

May 23rd, 2023
Research update

SMC Research

Small and Mid Cap Research



Platz 1
Europe
Industrials
(2018)



Platz 2
German
Software & IT
(2018)



Platz 1
German
Software & IT
(2017)

Mehrfacher Gewinner
der renommierten
Refinitiv Analyst Awards

The Grounds AG

Market turbulences not very noticeable

Rating: Buy (unchanged) | **Price:** 1.73 € | **Price target:** 2.80 € (prev.: 3.10 €)

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Current development



Basic data

Based in: Berlin
Sector: Residential properties
Headcount: 15
Accounting: IFRS

ISIN: DE000A2GSVV5
Ticker: AMMN:GR
Price: 1.73 Euro
Market segment: Düsseldorf
Number of shares: 17.8 m
Market Cap: 30.8 m Euro
Enterprise Value: 115.0 m Euro
Free Float: approx. 27 %
Price high/low (12M): 2.40 / 1.04 Euro
Ø turnover (Xetra,12M): 3,500 Euro / day

Revenue expectations met to the letter

The Grounds generated revenue of over EUR 36.8 m last year, about 16 percent more than a year earlier. The company thus achieved its own forecast of EUR 35 to 38 m, and even hit our estimate exactly. As in the previous year, The Grounds achieved a large part of this (EUR 33.3 m, +25 percent) with the sale of inventory properties, contributed to by both the further divestment of the privatisation portfolio and the new construction projects, which are already fully sold and whose revenue contribution is being realised in step with the construction progress. Last year these were the Projects Lenné Quartier and Property Garden in Magdeburg and Terra Homes in Erkner.

Rental revenue grows by 18 percent

Rental revenue amounted to EUR 1.6 m and was thus 18 percent above the previous year's figure. The increase reflects the growth of the investment portfolio through the acquisitions in Fehrbellin (24 residential units) and Berlin-Lichtenberg (22 residential units), although the latter acquisition has not yet contributed significantly to revenue due to the late date of consolidation. In addition, The Grounds reports significant rent increases, amounting to more than 30 percent for

FY ends: 31.12.	2020	2021	2022	2023e	2024e	2025e
Sales (m Euro)	31.3	31.6	36.8	42.1	82.1	84.7
EBIT (m Euro)*	6.0	9.1	3.3	4.5	8.4	9.3
Net profit*	3.6	4.9	1.2	0.3	3.1	3.4
EpS*	0.22	0.28	0.07	0.02	0.17	0.19
Dividend per share	0.00	0.00	0.00	0.00	0.05	0.10
Sales growth	124.3%	1.0%	16.3%	14.5%	95.2%	3.2%
Profit growth	-	36.9%	-76.3%	-75.0%	949.1%	12.1%
PSR	0.99	0.98	0.84	0.73	0.38	0.36
PER	8.6	6.3	26.4	105.4	10.0	9.0
EV / EBIT	19.3	12.6	34.3	25.5	13.6	12.4
Dividend yield	0.0%	0.0%	0.0%	0.0%	2.9%	5.8%

* up to and incl. 2022 with valuation result, from 2023 without

new lettings in the Greater Berlin area, as well as higher apportioned operating costs due to high inflation. By contrast, the continued divestment of the privatisation portfolio and the sale of 22 units from the Stendal/Prignitz portfolio in Brandenburg had a dampening effect on rental revenue, although the latter aspect only had a limited impact due to the high vacancy rate and low average rents there. On the other hand, the disposal of these properties generated additional proceeds from the sale of investment properties in the amount of EUR 1.3 m. The remaining revenue (EUR 0.3 m) The Grounds generated from the operation of the logistics property sold at the end of 2020.

Robust margin on disposals

Expenses from the sale of the inventories increased by 38 percent to EUR 26.1 m, so that the profit contribution (excluding marketing costs) fell by 30 percent to EUR 7.2 m despite the higher revenue. This corresponds to a revenue-related margin of 21.7 percent, compared to 35.4 percent in the previous year. The decline is due to several factors. In addition to the changed composition of the sold properties, the increased construction costs have dampened the profitability of the new construction projects. Furthermore, the revenue from disposals from 2021 also included income of EUR 2.7 m from the adjustment of the balance sheet value of the remaining 49 percent in the Börde Bogen project to the valuation used for the sale of the 51 percent at that time. Since this income had no offsetting item on the expense side, it had been reflected one-to-one in the result and had a positive impact on the margin c.p. by 6.6 percentage points.

Lower valuation result

Adding the rental income, other operating income and the change in inventory, and subtracting marketing costs, a gross profit of EUR 6.7 m was achieved. In addition, The Grounds recorded a valuation gain of EUR 0.9 m, down from EUR 2.2 m in the previous year.

EBIT below plan

The valuation result thus remained below the level expected by The Grounds and taken into account in the

forecast and contributed significantly to the fact that, although revenue has developed as planned, neither the earnings forecast nor our estimates were achieved. Specifically, EBIT amounted to EUR 3.4 m, 63 percent lower than in 2021 (EUR 9.2 m) and well below the guidance of between EUR 8.0 and 9.0 m; our estimate of EUR 8.1 m has not been reached either. But even adjusted for the valuation effects, the result decreased significantly, which was exclusively due to the lower profit contribution from the disposal of inventory properties, since the overall development of overhead costs in 2022, in contrast to the significant increase in the previous year, was downward. Here, the increase in personnel expenses by 9 percent to EUR 2.1 m was outweighed by the decrease of other operating expenses by a quarter to less than EUR 1.9 m, which the company explains with lower brokerage commissions and losses on receivables as well as with general savings.

Business figures	FY 21	FY 22	Change
Revenue	31.59	36.75	+16.3%
<i>Of which sales</i>	26.57	33.28	+25.3%
<i>Of which lettings</i>	1.59	1.89	+18.3%
Gross profit	11.56	6.70	-42.0%
<i>Gross margin</i>	36.6%	18.2%	
Valuation result	2.24	0.87	-61.4%
EBIT	9.17	3.36	-63.4%
<i>EBIT margin</i>	29.0%	9.1%	-
EBT	6.87	1.58	-77.0%
<i>EBT margin</i>	21.8%	4.3%	
Net profit	4.93	1.17	-76.3%
<i>Net margin</i>	15.6%	3.2%	
Free cash flow	-7.70	-16.87	-

In m Euro and percent; source: Company

Stable interest expense, improved financial result

Despite the massive increase in interest rates on the markets, The Grounds was still able to keep interest expenses almost stable at EUR 2.5 m. Since at the same time the interest income from loans granted to

the joint ventures quadrupled to EUR 0.6 m, the financial result improved by as much as 18 percent to EUR -1.9 m. Nevertheless, the pre-tax result fell very significantly, by 77 percent, to EUR 1.6 m, resulting in a profit after income taxes and minority interests of EUR 1.2 m, compared to EUR 4.9 m in 2021.

Free cash flow shows portfolio expansion

As assumed after the half-year figures, which still showed a positive cash flow, the free cash flow for the full year turned out negative. This reflects the expansion of the portfolio in line with the strategy, which this time was achieved through the acquisition of the three development projects in Blankenfelde, Wusterhausen and Berlin Lichtenberg. Partly thanks to these acquisitions, the inventories increased from EUR 38.0 m in the previous year to EUR 82.8 m. However, a significant part of the change was not effective in terms of liquidity, because it resulted from the increase of the share in the joint venture Börde Bogen in Magdeburg from 49 to 51 percent, which led to a consolidation (and thus to the revision of the deconsolidation one year earlier). Overall, the cash outflow from operating activities amounted to EUR -12.5 m (previous year: EUR +7.0 m), while investment cash flow improved from EUR -14.7 m to EUR -4.4 m. Here, payments for investment properties (EUR -5.8 m) were again the largest item, offset by inflows from the partial sale of the Brandenburg portfolio (EUR +1.3 m). On balance, this resulted in a free cash flow of EUR -16.9 m, after EUR -7.7 m in the previous year. The free cash flow was financed by the inflows from net borrowing (a total of EUR 19.4 m), which, less payments for interest and leasing, resulted in a cash flow surplus from financing activities of EUR 16.7 m. Overall, the balance sheet liquidity remained virtually unchanged in the last financial year at EUR 2.3 m.

Real estate assets shape the balance sheet

These acquisitions and the consolidation effect resulting from the restocking of the share in the Börde Bogen joint venture increased the balance sheet total by a third to EUR 138.3 m, of which 87% (or EUR 120.9 m) was accounted for by real estate assets, con-

sisting of inventories (EUR 82.8 m), investment property (EUR 35.8 m) and minority interests in two real estate projects (EUR 2.3 m). This does not include two further houses with 13 flats from the Stendal/Prignitz portfolio, which are to be sold this year and are accounted for as assets held for sale at EUR 0.7 m. As of 31 December, the largest position outside real estate assets was other receivables of EUR 6.5 m, which included loan receivables and capitalised commissions for purchases.

Loan to Value slightly improved

On the liabilities side, financial liabilities (bank loans and bonds) account for the majority of the balance sheet total with EUR 80.1 m. Compared to the previous year, they increased by 23 percent and thus less than the real estate assets, so that the LTV ratio improved by 2 percentage points to 67 percent compared to the previous year. In contrast, the equity ratio fell slightly by one percentage point to 23.6 percent, although equity increased by 29 percent to EUR 32.6 m. In addition to the profit for the year, the full consolidation of the Börde Bogen project also made itself felt here, as a result of which the minority interests in the group equity increased significantly from EUR 0.6 m to EUR 6.4 m.

Further growth announced

For the current year, The Grounds aims to continue its growth course and to increase revenue to between EUR 40 m and EUR 45 m. On this basis, EBIT is expected to rise to EUR 4 to 5 m, not including any valuation effects. What is included, on the other hand, is a contribution from the debtor warrant for the logistics property sold at the end of 2020, for which the building permit is now expected in the second half of the year, which would activate the payment claim from the warrant. However, The Grounds emphasises that the planning only includes part of the contractually possible volume of almost EUR 10 m.

Projects move forward

The surprisingly positive outlook given the difficult market environment rests on several pillars. These include, in particular, the scheduled progress of the four

projects currently under construction. Through consistent individual contracting and some luck in timing, The Grounds was able to avoid last year's spike in construction prices and is currently benefiting from the slump in construction activity, making both capacity availability and costing easier. By now, it has become possible time and again to award construction contracts below budget. Furthermore, The Grounds is not experiencing any dramatic slump in demand for residential properties in Berlin and the surrounding area. According to the company, the marketing of the new flats currently being built as part of the expansion and densification project in Berlin-Lichtenberg, which has started this year, is going very well, while the new projects acquired last year in Blankenfelde and Wusterhausen, as well as Börde Bogen in Magdeburg, are still awaiting the start of sales. The Grounds is already looking for a buyer for the Central Office building in Magdeburg, for which the building permit was granted at the end of 2022 and whose construction is to start this year and to contribute to revenue, assuming a successful forward sale.

Refinancing of convertible bond pending

Finally, The Grounds does not see any major challenges in terms of financing, especially since the company is financing the construction phase largely with the buyers' down payments. The management is also relaxed with regard to the convertible bond due next April, but still wants to solve the refinancing task quickly so as not to create any uncertainty.

Stable property values expected

The Grounds is also relaxed with regard to the valuation of portfolio properties and possible devaluation risks. In this respect, the company refers in particular to the significantly rising rents for new lettings in Greater Berlin, which represent a clear counterbalance to rising interest rates and thus a buffer against losses in value. This function could also be fulfilled by the strategic decision to sell the investment properties in the long term by way of individual privatisation, because higher property prices can be achieved in this way and external appraisers grant therefore higher valuation levels.

Member of the Board stepped down

While the operating development of the last quarters has thus proceeded by and large according to plan despite the significant deterioration of the market environment, The Grounds caused a big surprise on the personnel level at the beginning of May. The company has announced that the Executive Board member Arndt Krienen, under whose aegis the successful alignment to the current business model took place, has resigned with immediate effect for personal reasons. For the time being, he will remain with the company as managing director of some subsidiaries, but Jacopo Mingazzini will assume sole responsibility at the board level from now on.

Estimates comprehensively adjusted

We have comprehensively revised our estimates in several places in response to the 2022 figures, the worsened general conditions and the reconsolidation of the EUR 250 m Börde Bogen project. The most important change is that, in view of the market situation, we are abandoning the previously assumed growth of the investment portfolio and the privatisation business and will henceforth only maintain these two areas at the previous level (investment portfolio) or phase them out with the sale of the current privatisation portfolio. We will only consider new or expanded activities in these areas if concrete acquisitions are made for this purpose, which we do not expect to happen in 2023.

Focus on project development ...

Instead, the project portfolio is now at the centre of our model, which The Grounds also says it will focus on completing in the coming quarters. At the current planning stage, the portfolio comprises a net floor area of 138.600 sqm and a GDV (Gross Development Value or market value on completion) of more than EUR 500 m, a – small – portion of which has already been realised through the selling and advanced construction of the Lenné Quartier, Property Garden and Terra Homes projects. The Grounds plans to realise most of the rest over the next three years.

... in the evaluation model as well

In our model, we have stretched this time period considerably and have set the highest revenue from project developments for 2026 and 2027 (each over EUR 100 m). We then calculate with a constant level of just over EUR 60 m per year, for which we implicitly assume corresponding purchases of new projects in inventories. In our model, the latter therefore only decrease until 2026 (to EUR 44 m) and then remain constant. Our margin assumptions (as a ratio of expected sales prices and development and construction costs), for which we have assumed a uniform course for the entire project portfolio, are also generalised and simplified. Due to last year's cost increases in the construction sector, this course envisages a significant decline to below 10 percent for this year as well, but this will then be followed by a gradual increase to just under 17 percent by the end of the detailed forecast period. We see this increase as being justified by the fact that The Grounds is able to calculate the cost for projects at an earlier planning stage to a greater extent on the basis of the current higher costs. We consider the selected target margin to be extremely conservative in view of the continuing and foreseeably worsening housing shortage in Greater Berlin and the increasing demand in Magdeburg due to the announced Intel mega-factory.

Revenue peak at EUR 105 m

For the same reason, we consider the expectation of noticeably rising average rents in the investment portfolio to be well founded. The combination of the resulting rising trend in rental revenue, of project revenue and – for 2023 only – of privatisation income results in an estimated revenue for the group that rises from EUR 42 m in the current year to EUR 105 m in 2027 before settling below EUR 65 m in the steady state of the years 2028 to 2030.

Significant increase in interest expense

Deducting the cost of materials (which primarily includes development and construction costs) and overhead costs, for which we have modelled a moderate upward trend, this results in a consistently double-digit EBIT margin of between 10.7 percent in 2023

and 14.4 percent at the end of the detailed forecast period. The steady increase reflects the above assumptions regarding rising gross margins and rents (the EBIT estimate does not include any positive or negative valuation effects on the real estate assets). Deducting interest expenses, for which we expect a significant increase this year as a result of the market interest rate development (The Grounds states the average interest rate of the current loan portfolio at 6.2 percent, compared to 3.7 percent in mid-2022), and taxes, we expect net income to decline again this year to only EUR 0.3 m, despite a 35 percent increase in EBIT to EUR 4.5 m.

High minority interests

In addition, the consolidation of the very large Börde Bogen project, in which The Grounds holds 51 percent of the shares, has also significantly increased the minority interests in the consolidated profit. In individual years of the forecast period, almost 30 percent of the surpluses are now allotted to non-group shareholders.

Terminal Value

The model business development for the next eight years, which results from all these assumptions and which we assume for determining the fair value, is summarised in the table below; further details can be found in the Annex. Subsequent to the detailed forecast period, we initially calculate with its target margin (14.4 percent) and, based on this, with a perpetual cash flow growth of 1 percent p.a.

Discount rate strongly increased

We have made a change to the discount rate that affects the model result very noticeably. To take account of the significant increase in market interest rates, we have raised the assumed safe interest rate, for which we are guided by the German current yield, from 1.5 to 2.5 percent in all our models. As a result, with unchanged values for the market risk premium (5.8 percent) and the beta factor (1.4), the cost of equity increased to 10.6 percent. Together with likewise significantly increased borrowing costs (from 4.75 to 6.50 percent), a reduced target debt share of 55.0 percent

m Euro	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028	12 2029	12 2030
Sales	42.1	82.1	84.7	104.9	105.0	63.9	64.0	64.1
Sales growth		95.2%	3.2%	23.8%	0.1%	-39.2%	0.2%	0.1%
EBIT margin	10.7%	10.3%	11.0%	12.2%	13.0%	12.7%	13.6%	14.4%
EBIT*	4.5	8.4	9.3	12.8	13.6	8.1	8.7	9.2
Tax rate	25.0%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
Adjusted tax payments	1.1	2.3	2.6	3.5	3.7	2.2	2.4	2.5
NOPAT	3.4	6.1	6.7	9.3	9.9	5.9	6.3	6.7
+ Depreciation & Amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others*	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating cash flows	3.7	6.4	6.8	9.3	9.9	5.9	6.3	6.7
- Increase Net Working Capital	10.0	11.5	11.5	11.6	1.6	1.6	1.6	1.6
- Investments in fixed assets	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Free cash flows	13.6	17.8	18.2	20.7	11.4	7.4	7.8	8.2

SMC estimation model

**without valuation results*

(previously: 78 percent) due to the decision not to model further growth in the portfolio and a tax rate for the tax shield of 27.5 percent, this now results in a weighted average cost of capital (WACC) of 7.4 percent (previously: 4.8 percent).

Price target now EUR 2.80

The comprehensive revision of the estimation model, the consideration of the more difficult environment (both in the discount rate and in the margin assumptions) and the impact of the roll-over of the model to the new base year 2023 have partially cancelled each other out, but in total have led to a noticeably lower

fair value (after minorities) of EUR 49.8 m. This corresponds to EUR 2.80 per share, which we set as the new price target (previously: EUR 3.10; a sensitivity analysis for the price target determination can be found in the Annex). The decisive change clearly came from the rise in interest rates, without which our model result would even have increased due to the more accurate representation of the new construction projects. Finally, the assessment of the forecast risk of our estimates remained unchanged, for which we continue to award four points on a scale of 1 (low) to 6 (high).

Conclusion

Given the significantly deteriorated general conditions, The Grounds has reported good figures for the last year. Revenue was increased as announced, and our estimate of EUR 36.8 m was even met precisely.

However, this was not the case in terms of the result. EBIT, which was forecast to be between EUR 8 m and EUR 9 m, fell by 63 percent to EUR 3.4 m. The decisive factor here was the lower contribution of the valuation result (the forecast assumed an increase), but in addition the significantly higher construction costs also had a negative impact on the profitability of the revenue-relevant project developments.

Regardless of this, however, The Grounds reports that business is developing largely according to plan. This applies in particular to the progress of the current development projects, four of which are currently under construction, which will thus have a significant impact on this year's revenue. The Grounds intends to further increase this to EUR 40 to 45 m and, on this

basis, to increase EBIT to EUR 4 to 5 m, this time completely without valuation effects.

With this update, we have fundamentally modified our valuation model and placed project development much more at the centre of our estimates. This is due to last year's purchase of further large projects and the reconsolidation of the very large Börde Bogen project, as a result of which the business with the construction of new residential properties is likely to shape the development of the next few years to a much greater extent than we had previously assumed.

The model modification has resulted in significantly changed revenue and profit projections; for the current year, however, we expect figures roughly in the middle of the management's target range. The increase in the discount rate also had very far-reaching consequences, which played a decisive role in reducing our price target to EUR 2.80. As this is still very clearly above the current price, we confirm our "Buy" rating.

Annex I: SWOT analysis

Strengths

- With its focus on residential real estate, The Grounds addresses a very attractive market that is fundamentally characterised by a noticeable excess demand.
- The combination of the business areas of development, investment portfolio management and privatisation offers in principle an attractive risk-reward profile that fuses the advantages of the three areas.
- Since focusing on the current business model, high and profitable growth has been achieved.
- The sole director and his team have a strong track record in building and managing large, listed real estate companies.

Opportunities

- The existing development pipeline offers a very large earnings potential, which is to be realised gradually over the next few years.
- The announced construction of a chip gigafactory in Magdeburg is likely to significantly increase the potential of project developments there.
- The Grounds can expect a high profit of a maximum of almost EUR 10 m from the debtor warrant.
- The average rents in the investment portfolio are in part significantly below the market level, which offers considerable potential for rising rental revenue and for appreciation gains.
- A successful implementation of the growth plans should quickly bring The Grounds into another order of magnitude. Together with the stronger capital market presence, this should also noticeably improve the perception of the share by investors.

Weaknesses

- Because of their dependence on individual projects and sale deals, revenue and earnings are highly volatile and difficult to forecast.
- Currently and in the coming years, the business is clearly dominated by project development, which limits the diversification effect of the three-pillar strategy.
- In 2022, the EBIT target was missed. In our view, net profit is likely to continue to decline in the current year.
- With the departure of Mr Krienen, The Grounds has lost a defining figure of recent years.
- The real estate business is capital-intensive and requires a stable financing environment.

Threats

- The demand for real estate is highly sensitive to interest rates.
- A slump in the real estate market and/or further interest rate increases could require devaluations in the portfolio.
- Real estate development involves a variety of risks such as political and regulatory interference, legacy issues, planning errors, and financial and/or time budget overruns.
- Supply and capacity bottlenecks in the construction sector have recently led to increased cost and time risks.
- Interventionist housing policies could be further intensified.
- Insufficient or too expensive acquisitions could hamper further development.
- The refinancing of the convertible bond due next year is a challenge in the current environment.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2022 act.	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
ASSETS									
I. Total non-current assets	43.2	43.3	43.3	43.4	43.5	43.5	43.6	43.6	43.7
1. Intangible assets	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
2. Tangible assets	0.5	0.6	0.6	0.7	0.8	0.8	0.8	0.9	0.9
3. Properties held as investment	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8
II. Total current assets	94.4	91.7	86.9	81.7	79.3	77.1	75.5	81.0	86.9
1. Inventories	82.8	74.3	64.3	54.3	44.3	44.3	44.3	44.3	44.3
LIABILITIES									
I. Equity	32.6	32.9	35.9	38.9	44.5	50.3	51.8	55.5	59.5
II. Accruals	1.4	1.9	2.5	3.0	3.6	4.1	4.7	5.3	5.9
III. Liabilities									
1. Long-term liabilities	50.7	45.7	35.7	28.7	21.7	15.7	12.7	12.7	12.7
2. Short-term liabilities	53.6	55.1	56.7	55.1	53.7	51.2	50.5	51.8	53.2
TOTAL	138.3	135.6	130.8	125.8	123.5	121.3	119.7	125.3	131.2

P&L estimation

m Euro	2022 act.	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Sales	36.8	42.1	82.1	84.7	104.9	105.0	63.9	64.0	64.1
Gross profit	5.8	7.9	11.7	12.7	16.3	17.1	11.6	12.1	12.7
EBITDA*	2.7	4.5	8.5	9.3	12.8	13.7	8.1	8.7	9.3
EBIT*	3.3	4.5	8.4	9.3	12.8	13.6	8.1	8.7	9.2
EBT	1.6	0.4	4.2	5.4	9.5	11.2	6.3	7.3	8.0
EAT (before minorities)*	1.2	0.3	3.1	3.9	6.9	8.1	4.6	5.3	5.8
EAT*	1.2	0.3	3.1	3.4	5.5	4.9	3.5	4.1	5.8
EPS*	0.07	0.02	0.17	0.19	0.31	0.27	0.20	0.23	0.33

* 2022 with valuation result, from 2023 without

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2022 act.	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
CF operating	-12.5	10.6	14.9	15.5	18.4	9.7	6.2	6.9	7.4
CF from investments	-4.4	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
CF financing	16.7	-5.0	-10.0	-10.9	-11.3	-12.3	-8.1	-1.6	-1.8
Liquidity beginning of year	2.4	2.3	7.8	12.6	17.1	24.2	21.4	19.4	24.7
Liquidity end of year	2.3	7.8	12.6	17.1	24.2	21.4	19.4	24.7	30.2

Key figures

percent	2022 act.	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e
Sales growth	16.3%	14.5%	95.2%	3.2%	23.8%	0.1%	-39.2%	0.2%	0.1%
Gross margin	15.8%	18.8%	14.3%	15.0%	15.5%	16.3%	18.1%	19.0%	19.8%
EBITDA margin	7.3%	10.8%	10.3%	11.0%	12.2%	13.0%	12.7%	13.6%	14.4%
EBIT margin	9.1%	10.7%	10.3%	11.0%	12.2%	13.0%	12.7%	13.6%	14.4%
EBT margin	4.3%	1.0%	5.2%	6.4%	9.0%	10.6%	9.9%	11.4%	12.5%
Net margin (after minorities)	3.2%	0.7%	3.7%	4.1%	5.2%	4.6%	5.5%	6.4%	9.1%

Annex IV: Sensitivity analysis

WACC	Perpetual cash flows growth				
	2.0%	1.5%	1.0%	0.5%	0.0%
6.4%	4.37	3.96	3.62	3.34	3.10
6.9%	3.77	3.45	3.17	2.95	2.75
7.4%	3.28	3.02	2.80	2.61	2.45
7.9%	2.87	2.65	2.47	2.31	2.18
8.4%	2.51	2.34	2.19	2.05	1.94

Disclaimer

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Charts

The charts were made with Tai-Pan (www.lp-software.de).

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II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 23.05.2023 at 8:35 and published on 23.05.2023 at 9:00.

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Date	Investment recomm.	Price target	Conflict of interests
30.09.2022	Buy	3.10 Euro	1), 3), 4)
21.04.2022	Buy	3.60 Euro	1), 3)
07.02.2022	Buy	3.90 Euro	1), 3)
08.10.2021	Buy	3.60 Euro	1), 3), 4)
09.07.2021	Buy	3.60 Euro	1), 3), 4)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: two updates.

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