

Media and Games Invest plc

Malta / Entertainment
 Xetra
 Bloomberg: M8G GR
 ISIN: MT0000580101

Update

RATING
BUY

PRICE TARGET
€ 2.80

Return Potential 99.3%
 Risk Rating High

2019 RESULTS BEAT; Q1 EXTENDS GOOD BUSINESS MOMENTUM

Unaudited 2019 and Q1/20 results showed stronger momentum than expected. Both the full year topline and EBITDA beat our targets. FY19 revenue reached €83.9m vs FBe of €71.8m, while EBITDA hit €15.5m compared to FBe of €13.3m. The good performance owes to organic and external growth. Meanwhile, Q1 benefited from lockdown effects in March, and revenue doubled on an annualised basis to €26.5m. The better than expected performance suggests upside to our current forecasts. We remain Buy-rated on MGI with an unchanged €2.8 price target.

Performance a testament to “Buy, Integrate, Build, & Improve” approach

MGI completed five deals in 2019. The company uses corporate activity as a lever to drive growth rather than sell off acquired and revitalised assets to generate ROI. Optimisation of the new holdings yielded efficiency gains that helped drive 2019 sales and earnings (table 1 overleaf). Growth was also propelled by the first full year gamigo contribution (2018: 8 months) and a host of game launches. MGI also realised synergy effects from the integration of gaming segment additions *Trion* and *WildTangent*.

Q1 hints at another year of strong growth ahead

First quarter revenues nearly doubled Y/Y (+99%) to €26.5m, thanks to the aforementioned drivers and in part to coronaviral tailwinds starting in March. Video-gaming quickly became a conduit for millions of quarantined people to stay connected with others and pass time without spreading the coronavirus. In April MGI reported a 43% jump new players vs the January and February average, while MMO (Massively Multiplayer Online) gaming revenue climbed 50% on the same basis. Even as lockdowns ease, we expect positive residual effects, due to the teetering economy and the still high levels of uncertainty. Gaming is cheap and substitutes well for more lavish social activities pursued during periods of economic prosperity. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019E*	2020E	2021E	2022E
Revenue (€m)	0.00	32.62	71.77	100.47	135.64	176.33
Y/Y growth	n.a.	n.a.	120.0%	40.0%	35.0%	30.0%
EBITDA (€m)	0.00	8.65	13.30	17.54	23.37	34.81
EBITDA margin	0.0	26.5%	18.5%	17.5%	17.2%	19.7%
Net income (€m)	0.00	5.26	-0.76	2.21	3.93	10.12
EPS (diluted) (€)	0.00	0.09	-0.01	0.03	0.04	0.11
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	0.00	-7.17	-17.15	-36.18	6.04	9.07
Net gearing	0.0	24.0%	27.9%	45.6%	44.2%	38.7%
Liquid assets (€m)	0.00	4.45	24.03	17.65	17.95	9.01

* see table 1 overleaf for unaudited 2019 results

RISKS

Risks include but are not limited to: revenue diversity, financing, technology, and regulatory risks.

COMPANY PROFILE

MGI is a strategic investment holding company that pursues a ‘buy-integrate-build-and-improve’ strategy to foster fast-growing companies within the media and games segments through acquisitions and growth in operations. gamigo and AppLift are the flagship holdings within the group.

MARKET DATA

As of 22 Jun 2020

Closing Price	€ 1.41
Shares outstanding	88.22m
Market Capitalisation	€ 123.95m
52-week Range	€ 0.95 / 1.47
Avg. Volume (12 Months)	95,502

Multiples	2018	2019E	2020E
P/E	15.8	n.a.	55.7
EV/Sales	8.2	3.7	2.7
EV/EBITDA	31.1	20.2	15.3
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2019*

Liquid Assets	€ 26.25m
Current Assets	€ 49.76m
Intangible Assets	€ 226.70m
Total Assets	€ 245.48m
Current Liabilities	€ 56.42m
Shareholders' Equity	€ 123.73m

*see table 3 overleaf for select unaudited FY19 balance sheet line items

SHAREHOLDERS

Bodhivas GmbH	62.4%
Free Float	37.6%

**Table 1: 2019 results vs prior year and FBe; Q1/20 vs prior year**

EUR '000	2019	2019E	Variance	2018	Variance	Q1/20	Q1/19	Variance
Revenue	83,893	71,766	17%	32,621	157%	26,500	13,300	99%
EBITDA	15,542	13,299	17%	8,646	80%	5,300	3,800	39%
Margin	18.5%	18.5%	-	26.5%	-	20.0%	28.6%	-
Adj. EBITDA*	18,100	14,954	21%	10,100	79%	5,900	4,500	31%
Margin	21.6%	20.8%	-	31.0%	-	22.3%	33.8%	-
EBIT	4,999	2,390	109%	2,328	115%	2,800	2,200	27%
Margin	6.0%	3.3%	-	7.1%	-	10.6%	16.5%	-
Net income	1,253	-760	-	1,582	-21%	100	500	-80%

* excludes one-time M&A and financing costs

Source: First Berlin Equity Research; MGI

Revenue also spurred by good organic growth in 2019 MGI reported a 500 basis point uptick in organic sales growth to 10%, thanks to improving player acquisition, successful game launches including *ArcheAge Unchained* and the relaunch of *Desert Operations*, plus a host of content updates to enhance stickiness.

Table 2: 2019 performance by segment

EUR '000	MGI Gaming			MGI Media		
	2019	2018	Variance	2019	2018	Variance
Revenue	43,100	20,900	106%	40,800	11,800	246%
EBITDA	12,600	7,800	62%	2,900	800	263%
Margin	29.2%	37.3%	-	7.1%	6.8%	-

Source: First Berlin Equity Research; MGI

Results yield positive FCF The company exited the year with cash and equivalents of €33m owing to strong operating cash flow of €16m (2018: €4.9m) and issuances that yielded ~€29m in cash flow from financing. Free cash flow totalled €3.1m for the year (2018: €-9.2m). We will update our balance sheet and capital structure with publication of audited figures scheduled for 30 June.

Table 3: Balance sheet highlights

EUR '000	2019	2018	Variance
Cash	32,984	4,158	693%
Liabilities (short- and long-term)	89,347	53,395	67%
Intangible assets	233,207	204,142	14%
Total assets	312,449	236,293	32%
Total equity	168,558	158,540	6%
Equity ratio	54%	67%	-

Source: First Berlin Equity Research; MGI

We remain Buy-rated on MGI with a €2.8 price target We will also review our forecasts at the end of the month. The better than expected 2019 and Q1 performance suggest upside to our running estimates (FBe 2020 sales of €100m). Management currently call for 30% revenue growth in 2020 driven by further corporate activity and organic levers. This implies a topline of around €109m.

MGI kicked off a full slate of gaming updates and launches planned for this summer with the launch of *Trove Delves* in May, and management will scan the gaming and media markets for opportunities to pull the M&A levers.



VALUATION MODEL

All figures in EUR '000	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenue	71,766	100,473	135,638	176,330	211,595	243,335	267,668	281,052
NOPLAT	1,613	5,736	7,810	13,142	17,483	21,742	25,234	29,215
(+) depreciation & amortisation	10,908	9,043	11,801	15,341	18,409	21,170	20,610	21,641
Net operating cash flow	12,522	14,778	19,611	28,483	35,892	42,912	45,844	50,856
(-) Investments	-28,864	-9,264	-12,506	-16,258	-19,509	-22,435	-22,002	-23,102
(-) Working capital	-2,300	-2,546	-3,289	-4,972	-4,193	-3,891	-2,383	-2,350
Free cash flows (FCF)	-18,643	2,968	3,815	7,253	12,189	16,585	21,459	25,403
PV of FCF's	-18,643	2,829	3,318	5,754	8,822	10,951	12,927	13,961

All figures in thousands	
PV of FCFs in explicit period	106,762
PV of FCFs in terminal period	215,694
Enterprise value (EV)	322,455
(+) Net cash / (-) net debt (pro-forma)	-68,583
(-) Non-controlling interests	-6,127
Shareholder value	247,746
Fair value per share (€)	2.80

	Terminal EBIT margin						
	17.2%	19.2%	21.2%	23.2%	25.2%	27.2%	29.2%
WACC 6.6%	3.68	4.39	5.10	5.81	6.52	7.23	7.94
WACC 7.6%	2.85	3.39	3.93	4.47	5.00	5.54	6.08
WACC 8.6%	2.26	2.68	3.10	3.51	3.93	4.35	4.77
WACC 9.6%	1.81	2.14	2.47	2.81	3.14	3.48	3.81
WACC 10.6%	1.46	1.73	2.00	2.27	2.54	2.81	3.08
WACC 11.6%	1.17	1.39	1.62	1.84	2.06	2.28	2.50
WACC 12.6%	0.94	1.13	1.31	1.49	1.68	1.86	2.04

	Terminal growth rate						
	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
WACC 6.6%	4.59	4.93	5.33	5.81	6.39	7.11	8.03
WACC 7.6%	3.66	3.89	4.16	4.47	4.83	5.27	5.80
WACC 8.6%	2.95	3.12	3.30	3.51	3.76	4.04	4.38
WACC 9.6%	2.40	2.52	2.66	2.81	2.98	3.17	3.40
WACC 10.6%	1.97	2.06	2.16	2.27	2.39	2.53	2.68
WACC 11.6%	1.61	1.68	1.75	1.84	1.93	2.03	2.14
WACC 12.6%	1.32	1.37	1.43	1.49	1.56	1.64	1.72

*Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2017	2018	2019E	2020E	2021E	2022E
Revenues	n.a.	32,621	71,766	100,473	135,638	176,330
Capitalised work	n.a.	2,791	3,658	3,841	4,033	4,235
Total output	n.a.	35,412	75,424	104,314	139,671	180,564
Cost of goods sold	n.a.	-12,699	-22,965	-32,151	-43,404	-54,662
Gross profit	n.a.	22,713	52,459	72,162	96,267	125,902
Personnel expenses	n.a.	-10,438	-21,530	-29,137	-37,979	-47,609
Other OpEx	n.a.	-10,135	-23,180	-31,147	-40,691	-49,372
Other operating income	n.a.	6,506	5,550	5,661	5,774	5,890
EBITDA	n.a.	8,646	13,299	17,540	23,371	34,810
Depreciation & amortisation	n.a.	-6,318	-10,908	-9,043	-11,801	-15,341
Operating income (EBIT)	n.a.	2,328	2,390	8,497	11,570	19,470
Net financial result	n.a.	-1,641	-3,516	-5,220	-5,745	-4,477
Pre-tax income (EBT)	n.a.	687	-1,126	3,277	5,825	14,993
Income taxes	n.a.	895	366	-1,065	-1,893	-4,873
Net income	n.a.	1,582	-760	2,212	3,932	10,120
Discontinued operations	n.a.	3,673	0	0	0	0
Consolidated profit	n.a.	5,255	-760	2,212	3,932	10,120
Minority interests	n.a.	-932	360	-44	-79	-202
Net income to owners	n.a.	4,323	-400	2,168	3,853	9,918
Diluted EPS (in €)	n.a.	0.09	-0.01	0.03	0.04	0.11
Ratios						
Gross margin on revenues	n.a.	61.1%	68.0%	68.0%	68.0%	69.0%
EBITDA margin on revenues	n.a.	26.5%	18.5%	17.5%	17.2%	19.7%
EBIT margin on revenues	n.a.	7.1%	3.3%	8.5%	8.5%	11.0%
Net margin on revenues	n.a.	13.3%	-0.6%	2.2%	2.8%	5.6%
Tax rate	n.a.	-130.3%	32.5%	32.5%	32.5%	32.5%
Expenses as % of revenues						
Personnel expenses	n.a.	32.0%	30.0%	29.0%	28.0%	27.0%
Other OpEx	n.a.	31.1%	32.3%	31.0%	30.0%	28.0%
Depreciation & amortisation	n.a.	19.4%	15.2%	9.0%	8.7%	8.7%
Y-Y Growth						
Revenues	n.a.	n.a.	120.0%	40.0%	35.0%	30.0%
Operating income	n.a.	n.a.	2.7%	255.5%	36.2%	68.3%
Net income/ loss	n.a.	n.a.	n.m.	n.m.	77.8%	157.4%

* 2017 reporting reflects discontinued operations



BALANCE SHEET

All figures in EUR '000	2017	2018	2019E	2020E	2021E	2022E
Assets						
Current assets, total	n.a.	16,250	45,663	47,931	58,825	62,145
Cash and equivalents	n.a.	4,447	24,035	17,651	17,947	9,005
Trade receivables	n.a.	11,803	21,628	30,279	40,877	53,140
Properties held for sale	n.a.	0	0	0	0	0
Other ST assets	n.a.	0	0	0	0	0
Non-current assets, total	n.a.	220,043	238,126	238,477	239,314	240,366
Property, plant & equipment	n.a.	4,189	4,203	4,223	4,251	4,286
Intangible assets	n.a.	0	0	0	0	0
Shares in affiliates	n.a.	210,495	228,564	228,894	229,705	230,721
Long-term loans to investees	n.a.	5,359	5,359	5,359	5,359	5,359
Other non-current assets	n.a.	0	0	0	0	0
Total assets	n.a.	236,293	283,789	286,407	298,139	302,511
Shareholders' equity & debt						
Liabilities, total	n.a.	24,358	32,067	38,360	45,859	53,345
Trade payables	n.a.	9,162	16,687	22,792	30,101	37,392
Short-term liabilities	n.a.	333	348	363	379	396
Financial debt	n.a.	3,556	3,556	3,556	3,556	3,556
Provisions	n.a.	6,671	6,771	6,873	6,976	7,080
Other current liabilities	n.a.	4,636	4,706	4,776	4,848	4,920
Provisions, total	n.a.	53,395	82,345	97,639	97,939	84,707
Long-term debt	n.a.	14,100	14,100	14,100	14,100	49,100
Bonds	n.a.	24,877	53,539	68,539	68,539	20,000
Deferred tax liabilities	n.a.	14,418	14,706	15,000	15,300	15,607
Shareholders' equity	n.a.	158,540	169,376	150,408	154,340	164,460
Total consolidated equity and debt	n.a.	236,293	283,789	286,407	298,139	302,511
Ratios						
Current ratio (x)	n.a.	0.7	1.4	1.2	1.3	1.2
Net debt	n.a.	38,125	47,199	68,583	68,287	63,690
Net gearing	n.a.	24%	28%	46%	44%	39%
Equity ratio	n.a.	67%	60%	53%	52%	54%
Return on equity (ROE)	n.a.	1.0%	-0.4%	1.5%	2.5%	6.2%
Capital employed (CE)	n.a.	211,935	251,721	248,047	252,279	249,167
Return on capital employed (ROCE)	n.a.	1%	1%	3%	5%	8%

* 2017 reporting reflects discontinued operations



CASH FLOW STATEMENT

All figures in EUR '000	2017	2018	2019E	2020E	2021E	2022E
Pre-tax income	n.a.	5,255	-760	2,212	3,932	10,120
Depreciation and amortisation	n.a.	6,318	10,908	9,043	11,801	15,341
Change in trade rec & other assets	n.a.	-8,083	-9,952	-8,781	-10,730	-12,398
Change in payable & other liabilities	n.a.	14,501	7,998	6,587	7,799	7,791
Results from sale of subsidiaries	n.a.	-5,645	0	0	0	0
Other non-cash adjustments	n.a.	-6,150	0	0	0	0
Net interest expense	n.a.	1,641	3,516	5,220	5,745	4,477
Tax result	n.a.	-895	-366	1,065	1,893	4,873
Operating cash flow	n.a.	6,942	11,344	15,346	20,440	30,204
Tax expense	n.a.	0	366	-1,065	-1,893	-4,873
Interest income	n.a.	1	0	0	0	0
Net operating cash flow	n.a.	6,943	11,710	14,281	18,547	25,331
CapEx	n.a.	-8,251	-158	-41,421	-298	-388
Investment in intangible assets	n.a.	-3,919	-28,706	-9,043	-12,207	-15,870
Change in financial assets	n.a.	0	0	0	0	0
Other adjustments	n.a.	-1,943	0	0	0	0
Cash flow from investing	n.a.	-14,113	-28,864	-50,464	-12,506	-16,258
Free cash flow (FCF)	n.a.	-7,170	-17,154	-36,183	6,041	9,074
Equity inflow, net	n.a.	3,792	11,596	20,020	0	0
Debt inflow, net	n.a.	-15,992	0	0	0	35,000
Corporate debt	n.a.	25,800	28,662	15,000	0	-48,539
Interest paid	n.a.	-2,014	-3,516	-5,220	-5,745	-4,477
Other adjustments	n.a.	-489	0	0	0	0
Cash flow from financing	n.a.	11,097	36,742	29,800	-5,745	-18,016
Net cash flows	n.a.	3,927	19,588	-6,383	296	-8,942
Fx adjustments	n.a.	114	0	0	0	0
Cash, start of the year	n.a.	406	4,447	24,035	17,651	17,947
Cash, end of the year	n.a.	4,447	24,035	17,651	17,947	9,005
EBITDA/share (in €)	n.a.	0.18	0.20	0.20	0.26	0.39
Y-Y Growth						
Operating cash flow	n.a.	n.m.	68.7%	22.0%	29.9%	36.6%
Free cash flow	n.a.	n.m.	n.m.	n.m.	n.m.	50.2%
EBITDA/share	n.a.	n.m.	14.0%	0.9%	29.8%	48.9%

* 2017 reporting reflects discontinued operations

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Cathrin Schwanke

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 23 June 2020 at 09:13

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

Copyright© 2020 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 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF 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 ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) 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 art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set out in Article 34 (3) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 (b) shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

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.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

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:

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	7 November 2019	€1.23	Buy	€2.10
2...1	↓	↓	↓	↓
2	18 December 2019	€1.13	Buy	€2.10
3	21 February 2020	€1.23	Buy	€2.80
4	4 March 2020	€1.16	Buy	€2.80
5	16 April 2020	€1.15	Buy	€2.80
6	Today	€1.41	Buy	€2.80

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: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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 and/or Canada.