		0.00	0.00	0.00	0.00	0.00	0.00
Price/Book		-	-	-	2.2	2.3	2.2
Combined ratio		86.8%	93.2%	96.4%	115.6%	100.3%	89.0%
Equity ratio		25.5%	20.6%	38.1%	35.0%	27.6%	24.3%

Source: DFV, FMR

## Appendix

IFRS EURm	2016	2017	2018	2019e	2020e	2021e
<b>Gross written premiums</b>	<b>64.1</b>	<b>70.7</b>	<b>66.5</b>	<b>86.2</b>	<b>113.9</b>	<b>138.9</b>
YoY growth	1.4%	10.3%	-5.8%	29.6%	32.1%	22.0%
Share of reinsurers	36.3	39.7	30.8	43.1	56.9	69.5
as % of gross written premiums	56.7%	56.1%	46.3%	50.0%	50.0%	50.0%
<b>Net written premiums</b>	<b>27.8</b>	<b>31.0</b>	<b>35.7</b>	<b>43.1</b>	<b>56.9</b>	<b>69.5</b>
as % of gross written premiums	43.3%	43.9%	53.7%	50.0%	50.0%	50.0%
Net change in unearned premiums	-0.7	-0.6	-0.4	0.0	0.0	0.0
as % of net written premiums	-2.4%	-1.8%	-1.0%	0.0%	0.0%	0.0%
<b>Earned net premiums</b>	<b>28.4</b>	<b>31.6</b>	<b>36.1</b>	<b>43.1</b>	<b>56.9</b>	<b>69.5</b>
as % of gross written premiums	44.4%	44.7%	54.2%	50.0%	50.0%	50.0%
Result from investments	-0.6	1.1	-2.3	0.0	0.6	1.2
as % of earned net premiums	-2.1%	3.4%	-6.5%	0.0%	1.0%	1.7%
Other income	0.2	0.5	1.0	0.5	0.5	0.5
as % of earned net premiums	0.9%	1.5%	2.9%	1.1%	0.8%	0.7%
<b>Total income</b>	<b>28.1</b>	<b>33.1</b>	<b>34.7</b>	<b>43.6</b>	<b>58.0</b>	<b>71.1</b>
as % of gross written premiums	43.8%	46.8%	52.2%	50.5%	50.9%	51.2%
Net change in benefits paid to customers	16.8	18.0	20.2	24.6	30.7	34.6
as % of gross written premiums	26.2%	25.5%	30.4%	28.5%	27.0%	24.9%
Net change of expenses for insurance operations	7.9	11.4	14.5	25.3	26.4	27.2
as % of gross written premiums	12.3%	16.2%	21.9%	29.3%	23.2%	19.6%
Other expenses	1.4	1.6	4.1	3.4	4.5	5.4
as % of gross written premiums	2.1%	2.2%	6.2%	3.9%	3.9%	3.9%
<b>Total expenses</b>	<b>26.0</b>	<b>31.0</b>	<b>38.8</b>	<b>53.2</b>	<b>61.6</b>	<b>67.2</b>
as % of gross written premiums	40.6%	43.8%	58.4%	61.7%	54.0%	48.4%
<b>EBIT (Operating result)</b>	<b>2.0</b>	<b>2.1</b>	<b>-4.1</b>	<b>-9.6</b>	<b>-3.6</b>	<b>3.9</b>
as % of gross written premiums	3.2%	3.0%	-6.2%	-11.2%	-3.1%	2.8%
<b>EBT (Earnings before income taxes)</b>	<b>2.0</b>	<b>2.1</b>	<b>-4.1</b>	<b>-9.6</b>	<b>-3.6</b>	<b>3.9</b>
as % of gross written premiums	3.2%	3.0%	-6.2%	-11.2%	-3.1%	2.8%
Income taxes	0.3	0.6	-0.8	-2.4	-0.9	1.0
as % of EBT	16.0%	30.1%	18.7%	25.0%	25.0%	25.0%
<b>Income from continuing operations</b>	<b>1.7</b>	<b>1.5</b>	<b>-3.3</b>	<b>-7.2</b>	<b>-2.7</b>	<b>2.9</b>
Other results (recognized directly in equity)	-0.2	-0.5	-0.1	2.4	0.0	0.0
Expenses for the procurement of equity capital	0.0	0.0	-2.5	0.0	0.0	0.0
<b>Total result</b>	<b>1.5</b>	<b>0.9</b>	<b>-5.9</b>	<b>-4.8</b>	<b>-2.7</b>	<b>2.9</b>
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income attributable to shareholders</b>	<b>1.5</b>	<b>0.9</b>	<b>-5.9</b>	<b>-4.8</b>	<b>-2.7</b>	<b>2.9</b>
as % of gross written premiums	2.3%	1.3%	-8.8%	-5.6%	-2.4%	2.1%
<b>Adjusted net income after minorities</b>	<b>1.5</b>	<b>0.9</b>	<b>-5.9</b>	<b>-4.8</b>	<b>-2.7</b>	<b>2.9</b>
as % of gross written premiums	2.3%	1.3%	-8.8%	-5.6%	-2.4%	2.1%
Shares outstanding (in m)	9.0	9.0	13.3	13.3	13.3	13.3
<b>Basic earnings per share (EUR)</b>	<b>0.19</b>	<b>0.17</b>	<b>-0.25</b>	<b>-0.54</b>	<b>-0.20</b>	<b>0.22</b>

Source: DFV Deutsche Familienversicherung AG, FMR

## Balance sheet

IFRS EURm	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>						
<b>Intangible Assets</b>	<b>9.6</b>	<b>9.3</b>	<b>9.2</b>	<b>10.0</b>	<b>17.7</b>	<b>18.5</b>
as % of total assets	13.2%	9.9%	5.9%	5.8%	8.5%	7.4%
<b>Investments</b>	<b>31.7</b>	<b>46.4</b>	<b>90.1</b>	<b>89.8</b>	<b>98.3</b>	<b>115.9</b>
as % of total assets	43.7%	49.2%	58.0%	52.1%	47.1%	46.5%
Financial investments available for sale	31.7	44.1	33.7	36.9	57.9	78.0
Time Deposits and call money	0.0	2.3	56.4	52.9	40.4	37.9
<b>Receivables from direct insurance business</b>	<b>3.4</b>	<b>1.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>
as % of total assets	4.7%	2.0%	3.2%	2.9%	2.4%	2.0%
<b>Current accounts at banks</b>	<b>4.7</b>	<b>5.5</b>	<b>9.0</b>	<b>12.0</b>	<b>13.8</b>	<b>18.4</b>
as % of total assets	6.4%	5.8%	5.8%	7.0%	6.6%	7.4%
<b>Share of reinsurers in underwriting provisions</b>	<b>20.7</b>	<b>29.4</b>	<b>35.0</b>	<b>48.6</b>	<b>66.9</b>	<b>84.4</b>
Assets	28.5%	31.2%	22.5%	28.2%	32.0%	33.9%
Unearned premiums	2.0	2.0	0.6	3.1	3.9	4.3
Actuarial reserves	14.1	22.0	30.5	38.9	53.9	68.7
Reserves for outstanding claims	4.5	5.4	4.0	6.7	9.1	11.4
Other underwriting provisions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Tax refund claims</b>	<b>0.5</b>	<b>0.4</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
as % of total assets	0.6%	0.4%	1.3%	1.2%	1.0%	0.8%
<b>Other assets</b>	<b>2.1</b>	<b>1.4</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>
as % of total assets	2.9%	1.5%	3.3%	2.9%	2.4%	2.0%
<b>Total assets</b>	<b>72.6</b>	<b>94.3</b>	<b>155.3</b>	<b>172.3</b>	<b>208.7</b>	<b>249.2</b>
<b>Shareholders' equity and liabilities</b>						
<b>Shareholders' equity</b>	<b>18.5</b>	<b>19.5</b>	<b>59.2</b>	<b>60.3</b>	<b>57.6</b>	<b>60.5</b>
as % of total equity and liabilities	25.5%	20.6%	38.1%	35.0%	27.6%	24.3%
<b>Gross underwriting provisions</b>	<b>35.3</b>	<b>46.8</b>	<b>56.2</b>	<b>67.4</b>	<b>91.4</b>	<b>114.4</b>
as % of total equity and liabilities	48.6%	49.7%	36.2%	39.1%	43.8%	45.9%
Unearned premiums	4.9	4.3	2.5	5.0	5.9	6.3
Actuarial reserves	20.2	30.9	42.6	47.7	65.8	83.6
Reserves for outstanding claims	9.5	10.7	10.3	13.8	18.9	23.8
Other underwriting provisions	0.8	0.8	0.9	0.8	0.8	0.8
<b>Other reserves</b>	<b>0.7</b>	<b>0.5</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>
as % of total equity and liabilities	1.0%	0.5%	0.6%	0.5%	0.4%	0.3%
<b>Liabilities from direct insurance business</b>	<b>16.8</b>	<b>26.0</b>	<b>37.9</b>	<b>42.7</b>	<b>57.7</b>	<b>72.2</b>
as % of total equity and liabilities	23.1%	27.6%	24.4%	24.7%	27.6%	29.0%
to policyholders	0.2	0.2	0.2	0.2	0.2	0.2
to insurance brokers	0.8	0.5	1.4	1.4	1.4	1.4
Other liabilities	15.7	25.3	36.3	41.0	56.1	70.6
<b>Tax debt</b>	<b>1.3</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>
as % of total equity and liabilities	1.8%	1.6%	0.7%	0.7%	0.6%	0.5%
<b>Total equity and liabilities</b>	<b>72.6</b>	<b>94.3</b>	<b>155.3</b>	<b>172.3</b>	<b>208.7</b>	<b>249.2</b>

Source: DFV Deutsche Familienversicherung AG, FMR

**Cash Flow Statement**

IFRS EURm	2016	2017	2018	2019e	2020e	2021e
<b>Results for the period before extraordinary items</b>	<b>1.7</b>	<b>1.5</b>	<b>-3.3</b>	<b>-7.2</b>	<b>-2.7</b>	<b>2.9</b>
Change of gross underwriting provisions	2.0	2.7	3.8	-2.5	5.8	5.5
Change in deposits retained and accounts payable as well as accounts receivables and accounts payable	8.2	11.0	6.1	4.8	15.0	14.6
Change in other receivables and liabilities	1.0	-0.2	2.7	0.0	0.0	0.0
Gains and losses on the disposal of investments	0.5	-0.3	2.0	0.0	0.0	0.0
Change in other balance sheet items	-0.2	0.4	-7.7	0.0	0.0	0.0
Other non-cash expenses and income	1.6	1.6	3.0	3.0	0.8	0.8
<b>Cash flow from operating activities</b>	<b>14.8</b>	<b>16.6</b>	<b>6.6</b>	<b>-1.9</b>	<b>18.8</b>	<b>23.7</b>
Proceeds from the sale and maturities of other investments	0.0	2.2	-0.1	0.0	0.0	0.0
Payments from the acquisition of other investments	-17.0	-17.0	-46.7	-1.2	-10.0	-19.1
Other proceeds	-0.3	0.0	-0.3	0.0	0.0	0.0
Other payments	-1.4	-1.0	-1.5	0.0	-7.0	0.0
<b>Cash flow from investing activities</b>	<b>-18.7</b>	<b>-15.8</b>	<b>-48.7</b>	<b>-1.2</b>	<b>-17.0</b>	<b>-19.1</b>
Proceeds from additional equity	0.0	0.0	45.6	6.1	0.0	0.0
Payments to company owners and minority shareholders	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>45.6</b>	<b>6.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Total change in cash and cash equivalents</b>	<b>-3.9</b>	<b>0.9</b>	<b>3.5</b>	<b>3.0</b>	<b>1.8</b>	<b>4.6</b>
Cash and cash equivalents at the start of the period	8.5	4.7	5.5	9.0	12.0	13.8
<b>Cash and cash equivalents at year's end</b>	<b>4.7</b>	<b>5.5</b>	<b>9.0</b>	<b>12.0</b>	<b>13.8</b>	<b>18.4</b>

Source: DFV Deutsche Familienversicherung AG, 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: 15.11.2019,
- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 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.

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- a) Neither FMR Frankfurt Main Research AG nor an affiliated company, nor any person who contributed to the compilation
  - (i.) has an involvement in the share capital of the issuer of at least 5 per cent;
  - (ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;
  - (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)
DFV Deutsche Familienversicherung AG	-

b) FMR Frankfurt Main Research AG has concluded a cooperation agreement with Oddo Seydler Bank AG, on the basis of which this financial analysis is compiled. Oddo Seydler Bank AG is acting as the agent of the issuer, which is either the subject of the financial analysis itself or its financial instruments are the subject of the financial analysis.

Neither Oddo Seydler Bank AG nor an affiliated company, nor any person who contributed to the compilation

(i.) has an involvement in the share capital of the issuer of at least 5 per cent;

(ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;

(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)
DFV Deutsche Familienversicherung AG	iii, vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
07.02.2019	BUY	11.63 EUR	15.00 EUR
08.04.2019	BUY	11.35 EUR	15.00 EUR
17.04.2019	BUY	10.60 EUR	15.00 EUR
23.05.2019	BUY	10.35 EUR	15.00 EUR
17.09.2019	BUY	10.87 EUR	15.00 EUR
15.11.2019	BUY	10.00 EUR	15.00 EUR

#### 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

Enid Omerovic, Senior Analyst

Marcus Silbe (CEFA), Head of Research, Senior 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:

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

- Retain: 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.

Trend prediction details – thematic information:

- Opportunities/winners/positive: In our opinion, the company will profit from the assumed development.
- Risks/losers/negative: In our opinion, the company will be negatively affected by the assumed development.
- Neutral/balanced: In our opinion, the assumed development will not have any decisive impact on the company.

A possible indicated ranking position of the issuers demonstrates the relatively strong impact we believe the assumed development will have on the various issuers.

#### **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.

#### **7. Key sources of information**

We have acquired the information upon which this document is based from sources that we consider in principle to be reliable. However, we have not verified all this information. Therefore, we cannot guarantee or ensure the accuracy, completeness or correctness of the information or opinions contained in this document. National and international media and information services (e.g. VWD, Thomson Reuters etc.), the financial press (e.g. BörsenZeitung, Handelsblatt, FAZ, Wallstreet Journal, Financial Times etc.), specialist press, published statistics, the internet, as well as publications, details and information of the issuer that is the subject of the analysis.

#### **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.

#### **9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest**

Employees of FMR Frankfurt Main Research AG who are involved with the compilation and/or presentation of financial analyses are subject to the internal compliance regulations. The internal compliance regulations correspond to the provisions of the directive for the substantiation of the organisational obligations of investment service companies pursuant to Section 80 Securities Trading Act and EU/ESMA legislation on the basis of the Market Abuse Regulation.

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