

company note

The Platform Group (TPG GY) | Retail

November 25, 2024

Q3/24: Broadly in line print. FY24 outlook confirmed

The Platform Group AG (TPG) released Q3/24 results last Friday, with sales and adj. EBITDA broadly in line compared to our estimates. Also, its FY24 guidance, calling for EUR500-520mn in sales, GMV of EUR880-900mn and an adj. EBITDA in the ballpark of EUR29-32mn, was confirmed. We are mindful that TPG is now present in 23 sectors. In all, sales in Q3 were +44% yoy and reported to EUR140mn, driven by an acceleration of the active customer base (+18% yoy), number of partners (+11% yoy) and orders (+46% yoy). Below top-line, adj. EBITDA amounted to EUR7.0mn, implying a margin of 5.0%, +370bps yoy, supported by cost efficiencies on the personnel and marketing side. As a result of positive earnings momentum, backed up by three concrete M&A targets for Q4/24 and Q1/25, coupled with an undemanding valuation, TPG trades at a 27% discount on a 2yr fwd PE vs. our peer universe comprising both on-line retailers & serial acquirers, we reiterate our Buy recommendation with an unchanged price target of EUR13.

Risks to our rating: 1) intensifying competition, 2) weaker macro and 3) personnel cost inflation weighing on profitability

FY24 Guidance: TPG expects to generate 1) EUR500-520mn in sales, 2) a GMV of EUR880-900mn and 3) an adj. EBITDA in the ballpark of EUR29-32mn

Valuation: We continue to value TPG using a DCF approach (PT: EUR13)

Fundamentals (in EUR m) ¹	2021	2022	2023	2024e	2025e	2026e
Sales	134	172	464	512	578	624
EBITDA	2	14	47	50	59	66
EBIT	-1	9	39	41	48	54
EPS adj. (EUR)	-0.27	1.10	1.48	1.46	1.55	1.79
GMV	n.a.	266.3	693.4	884.9	1,210.2	1,457.2
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (EUR)	8.24	7.37	4.72	5.57	7.12	8.91
Net Debt incl. Provisions	9	22	72	96	63	63
Ratios ¹	2021	2022	2023	2024e	2025e	2026e
EV/EBITDA	91.6	3.5	3.8	4.9	3.6	3.2
EV/EBIT	-285.2	5.4	4.6	6.0	4.4	3.9
P/E adj.	-80.3	4.0	4.2	5.1	4.8	4.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	1.2	8.2	10.1	9.7	10.2	10.7
EBIT margin (%)	-0.4	5.3	8.4	7.9	8.2	8.7
Net debt/EBITDA	5.7	1.6	1.5	1.9	1.1	1.0
PBV	2.7	0.6	1.3	1.3	1.0	0.8

¹Sources: Bloomberg, Metzler Research

Buy



unchanged

Price*

EUR 7.48

Price target

EUR 13.00 (unchanged)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m) ¹	149
Enterprise Value (EUR m) ¹	245
Free Float (%) ¹	20.1

Price (in EUR)¹



Performance (in %) ¹	1m	3m	12m
Share	-8.8	-16.1	37.0
Rel. to SDAX	-5.1	-12.1	34.4
Changes in estimates (in %) ¹	2024e	2025e	2026e
Sales	3.2	4.7	4.6
EBIT	10.3	9.0	8.8
EPS	33.5	9.9	9.5

Sponsored Research



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Q3/24: In line results. FY24 guidance confirmed.

Headline results

TPG reported Q3/24 results last Friday, broadly in line our expectations. Sales in Q3 came in +44% yoy (MTZLe: +47% yoy) and reported to EUR140mn, driven by an acceleration of partners (+11% yoy), the active customer base (+18% yoy) and number of orders (+46% yoy). We are mindful that TPG is now present in 23 sectors. Below the top-line, adj. EBITDA amounted to EUR7.0mn (MTZLe: EUR7.3mn), implying a margin of 5.0%, +370bps yoy in the third quarter on the back of cost efficiency measures on the personnel and marketing side, partly offset by higher distributional expenses. FY24 guidance, calling for EUR500-520mn in sales, GMV of EUR880-900mn and an adj. EBITDA in the ballpark of EUR29-32mn, was confirmed.

Sales

Sales in Q3 expanded by 44% yoy, primarily driven by a rising number of active customers (+18% yoy), partners (+11% yoy) and orders (+46% yoy).

Gross profit

Gross margin in the third quarter stood at 35.0%, +100bps yoy whereby the superior top-line expansion (+44% yoy) offset the higher cost base (+42% yoy).

OpEx

Our maths suggests that OpEX rose by 30% yoy in Q3 in absolute terms. We presume that this was mainly driven by higher distribution expenses (+47% yoy), due to increased freight and logistics cost as well as marketing (+38% yoy) given an acceleration in campaigns and commercials on social media platforms. However, OpEx fell by to 28.0%, measured as a % of sales, -270bps yoy in the third quarter. Efficiencies were achieved with respect to personnel costs (-20bps yoy), marketing (-30bps yoy) and other operating expenses (-240bps yoy), while distribution expenses trended higher (+20bps yoy).

Adj. EBITDA

The aforementioned drivers, alongside EUR0.85mn of adjustments, EUR3mn worth of PPA and EUR0.7mn in deferred tax & consolidation effects, drove an adj. EBITDA of EUR7.0mn, implying a margin of 5.0%, +370bps yoy in the third quarter.

FY24 guidance

FY24 guidance, calling for EUR500-520mn in sales, GMV of EUR880-900mn and an adj. EBITDA in the ballpark of EUR29-32mn, was confirmed.

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The Platform Group AG - P&L

EURmn	Q3/23	9M/23	Q3/24	9M/24	Q3/24E	9M/24E
GMV	102	469	166	608	170	612
<i>% change</i>	<i>n.a.</i>	<i>n.a.</i>	<i>63%</i>	<i>30%</i>	<i>67%</i>	<i>31%</i>
Sales	97	285	140	371	143	374
<i>% change</i>	<i>n.a.</i>	<i>n.a.</i>	<i>44%</i>	<i>30%</i>	<i>47%</i>	<i>32%</i>
Other income	2	15	4	20	6	22
<i>as % of sales</i>	<i>2,5%</i>	<i>5,3%</i>	<i>2,6%</i>	<i>5,4%</i>	<i>4,2%</i>	<i>6,0%</i>
Cost of Goods Sold	(66)	(200)	(94)	(260)	(100)	(265)
Gross profit	33	100	49	131	49	132
<i>Gross profit margin</i>	<i>34,0%</i>	<i>35,2%</i>	<i>35,0%</i>	<i>35,4%</i>	<i>34,6%</i>	<i>35,2%</i>
Marketing expenses	(7)	(19)	(9)	(24)	(10)	(24)
<i>as % of sales</i>	<i>6,9%</i>	<i>6,6%</i>	<i>6,6%</i>	<i>6,4%</i>	<i>6,8%</i>	<i>6,5%</i>
Distribution expenses	(8)	(22)	(11)	(29)	(11)	(29)
<i>as % of sales</i>	<i>7,8%</i>	<i>7,6%</i>	<i>8,0%</i>	<i>7,8%</i>	<i>8,0%</i>	<i>7,8%</i>
Personnel expenses	(5)	(16)	(8)	(20)	(9)	(22)
<i>as % of sales</i>	<i>5,6%</i>	<i>5,6%</i>	<i>5,4%</i>	<i>5,4%</i>	<i>6,5%</i>	<i>5,8%</i>
Other operating expenses	(10)	(17)	(11)	(19)	(9)	(17)
<i>as % of sales</i>	<i>10,5%</i>	<i>5,9%</i>	<i>8,1%</i>	<i>5,1%</i>	<i>6,3%</i>	<i>4,4%</i>
EBITDA	3,2	27,1	9,8	39,8	10,0	40,0
<i>EBITDA margin</i>	<i>3,3%</i>	<i>9,5%</i>	<i>7,0%</i>	<i>10,7%</i>	<i>7,0%</i>	<i>10,7%</i>
Adj. EBITDA	1,3	14,5	7,0	24,6	7,3	24,9
<i>Adj. EBITDA margin</i>	<i>1,3%</i>	<i>5,1%</i>	<i>5,0%</i>	<i>6,6%</i>	<i>5,1%</i>	<i>6,6%</i>
Net income from continued operations	3,9	20,3	6,6	28,3	7,0	28,7
Minorities	(1,1)	(2,9)	(2,0)	(2,8)	(0,5)	(1,4)
Net income attributable to TPG shareholders	2,8	17,4	4,7	25,5	6,5	27,3
EPS from continued operations	0,20	1,02	0,30	1,39	0,33	1,42

Source: Metzler Research

Snippets from the call

Business update

TPG has embarked on a series of acquisitions this year: 1) Jungherz (bike parts), 2) 0815 Group (B2C / B2B platform), 3) Angermeier (forest equipment), 4) Wehrmann (machine platform), 5) Winkelstraat (luxury platform) and 6) concluded the final migration of ViveLaCar/Cluno (car subscription platform).

TPG One

The company has been working on its platform to elevate the ability to handle product, connect partners faster and enter industries more quickly. 'TPG One' will carry a new Application Programming Interface (API), Computer-Managed Instruction (CMI) and frontend. Its roll-out is expected in January 2025.

M&A Pipeline for Q4/24 and Q1/25

Three M&A targets are currently in TPG's pipeline. The first two are based in Germany. On the one hand, a B2C commerce company in the Optics space and a B2B finance platform on the other. We have been given to understand that the due diligence has been completed for both and an SPA is envisaged for January 2025 and December 2024, respectively. Moreover, TPG is looking into a US-based B2C commerce firm in the luxury space.

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Changes to our estimates

We have updated our model following the Q3/24 release. For FY24 our top-line figure rises by 3% on the back of a higher than previously anticipated acceleration in the Consumer Goods division, putting us marginally above the mid-point of the full-year outlook. Together with a lifted gross margin estimate, due to less discounting and delisting of lower priced products, our adj. EBITDA increases by 7%. As a consequence, our estimates for the outer years (FY25-FY26) expand by 5% at sales and adj. EBITDA level.

Changes to our estimates

EURmn	FY24E			FY25E			FY26E		
	Old	New	% change	Old	New	% change	Old	New	% change
Sales	496	512	3%	552	578	5%	596	624	5%
% growth	15%	18%		11%	13%		8%	8%	
Adj. EBITDA	28,9	30,9	7%	39	41	5%	44	46	4%
Adj. EBITDA margin %	5,8%	6,0%		7,0%	7,0%		7,4%	7,4%	

Source: Metzler Research

Valuation

DCF valuation derives fair value of EUR13

Our DCF includes three stages. Within our model, the first stage (FY24-FY26E) incorporates our detailed forecasts, while the second phase (FY27-FY30E) accounts for the transition period. The final pillar is represented by our terminal value calculation. Our terminal growth rate is 2%.

Sales growth: We view 1) under-penetration of e-Commerce in certain sectors (i.e. furniture and DIY), 2) growth of partners on TPG's platform (i.e. networking effect) and 3) M&A as the main top-line drivers.

EBITDA: We assume on-going margin progression at TPG. While we expect the company to face headwinds with respect to higher marketing and freight expenses, which will weigh on profitability in the short-term, we see opportunities to capitalise on automation (Consumer Goods) and scaling efficiencies (Freight & Industrial Goods) to drive improvements in personnel expenses measured as a % of sales.

WACC: Our WACC comes in at 9.6% and is based on the following parameters: 1) risk-free rate of 2.0%, 2) market risk premium of 7.0% and c) a beta of 1.5. The cost of equity amounts to 12.8%, while the pre-tax cost of debt is 5.0%.

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DCF valuation - The Platform Group AG

	FY24e	FY25e	FY26e	FY27e	FY28e	FY29e	FY30e	TV-year
Revenue (in EURm)	512	578	624	658	688	713	735	750
% change yoy	18,4%	12,9%	7,9%	5,5%	4,5%	3,7%	3,1%	2,0%
EBIT (in EURm)	41	48	54	56	60	63	66	68
Margin (in %)	7,9%	8,2%	8,7%	8,5%	8,7%	8,9%	9,0%	9,0%
Adjusted Taxes (in EURm)	-4	-14	-16	-17	-18	-19	-20	-20
Tax rate (in %)	-10,0%	-30,0%	-30,0%	-30,0%	-30,0%	-30,0%	-30,0%	-30,0%
NOPLAT	37	33	38	39	42	44	46	47
DBA (in EURm)	9	12	12	13	14	14	15	15
in % of sales	1,8%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
Less: Maintenance Capex (in EURm)	-15	-17	-19	-24	-25	-26	-27	-28
in % of sales	-3,0%	-3,0%	-3,0%	-3,7%	-3,7%	-3,7%	-3,7%	-3,7%
Less: Investment Capex (in EURm)	-14	-16	-19	-22	-23	-24	-24	-25
in % of sales	-2,8%	-2,8%	-3,0%	-3,3%	-3,3%	-3,3%	-3,3%	-3,3%
Less: Change in NWC (in EURm)	-3	-3	-7	-26	-28	-29	-29	-23
Free cash flow	19	14	20	33	35	37	39	32
Present value FCF (in EURm)	19	13	16	25	24	23	22	17

Implied equity value and fair value per share		WACC Assumptions	
Enterprise value (in EURm)	362	Beta	1,5
Less: Net debt (in EURm)	-92	Risk-free rate	2%
Less: Minorities (in EURm)	-4	Market risk premium	7%
Less: Pension provisions (in EURm)	-4	% share of Equity	64%
Equity value (in EURm)	262	% share of Debt	36%
# of outstanding shares	20	Cost of Equity / Debt	11,4% / 5%
Fair value share price (in EUR)	13	WACC	9,6%

Sources: Metzler Research

Our DCF model is sensitive to our selected input factors. Hence, we provide a sensitivity analysis of our estimated fair value vs. the terminal growth rate and our terminal EBITDA margin:

Sensitivity analysis

In EUR

	Terminal growth rate				
	0,0%	1,0%	2,0%	3,0%	4,0%
9,0%	8	9	10	11	12
10,0%	9	10	11	13	15
11,0%	11	12	13	15	17
12,0%	12	13	15	17	20
13,0%	14	15	17	19	22

Sources: Metzler Research

We cross check our DCF with a peer valuation

Our selected peers include pure play fashion e-tailers (incl. Zalando), e-Commerce platforms (i.e. Amazon) but also serial acquirers (i.e. Addnode, Jack Henry and Lifco) given that acquisitions constitute a core part of TPG's strategy. In our view, accounting for this variability of peers ensures a more credible comparison. On a 2yr fwd P/E TPG is trading at a 27% discount vs. peers.

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Peer group analysis

Company	Ticker	Rating	FX	Price	Market Cap (in m)	EV/Sales		P/E	
						CY25	CY26	CY25	CY26
AddLife AB	ALIFB SS	Not rated	SEK	132,0	1.405	2,0x	1,9x	25,5x	21,8x
Addnode Group AB	ANODB SS	Not rated	SEK	100,8	13.560	1,9x	1,9x	26,3x	23,2x
AO World PLC	AO/ LN	Not rated	GBP	1,1	738	0,5x	0,5x	19,0x	14,4x
Amazon.com Inc	AMZN US	Not rated	USD	197,1	1.978.351	3,1x	2,8x	28,3x	23,9x
Indutrade AB	INDT SS	Not rated	SEK	270,2	8.555	3,2x	3,0x	27,7x	25,1x
Jack Henry & Associates	JKHY	Not rated	USD	172,5	12.012	5,2x	4,9x	28,7x	26,5x
Lifco AB	LIFCOB SS	Not rated	SEK	318,2	12.560	5,5x	5,2x	36,6x	33,1x
Zalando SE	ZAL GY	Buy	EUR	29,4	7.767	0,6x	0,6x	26,7x	20,3x
Mean	-	-	-	-	-	2,6x	2,4x	27,4x	23,5x
Median	-	-	-	-	-	2,5x	2,3x	27,2x	23,6x
Platform Group AG	TPG GY	Buy	EUR	7,5	149	0,4x	0,3x	6,9x	6,4x

* As of 5:45pm ** Calculation based on LTM sales and 24m fwd sales
Source: Bloomberg, Metzler Research

Risks

Limited track record limited so far: TPG has been trading on the stock exchange since November 2023. Although the company has delivered solid results over the past couple of months, including two guidance increase for FY24, its track record remains limited so far.

Personnel cost inflation: Key pillars for profitability expansion, according to our modelling, are improvements with respect to automation and scaling benefits regarding personnel expenses. Should these not materialise, this could imply downside risk to our reported EBITDA estimates, as we expect both distribution and marketing costs to rise in the coming years both in absolute terms and as a % of sales.

Debt: While TPG has demonstrated its cash generating capabilities, we view a reduction of its current leverage ratio as critical. By FY25, TPG wishes to improve its net debt / EBITDA ratio (excl. IFRS16 liabilities) to a 1.5-2.3x.

company note

Key Data

Company profile

CEO: Dr. Dominik Benner

CFO: Reinhard Hetkamp

Wiesbaden, Germany

The Platform Group AG (TPG) is a software specialist, which focuses on connecting small and medium retail enterprises (SMEs), operating in both B2C as well as B2B, to >50 online stores that are either owned by TPG or third parties.

Major shareholders

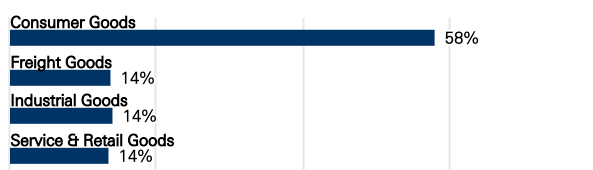
Benner Holding GmbH (70%), Paladin Asset Management (9.9%)

Key figures

P&L (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Sales	134	n.a.	172	28.5	464	170.1	512	10.2	578	12.9	624	7.9
Gross profit on sales	51	n.a.	48	-6.5	146	203.2	183	25.4	210	14.7	229	9.0
Gross margin (%)	38.4	n.a.	28.0	-27.2	31.4	12.3	35.7	13.8	36.3	1.6	36.6	0.9
EBITDA	2	n.a.	14	789.0	47	231.4	50	6.5	59	18.9	66	12.2
EBITDA margin (%)	1.2	n.a.	8.2	591.8	10.1	22.7	9.7	-3.4	10.2	5.3	10.7	3.9
EBIT	-1	n.a.	9	n.m.	39	326.7	41	4.3	48	17.5	54	13.2
EBIT margin (%)	-0.4	n.a.	5.3	n.m.	8.4	58.0	7.9	-5.4	8.2	4.0	8.7	4.9
Financial result	-1	n.a.	-0	78.9	-6	n.m.	-4	40.8	-2	46.6	-2	9.7
EBT	-2	n.a.	9	555.5	32	268.5	37	13.2	46	24.1	52	14.3
Taxes	-0	n.a.	1	447.3	-0	-144.0	4	n.m.	14	271.9	16	14.3
Tax rate (%)	12.2	n.a.	9.3	n.a.	-1.1	n.a.	10.0	n.a.	30.0	n.a.	30.0	n.a.
Net income	-2	n.a.	8	570.6	33	311.0	33	0.7	32	-3.5	36	14.3
Minority interests	0	n.a.	1	n.a.	1	-24.4	4	323.5	1	-72.5	1	-9.1
Net Income after minorities	-2	n.a.	7	497.0	32	373.1	29	-8.8	31	6.0	35	15.1
Number of shares outstanding (m)	6	n.a.	6	-0.8	17	180.9	20	15.1	20	0.0	20	0.0
EPS adj. (EUR)	-0.27	n.a.	1.10	500.3	1.48	34.8	1.46	-1.0	1.55	6.0	1.79	15.1
DPS (EUR)	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.
Dividend yield (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Cash Flow (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Gross Cash Flow	1	n.a.	-2	-260.8	22	n.m.	42	91.4	44	2.7	49	12.6
Increase in working capital	-15	n.a.	4	n.a.	82	n.a.	-3	n.a.	-3	n.a.	-7	n.a.
Capital expenditures	-18	n.a.	-1	94.2	-75	n.m.	-30	60.3	-34	-12.9	-37	-11.7
D+A/Capex (%)	-11.5	n.a.	-471.0	n.a.	-10.5	n.a.	-31.0	n.a.	-34.5	n.a.	-33.3	n.a.
Free cash flow (Metzler definition)	-2	n.a.	-7	-339.4	-135	n.m.	15	111.4	13	-15.0	19	43.6
Free cash flow yield (%)	-1.2	n.a.	-26.4	n.a.	-126.5	n.a.	10.3	n.a.	8.7	n.a.	12.6	n.a.
Dividend paid	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Free cash flow (post dividend)	-2	n.a.	-7	-339.4	-135	n.m.	15	111.4	13	-15.0	19	43.6
Balance sheet (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Assets	96	n.a.	84	-12.7	284	237.7	312	9.6	358	14.9	405	13.0
Goodwill	11	n.a.	16	44.7	44	167.0	51	17.0	60	16.3	69	15.4
Shareholders' equity	51	n.a.	47	-7.7	82	73.1	115	40.6	147	27.8	183	24.9
Equity/total assets (%)	53.0	n.a.	56.0	n.a.	28.7	n.a.	36.8	n.a.	40.9	n.a.	45.2	n.a.
Net Debt incl. Provisions	9	n.a.	22	144.3	72	224.0	96	34.1	63	-33.9	63	-0.2
thereof pension provisions	0	n.a.	2	429.5	3	55.8	4	16.1	4	12.9	4	7.9
Gearing (%)	17.7	n.a.	46.8	n.a.	87.6	n.a.	83.6	n.a.	43.2	n.a.	34.5	n.a.
Net debt/EBITDA	5.7	n.a.	1.6	n.a.	1.5	n.a.	1.9	n.a.	1.1	n.a.	1.0	n.a.

Structure

Sales by Division 2023



Sources: Bloomberg, Metzler Research

company note

Disclosures

Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			

Issuer/Financial Instrument (ISIN): The Platform Group (DE000A2QEFA1)					
26.08.2024	Buy	Buy	8.92 EUR	13.00 EUR	Dennl, Felix
03.06.2024	n.a.	Buy	8.92 EUR	13.00 EUR	Dennl, Felix

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

The Platform Group

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Valuations are based on standard and acknowledged methods of fundamental and technical analysis (e.g. DCF model, peer-group analysis, sum-of-the-parts model, relative-value analysis). The valuation models are affected by macro-economic values such as interest rates, exchange rates, commodities prices and economic performance, as well as by market sentiments. Detailed information on the valuation principles and methods used by Metzler and the assumptions on which they are based is available at www.metzler.com/disclaimer-capital-markets-en.

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BUY	The price of the analysed financial instrument is expected to rise in the next 12 months.
HOLD	The price of the analysed financial instrument is expected to largely remain stable in the next 12 months.
SELL	The price of the analysed financial instrument is expected to fall in the next 12 months.

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BUY	The analysed financial instrument is expected to perform better than similar financial instruments.
HOLD	The analysed financial instrument is not expected to perform significantly better or worse than similar financial instruments.
SELL	The analysed financial instrument is expected to perform worse than similar financial instruments.

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The quarterly quotation of the number of all investment recommendations given as “buy”, “hold”, “sell” or similar for the past 12 months as a proportion of the total number of investment recommendations made by Metzler and the quotation of the proportion of these categories relating to issuers to whom Metzler has provided services within the meaning of Annex I sections A and B of Regulation 2014/65/EU within the past 12 months can be accessed and downloaded at www.metzler.com/disclaimer-capital-markets-en.

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