wallstreet:online AG
Germany - Internet

HAUCK & AUFHÄUSER
PRIVATBANKIERS SEIT 1796

BUY

Price target: EUR 86.00 (initiation)

Price:	EUR 42.00	**Next result:**	H1'19: August
Bloomberg:	WSO1 GR	**Market cap:**	EUR 70.0 m
Reuters:	WSO1k.DE	**Enterprise Value:**	EUR 62.3 m

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Simon Bentlage
Analyst

Simon.Bentlage@ha-ib.de
Tel.: +49 40 4506 342 3096

The new star on Wall Street

As one of the **leading German-finance portals** boasting *the* largest financial community, **wallstreet:online ("WSO")** has up until now lived off advertising revenues and a **loyal user base** of wealthy, finance-savvy private investors, the great majority of which are currently invested in stocks. WSO **is extremely well positioned in this oligopolistic market**, which it has **also actively consolidated.** Network effects at play mean that the larger the audience, the more attractive one is for advertisers.

Armed with this **unique reach**, WSO is **singularly well positioned** to **add a distribution platform** for brokerage accounts and investment funds to its offering, in an effort to further **monetize its user base and diversify income streams**.

WSO recently received BaFin approval to take a ca. **30% stake in wallstreet:online capital ("WSOC")** with an option to fully consolidate the business in 2020E. WSOC happens to be the **owner of leading independent on-line broker FondsDiscount,de.**

Roughly **600k new online brokerage accounts** are opened yearly in Germany, where stiff competition has online banks fighting hard to add the incremental customer. **FondsDiscount.de not only offers investors brokerage accounts cheaper than** the odd online bank, but also the broadest asset class range to choose from, in return for a recurring commission stream on AuM. Unlike an online broker starting from scratch, WSO has customers lined up at its doorstep, leading **to lower customer acquisition costs and accelerating net adds.** The goal is to add 10k customers a year vs. the current run rate of 3k at WSOC standalone.

Conversely, integrating offers from FondsDiscount.de helps WSO **differentiate strongly from other finance websites** and hence **attract even more readers**, thereby completing the virtuous circle at play. Ultimately, WSO will add **more products** to its platform and might even build its **own online broker**, hence offering the **perfect one-stop-shop for private investors** and further broadening its reach. WSO also remains an **active consolidator in the German finance portal space**.

Pro forma for recent acquisitions and assuming full WSOC consolidation in 2020E, **sales look set to grow by 26.3% CAGR '18-21E** to € 23m, **EBIT by 20.6% into '18-21E**.

Our DCF yields a **PT of € 86 per share**. Including the **potential from the online broker**, **could add up to €14 per share to our PT**. Initiate with **BUY**.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	2.5	2.8	5.2	7.8	13.3	20.3	22.7
Sales growth	9 %	12 %	83 %	50 %	71 %	53 %	12 %
EBITDA	0.4	0.4	2.0	3.5	6.7	8.3	9.7
EBIT	0.1	0.2	1.9	3.4	6.6	8.2	9.6
Net income	0.1	0.2	1.8	3.2	4.2	5.3	6.2
Net debt	-1.1	-1.4	-3.3	-9.3	-7.7	-9.6	-16.3
Net gearing	-69.0 %	-79.0 %	-162.2 %	-47.9 %	-33.0 %	-33.4 %	-46.6 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.03	0.07	1.74	1.94	2.53	3.21	3.72
CPS	-0.09	0.03	3.23	1.73	2.54	2.98	4.01
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross profit margin	76.9 %	78.8 %	86.5 %	86.4 %	86.2 %	83.3 %	83.3 %
EBITDA margin	15.9 %	14.6 %	39.1 %	44.7 %	50.2 %	41.0 %	42.8 %
EBIT margin	3.0 %	6.4 %	36.4 %	43.8 %	49.4 %	40.5 %	42.2 %
ROCE	4.5 %	9.8 %	80.5 %	29.9 %	29.8 %	30.3 %	28.8 %
EV/sales	42.1	37.4	7.6	7.8	4.7	3.0	2.4
EV/EBITDA	265.7	255.9	19.5	17.5	9.3	7.2	5.5
EV/EBIT	1,383.5	582.1	21.0	17.8	9.5	7.3	5.6
PER	1,389.8	589.6	24.2	21.7	16.6	13.1	11.3
Adjusted FCF yield	0.1 %	0.2 %	4.5 %	5.9 %	7.4 %	9.7 %	12.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 31.05.2019

Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	47.60 / 23.50
Price/Book Ratio:	3.0
Relative performance (SDAX):	
3 months	-
6 months	-
12 months	-0.5 %

Changes in estimates

		Sales	EBIT	EPS
2019	*old:*	13.3	6.6	2.53
	Δ	-	-	-
2020	*old:*	20.3	8.2	3.21
	Δ	-	-	-
2021	*old:*	22.7	9.6	3.72
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	1.7
Authorised capital: (in € m)	-
Book value per share: (in €)	14.0
Ø trading volume: (12 months)	295,000

Major shareholders:

Andre Kolbinger	65.5 %
Free Float	30.1 %
Management	4.4 %

Company description:
Wallstreet:online operates financial portals with a total reach of more than three million unique users

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wallstreet:online in a nutshell

wallstreet:online AG ("WSO") was founded in 1998 by André Kolbinger. Ever since, it is operating wallstreet-online.de, **one of the leading financial portals in Germany** with the country's **largest finance community.**

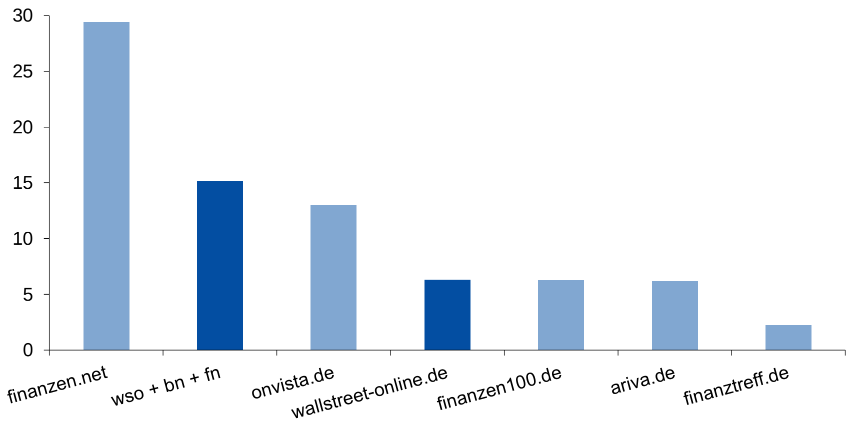
The website offers the **whole portfolio of content** ranging from real time stock quotes and analysis to forums for discussions and daily market news.

Revenues are generated through advertising.

WSO's **key asset in this regard is its homogenous readership and its community** consisting of wealthy, mostly male readers interested in the financial markets and actively trading financial instruments. Customers include large key accounts such as HSBC or comdirect but also international SMEs looking to gain access to German investors

Following the acquisition of Markets Inside Media GmbH (January 2018, owner of boersennews.de) and ABC New Media AG (February 2019, owner of finanznachrichten.de), WSO is now the **second largest financial portal in Germany** behind Axel Springer-owned finanzen.net with **15m total visits per month and over 117m monthly page impressions.**

Visits March 2019 (in m)



Source: MVI; company data; Hauck & Aufhäuser

To improve the monetization of its readership and **diversify its income structure**, WSO has begun to **transform its business into a distribution platform** for brokerage accounts and investment funds.

To do so, it recently acquired a c. **30% stake in wallstreet:online capital AG** ("WSOC") with an option to extend its stake to more than 50% in 2020E.

The publicly disclosed € 3m cash consideration for the stake imply a lofty valuation of 18x EBIT 2017E (eH&A), which however seems justified when considering the **promising synergies,** the transaction creates for both companies.

In our estimates we show full consolidation of WSOC as we expect an extension of the **stake to 60% in 2020E, which should cost ca. € 3m.**

An increase to 75% at the same price would cost another c € 1.5m, and add another € 2.90 per share to our PT of € 86 per share.

WSOC capital was founded in 2000 as part of the WSO group. In 2007 Axel Springer acquired 75.1% of the companies. Three years later WSO was sold back to André Kolbinger separately, while WSOC became independent through a management buyout.

In 2018 the company generated € 4.8m in sales and € 0.5m in EBT (10.4% margin).

Via the web portal FondsDiscount.de, WSOC acts as **independent online-only distributor of investment funds and private brokerage accounts** for banks such as comdirect, ebase or BNP.

This service specifically targets private investors and does not include any investment advice. It is therefore an **“execution-only” service.**

On the back of its online-only, **execution only** approach **WSOC does not have any costs for bank branches and advisors** and is able to **offer the investment funds at a discount**.

If a private investor is looking to invest in an investment fund, he or she would usually have to pay a so called “issue premium”, which is the front end load of the fund that is used to remunerate the advisor. **WSOC does not charge this premium**. Hence the investor can save up to 5% of the investment volume, which is the common premium in Germany.

In order to benefit from WSOC’s discount the investor needs to simply **open an account at one of WSOC’s partner banks via the website FondsDiscount.de**.

Once opened and funded, **WSOC collects an average annual commission of 0.24% of the customer’s account volume** from its partner banks for as long as the customer keeps the account.

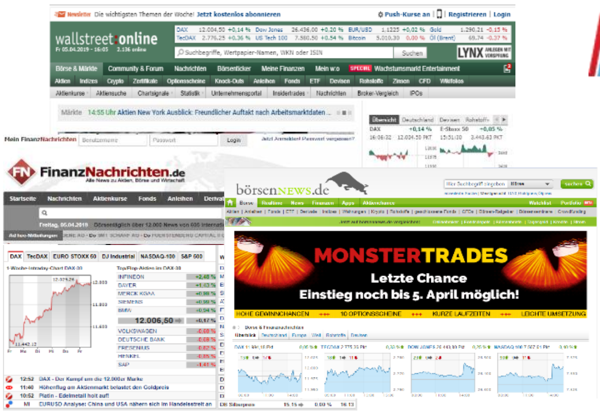
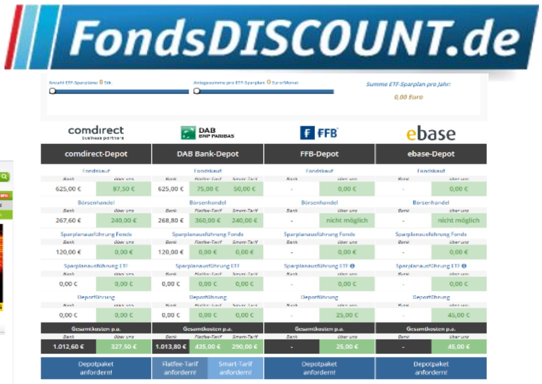
The average customer in WSOC’s portfolio has € 50k AuM and keeps the account for 15 years. These **recurring revenues make for 70% of total net sales**.

Apart from these recurring commissions, WSOC also receives **one-time sales commissions** on the brokerage of other financial products such as closed-end funds or Alternative Investment Funds (AIFs), accounting for **30% of total net sales**.

Standalone, WSOC lacks both the reach or the financial means to significantly accelerate the growth of its customer base.

Commission model of wallstreet:online capital

Source: Company data; Hauck & Aufhäuser

	wallstreet:online	wallstreet:online capital (ca. 30% stake)	Group*
Business model	wallstreet:online (WSO) operates **three online portals**: wallstreet-online.de, boersennews.de and finanznachtichten.de. **Revenues are generated via advertisement** on the platforms.	w:o capital capital (WSOC) operates as independent online **broker for investment funds and brokerage accounts**, generating revenues via **one-time sales commissions as well as recurring commissions.**	
Websites			
Sales 19E (€ m)	13.3	4.8	**18.1**
Sales share	74%	8%	
Market positions	**#2 finance portal**: 3m unique users 117m monthly page impressions	**Leading independent online broker:** 100k unique users 380k monthly page impressions 3000 brokered accounts p.a.	
Customers	International listed SMEs, key accounts such as HSBC or comdirect	Private investors. Partners: Online banks (comdirect, BNP, etc.) as well as crowd funding platforms and other issuers of investment funds.	
Competitors	finanzen.net, onvista, finanztreff.de, Finanzen100, ARIVA.DE The market for special interest websites in the field of the financial markets can be considered a **niche market with only few relevant players**.	AVL, direktfonds24, fonds-for-less.de, FONDSVERMITTLUNG24.DE, FONDS SUPERMARKT The independent brokerage of accounts and funds is a **fragmented market characterized by many small players**.	
EBIT 19E (€ m)	6.6	0.4	**7.0**
EBIT-margin	49%	9%	**39%**
ROCE 20E	na	na	**30%**

*Source: Company data; Hauck & Aufhäuser; * including 100% of WSOC sales and EBIT*

Competitive Quality

- Highly recognised **user content differentiates WSO** from other portals, which explains its **consistent reach and market-leading engagement levels**
- **Critical mass, the breadth of the offering and relative marketing power** underpin the competitive quality of WSOC
- **High returns and revenue stream diversification** underpin strong business quality

wallstreet:online

With its focus on financial topics and private traders WSO is operating in an **advertising niche market** that contains only **few relevant competitors with the scale and content to attract advertising customers**.

High setup costs especially for the real time stock quotes, which require more than 14bn calculations per page, provide **compelling entry barriers** for potential new players.

Highly recognised user content and a large, active user base…

Within this niche **WSO successfully differentiates from other companies by the content it delivers**.

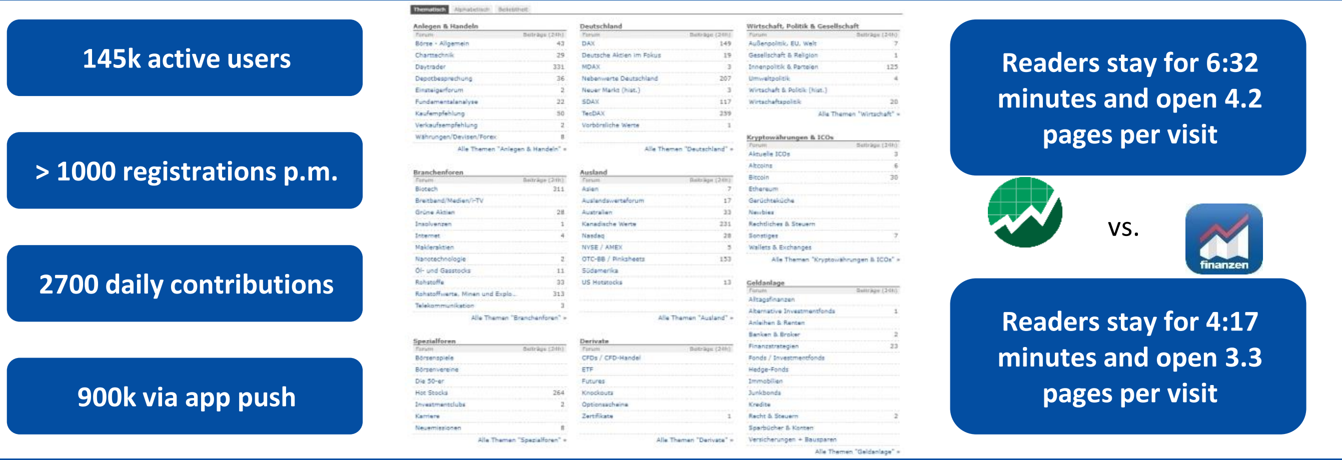
While competitors also offer stock quotes and daily news, **WSO stands out with its extensive community and chat forums**, which cover 100 different topics in **over a million user generated articles**.

The latter are **key to retaining readers engaged with the website**, and seen to be the driver of WSO's market-leading engagement KPIs.

In fact, the community, has **ca. 480k registered users, a high 145k of which are active adding more than 2700 new contributions each day,** thereby further increasing the content and appeal of the website.

The only other website with a comparable forum is ariva.de, owned by publicly-listed EQS Group AG.

Stickiness of readership due to wallstreet:online.de community



Source: Company data; similarweb.de; Hauck & Aufhäuser

…translate into high quality reach, forming the basis for a successful advertising model.

This differentiation is valued by **3m readers with a very specific and homogeneous profile**.

The typical reader is a mid-aged male with high interest in the financial markets and a **tendency to take investment decisions independently**.

In fact, 73% of the readers handle their investments by themselves, which means **they are likely to have an own brokerage account**.

At the same time, the **community creates high stickiness** amongst WSO's readership.

At WSO readers remain on the website for 6.32 minutes and open four pages per visit, while readers of finanzen.net, which does not have a proprietary forum, stay for only 4.17 minutes and open three pages per visit.

Therefore, WSO offers a **highly attractive readership to its financial advertising customers**.

To make its portfolio even more attractive WSO acquired the operator of boersennews.de in January 2018 (MIM) and Finanznachrichten.de in February 2019 (ABC), which gives advertisers the opportunity to run their campaigns across multiple portals.

We estimate WSO to have paid 4x EBIT for MIM and 10x EBIT for ABC based on estimated 2018 figures.

WSO has built a reputable customer base including **long lasting relationships with almost all large German financial institutions** such as HSBC and Commerzbank, illustrating that its offerings are well perceived and create measurable ROI for its advertising clients.

Wallstreet:online successfully differentiates from other portals

Website	Description	Total visits (in m)	Page impressions (in m)	Forum	Online brokerage
finanzen.net	finanzen.net is the most renowned financial website in Germany. Its market position rests on its **broad range of content** as well as its strong **owner Axel Springer**, an advertising heavyweight.	29.4	194	No*	Yes, cooperation with onvistabank
wallstreet:online FinanzNachrichten.de börsenNEWS.de	Wallstreet online **differentiates via its community** but also the **focus on trader specific content** such as crypto currencies and social trading. Via its subsidiaries wallstreet:online also offers its advertising customers the portals finanznachrichten.de and boersennews.de. Finanznachrichten is very clearly structured and focuses on company and market news, while Börsennews offers an attractive mobile app.	15.2	117	Very active ✓	Rudimentary, via FondsDiscount [✓]
onvista	Onvista is **owned by comdirect** and hence offers also brokerage via onvistabank. The website itself is state of the art and includes all important features like news and stock data. Onvista's **advertising portfolio includes other leisure websites** such as freerider.de.	13.0	73	No*	Yes, via onvistabank
Finanzen100	Finanzen 100 is **owned by FOCUS online**. It offers all standard services and **differentiates with its Top100 lists ranking stocks according to a number of different metrics**.	6.2	51	No	No
ARIVA.DE	Similar to w:o, ariva has a **well attended chat forum**. Further the content includes stock data and news. Ariva is majority owned by EQS Group AG, a listed company with a strong investor relations offering. Aside from advertising Ariva also offers other products such as regulatory services to banks.	6.1	47	Very active	No
finanztreff.de:	finanztreff is similar to finanzen.net, however offers **less features**. It is **owned by Börsenmedien AG**, which also publishes the finance magazine DER AKTIONÄR.	2.2	14	No	No

*Source: MVI; similarweb.de; Company data; Hauck & Aufhäuser; * uses Ariva's forum but does not have a proprietary forum*

wallstreet:online capital / FondsDiscount.de

The competitive quality of WSOC rests on **the win-win situation its platform creates for investors and banks**:

- For i**nvestors**, value is added in the form of an easy-to-use online comparison of funds but especially through **discounts on brokerage account fees investment products fees, such as the typical front end load of investment funds**. Instead of buying a fund directly from one of the depot banks, an investor might save up to 5% on the investment volume, i.e. the entire issue premium, by choosing to buy via FondsDiscount.de.

- **Banks get a chance to cheaply acquire new customers** as all processes such as KYC and inbound requests regarding the opening of the account are provided by FondsDiscount.de. Note, while direct banks often times offer no personal service or only call center service, customers of WSOC enjoy the support of individually assigned customer service agents.

While this value-add for investors should clearly set WSOC apart from online banks, differentiation between the many existing discounters is less obvious.

It comes down to three critical factors, in our view:

1. Critical mass

Founded in 2000, **WSOC is among the early movers in the area of online discount investment fund brokerage**. Up until fiscal year end 2018, it has built a portfolio of 18k customers with a total brokerage volume of € 811m. According to management, that figure is **now closer to € 950m**. WSOC receives a recurring average annual commission of 0.24% on the AuM generating revenues of ca. € 2.3m p.a. (FY 2018 figure), i.e. 70% of total net sales.

While not being large with deep pockets, it has nevertheless reached a certain critical mass, **necessary to profitably operate the business and to attract both partner banks and customers**, which is also visible in the high number of funds offered at a discount.

While FondsDiscount.de works with all relevant banks and offers over 20k funds at a discount, i.e. nearly all available funds in the German market, most competitors provide less than 10k funds and smaller competitors mostly have access to the offer of only one or two partner banks.

For **customers this means they have double the choice**, i.e. a higher likelihood of finding the right fund and bank for them.

FondsDiscount.de among the market leaders

Company	Customers	AuM	New accounts p.a.	Gross Commissions	own §32 License	# Funds
FondsDISCOUNT.de	> 20k	> € 950m	3,000	€ 4.6m	Yes	20,457
FONDSVERMITTLUNG24.DE	16k	€ 350m	2,400[1]	€ 1.1m	No	9,500
FONDS SUPERMARKT	8.5k	€ 156m	1,400	na	No	7,000
4 free	2k	< € 100m	500[1]	€ 0.3m	No	8,500
AVL	35k [2]	na	na	na	No	23,000

Source: www.bundesanzeiger.de; company data; Hauck & Aufhäuser; all data latest available 1. eH&A; 2. Includes also insurance customers

2. §32 BaFin license

A factor besides the early mover advantage that should have helped WSOC to build its scale is its **§ 32 BaFin license**.

To conduct the brokerage of investment products the German regulator foresees two possibilities. The first one is the so called §34f license, which allows the advisor the brokerage of accounts as well as funds.

The second one is the more stringent §32 license. WSOC is currently the **only discount broker with a §32 BaFin license**.

This license enables the holder to not only broker funds and accounts but also to **receive one time sales commissions, of almost 2.5%,** on other products such as material funds or crowd investments.

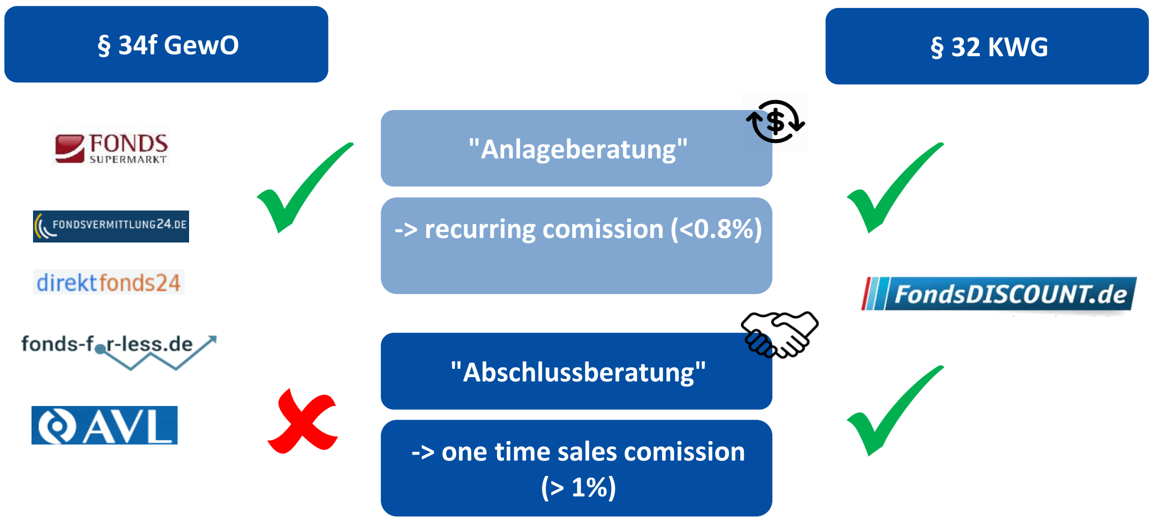
Importantly, while the recurring commissions of the brokerage business return the customer acquisition costs of ca. € 150 only after 1-2 two years, the one-time sales commissions are paid instantly and effectively allowed WSOC thus far to fund the growth of its brokerage business.

The §32 BaFin license in other words provided WSOC with the financial means to **roll-out its funds portfolio quicker than a non- license holder or §34f license holder could** do.

In order to receive this license, the applicant has to undergo **close scrutiny by the regulator**, which might take up to 18 months. In addition, license holders are obliged to build an audit and compliance department, meaning it is not manageable to sustain for smaller players.

Therefore, we see this an **effective entry barrier for new online players** and a **clear differentiation to competitors**.

Differentiating through the §32 BaFin license



Source: Company data; Hauck & Aufhäuser

3. Marketing power: the reach of WSO will be crucial to boosting visibility

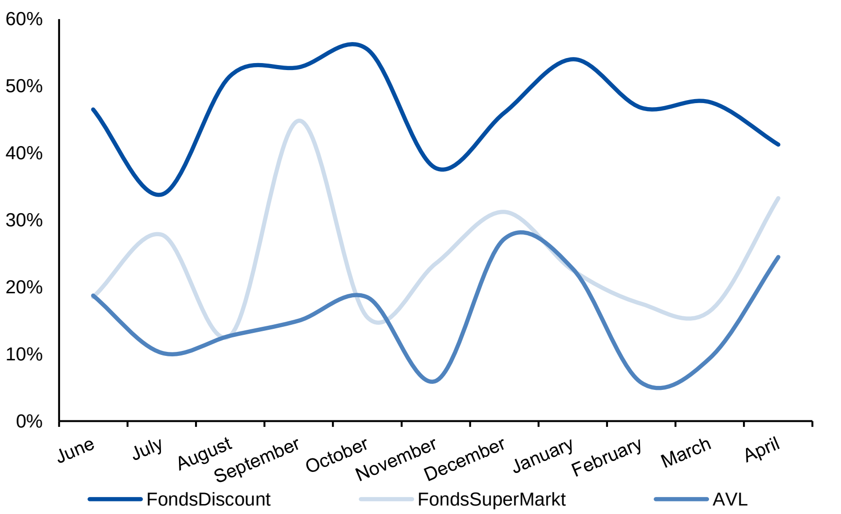
Thus far WSOC had an annual marketing budget of some € 250k, which it purely spent on search engine ads.

This already **led to decent recognition** when using the number of direct Google searches for the keyword "FondsDiscount" as a proxy for popularity.

The percentage values in the graph below show the number of searches for a keyword in a given timeframe as a share of the highest ever number of searches for this keyword over an equal period of time.

While the monthly number of direct Google searches for the keyword "FondsDiscount" are still at 40-50% of its all-time peak, the popularity of "FondsSuperMarkt", one of WSOC's closest rivals, hovers between only 20-30%.

Higher active Google search



Source: Google, Hauck & Aufhäuser

Going forward, WSOC plans to more than double its **budget** and also **use other efficient channels such as affiliate marketing or social marketing**.

Most importantly however, WSO as a large strategic shareholder will not only provide strong marketing expertise but it will , **also add the power of its reach to a very relevant customer group**, by providing ad space on its own website and actively integrating the FondsDiscount.de offer, for a small undisclosed price.

No other discount broker seems to have such capabilities. Hence through the acquisition a **unique combination** is being established clearly differentiating WSOC from its competitors.

Conversely, the **direct offering of funds on the WSO website** should be a clear differentiation from other financial portals and **hence is expected to attract more readers to WSO, thereby completing the virtuous circle.**

The combination of WSO and WSOC, in a nutshell, unleashes a unique circle of synergies whereby the reach of WSO attracts customers to the brokerage offering of WSOC and the attractive brokerage offering attracts more readers to the websites of WSO, thereby boosting ad revenues.

Improving business quality ahead

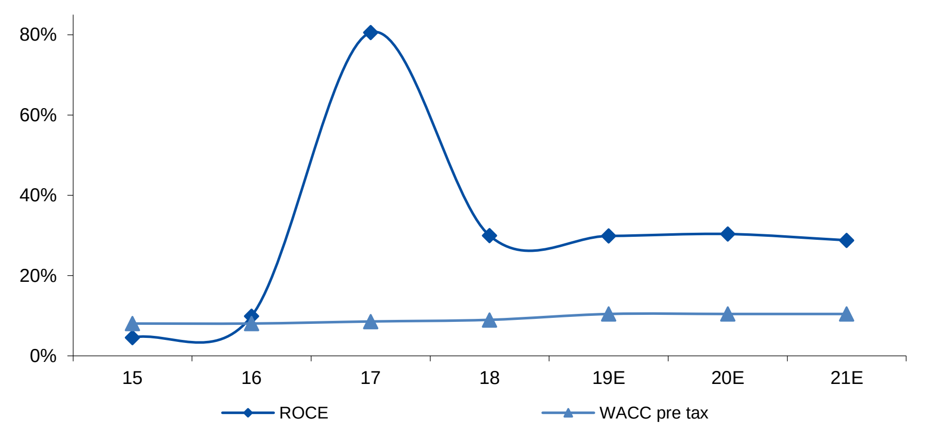
Returns

Thanks to growing scale, WSO's **profitability increased significantly in the past two years**.

While sales increased by 83%yoy and EBIT more than doubled, the **asset base remained at low levels** leading returns to jump above 80% in 2017. This normalized in 2018 when capital employed increased on the back of the acquisition of Markets Inside Media and a € 5.9m capital increase.

Going forward, we expect the company to **generate ROCEs of well above 20% and clearly ahead of the pre-tax weighted average cost of capital of 10.5%** driven by over proportionate EBIT growth on the back of further profitable revenue growth and synergies with the recently acquired companies such as bundled data import and improved pricing as described later.

Returns



Source: Company data; Hauck & Aufhäuser

Diversification of revenue streams assuming full consolidation of WSOC

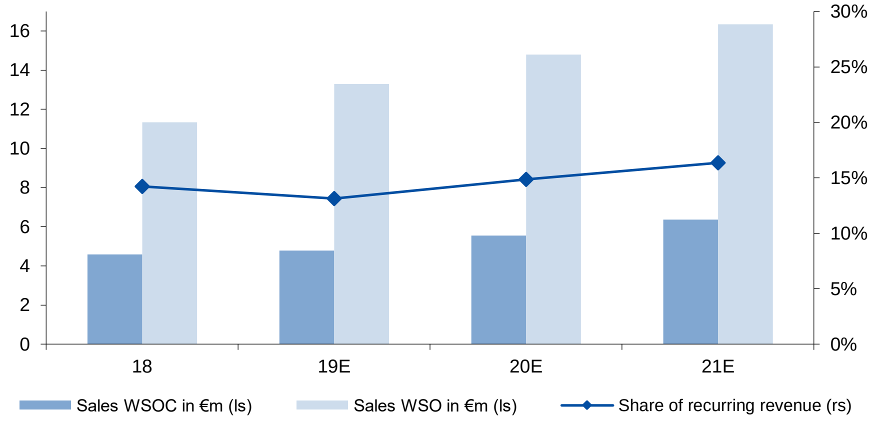
Advertising revenues today account for the bulk of WSO's topline. While the advertising business should be inherently cyclical and somewhat dependent on the financial industry, i.e. 60% of customers, the acquisition of **WSOC should clearly be mitigating this exposure**.

Assuming that WSO exercises its option to acquire an additional stake in WSOC in 2020E, we expect WSOC to contribute 27% of WSO's consolidated revenues.

Especially valuable in this regard should be the **high share of 70% recurring revenue** at WSOC, which is **seen to rise to 77% by 2021E**.

The graph below shows that **full consolidation of WSOC would lead to 16% share of recurring revenue by 2021E** for the group vs. close to zero at WSO today.

Share of recurring revenues on the rise



Source: Company data; Hauck & Aufhäuser, pro forma for full consolidation of WSOC, for better comparability

Growth

- **Top-line CAGR of 26% CAGR** and **EBIT CAGR of 21% CAGR** until 2021E, assuming full consolidation of WSOC in 2020E
- **WSO: top line CAGR of 13% into 2021E,** with an increased reach allowing the company to capture more advertising dollars and further outperform market growth. **EBIT CAGR of 16% until 20201E,** given solid scalability
- **WSOC**: **top-line CAGR of 12 % CAGR until 2021E,** driven by the increasing reach via WSO and higher marketing spend. **EBIT should grow by 47% CAGR** until 2021E, given the strong scalability of the commission model.

NOTE: Our projections assume that WSOC is fully consolidated by 2020E.

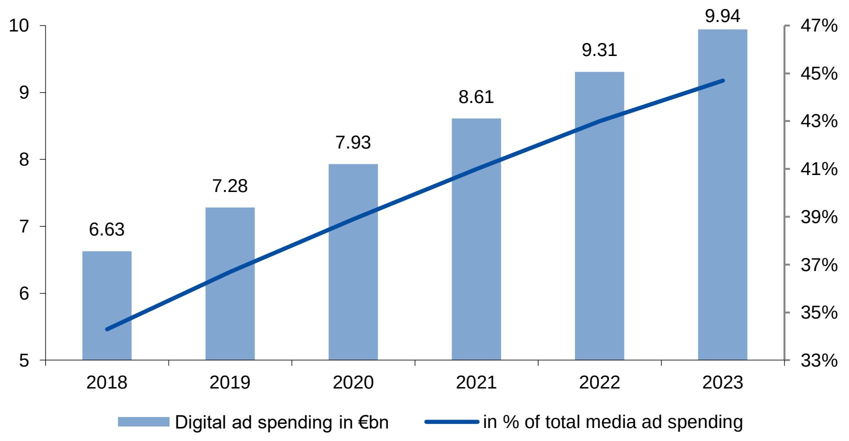
Market growth

According to eMarketer, the total German ad spend is forecasted to grow by 2.8% CAGR to a total of € 22bn 2023E.

More importantly, thanks to the higher efficiency through targeting, the **digital advertising market should be growing much faster at 8.4% CAGR** until 2023E.

The share of digital advertising is currently at 34% of total advertising and is seen to rise to 45% in 2023E.

Digital advertising market Germany



Source: eMarketer (Feb 2019); Hauck & Aufhäuser

One of the biggest drivers for the growing digital ad spending is **mobile advertisement** as users increasingly rely on mobile devices instead of desktops.

With the acquisition of börsennews, which has one of the most highly perceived financial apps in Germany with over 900k users reachable via app push, we see **WSO well positioned to benefit from this trend**.

Top line growth wallstreet:online

Over the past two years WSO's **revenues increased by more than threefold** from € 2.8m in 2016 to € 7.8m in 2018. This impressive performance rests on **two pillars:**

- **Capital markets communication** by investor relation agencies, which **represent smaller mostly North American corporates looking to advertise their shares to German investors**. These customers usually write their own articles, which are then published as lead articles on wallstreet:online.de. The whole **process is highly automated making it very efficient and profitable**.

- **Real Time Bidding (RTB):** WSO implemented RTB advertising in 2018, which efficiently provides access to a large number of advertisers as ad space is auctioned via external platforms.

Going forward, we expect WSO to also **implement these two measures at the recently acquired portals**.

While boersennews.de should already have a good capital markets communication customer base and is expected to benefit mainly from the implementation of RTB, finanznachrichten looks set to capture both of these opportunities.

The acquisitions also significantly increased WSO's reach and more importantly provide the **opportunity to offer not just one website but a combination of different websites** as well as **mobile and desktop advertising** to its customers.

Together this should not only **attract new customers but also lead to improved pricing among existing customers**.

Worth noting, thanks to high demand and increasing reach, WSO has been able to double advertising prices over the past two years.

Against this backdrop, **we expect organic top-line growth of 13% CAGR to € 16.4m until 2021E, thus strongly outperforming the market.**

The graph below illustrates our estimates for the single entities.

wallstreet:online: Revenue growth 2019-2021E

in €m	2018E*	2019E	2020E	2021E	CAGR 18-21E
wallstreet:online AG (wallstreet-online.de)	**7.8**	**8.5**	**9.3**	**10.0**	**9%**
yoy		9%	9%	8%	
in % of group	69%	64%	45%	44%	
Markets Inside Media GmbH (boersennews.de)	**2.9**	**3.4**	**3.9**	**4.4**	**15%**
yoy		15%	15%	14%	
in % of group	26%	25%	19%	19%	
ABC News Media AG (finanznachrichten.de)	**0.7**	**1.5**	**1.7**	**2.0**	**44%**
yoy		121%	17%	15%	
in % of group	6%	11%	8%	9%	
Advertising business	**11.3**	**13.3**	**14.8**	**16.4**	**13%**
yoy		17%	11%	10%	
in % of group	100%	100%	73%	72%	

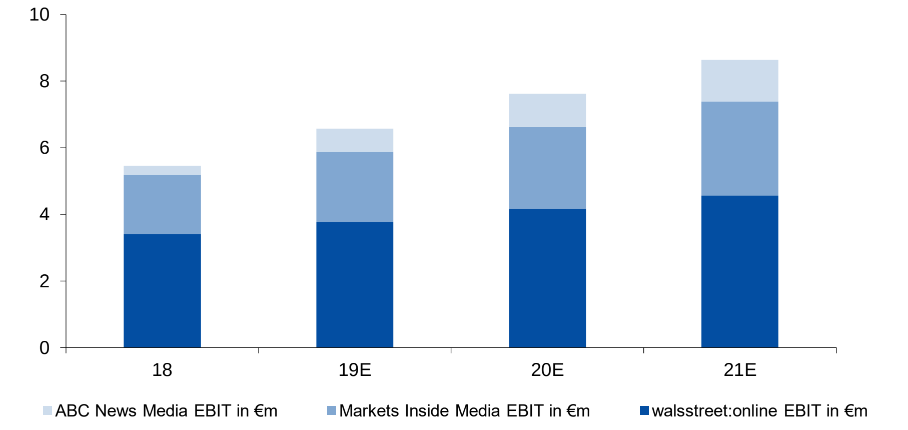
*Source: Company data; Hauck & Aufhäuser estimates; * pro forma*

EBIT growth wallstreet:online

We see EBIT to **organically grow by an over proportional 16% CAGR until 2021**. This should be especially driven by **capturing synergies** between the recently acquired companies as well as scale effects.

Thanks to the **bundling of sales and marketing expenses as well as data import at WSO**, the margin of Markets Inside Media was already lifted from 50% in 2017 to 61% in 2018. Similarly, we expect ABC News Media to benefit from these effects in 2019E and 2020E, driving its margin up to 64%.

EBIT growth advertising business

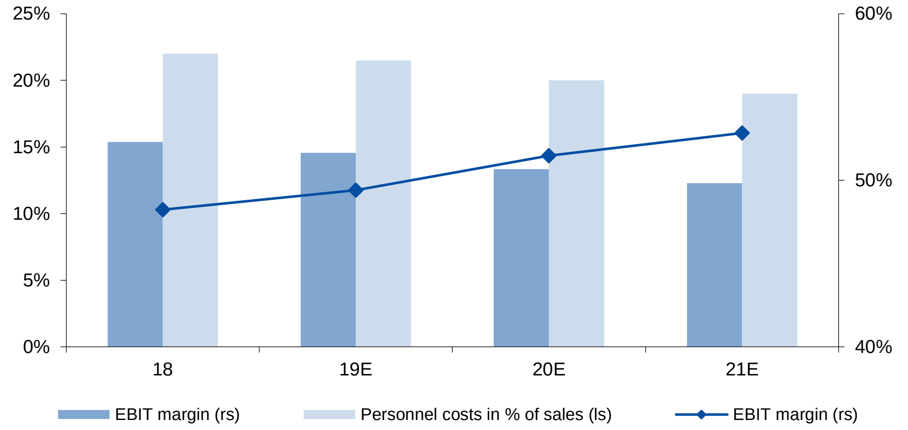


Source: Company data; Hauck & Aufhäuser

In sum, the **personnel cost base as well as operating expenses seem to remain at somewhat steady absolute levels**, while the increased reach of the combined portals is expected to attract more advertising customers driving dynamic sales growth.

Personel costs in % of sales are therefore seen to **decline from 22% in 2018 to 19%** in 2021. At the same time, **other operating expenses** look set to decrease from **15% to 12%** of sales.

Cost base and leverage



Source: Company data; Hauck & Aufhäuser

On the back of these effects **EBIT margin should increase from 48% in 2018 to 53% in 2021E**, which equals an EBIT **CAGR of 16%**. Here are our estimates:

wallstreet:online: EBIT growth 2019-2021E					
in €m	2018E*	2019E	2020E	2021E	CAGR 18-21E
wallstreet:online AG (wallstreet-online.de)	**3.4**	**3.8**	**4.2**	**4.6**	**10%**
yoy		11%	11%	10%	
in % of group	62%	57%	51%	48%	
EBIT margin	44%	44%	45%	46%	
Markets Inside Media GmbH (boersennews.de)	**1.8**	**2.1**	**2.5**	**2.8**	**17%**
yoy		18%	17%	15%	
in % of group	33%	32%	30%	29%	
EBIT margin	61%	63%	64%	64%	
ABC News Media AG (finanznachrichten.de)	**0.3**	**0.7**	**1.0**	**1.3**	**64%**
yoy		147%	43%	25%	
in % of group	5%	11%	12%	13%	
EBIT margin	43%	48%	59%	64%	
Advertising business	**5.5**	**6.6**	**7.6**	**8.6**	**16%**
yoy		20%	16%	13%	
in % of group	100%	100%	93%	90%	
EBIT margin	48%	49%	51%	53%	

*Source: Company data; Hauck & Aufhäuser estimates; *pro forma*

Growth wallstreet:online capital

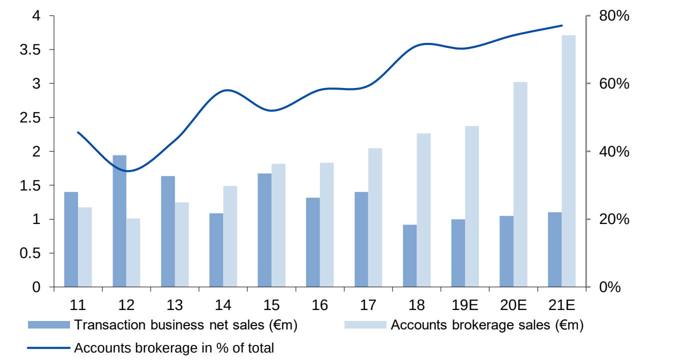
Due to improving transparency on the back of government regulations and online comparison tools, **investors are becoming more and more price sensitive** and tend to **switch their brokerage accounts to online providers more often than in the past**.

In Germany a total of **600k online brokerage accounts is seen to be opened each year**.

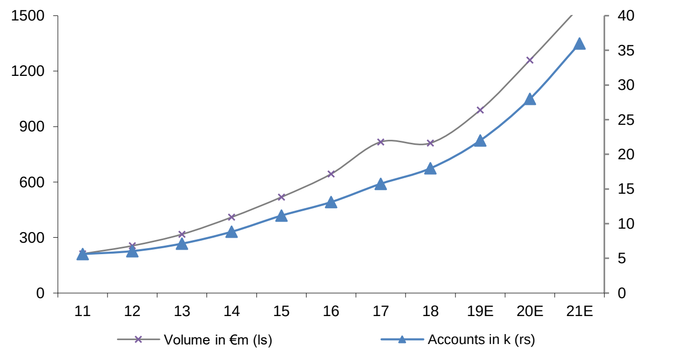
To benefit from this trend WSOC shifted in 2015 its **focus towards the distribution of funds and brokerage accounts** and away from closed end funds, carrying a one-time sales commission (*transaction business*).

While this left its mark on the one-time sales commissions generated by the transaction business, the **number of accounts as well as the AuM in the brokerage business have been steadily growing since.**

Sales growth WOC



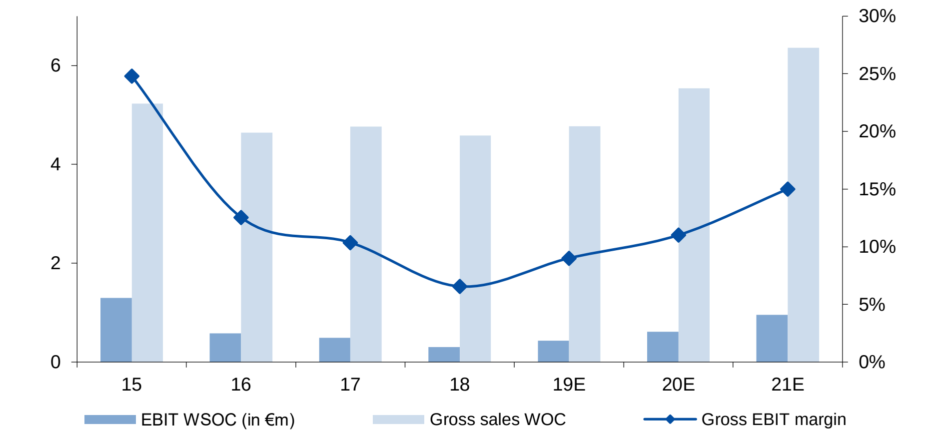
Brokerage accounts and volume



Source: Company data; Hauck & Aufhäuser

To execute this switch the company invested into personnel, compliance as well as marketing in an effort to develop the website and build recognition amongst customers, which has burdened EBIT.

Sales and earnings development at WSOC



Source: Company data; Hauck & Aufhäuser

However, WSOC is seen to have reached an **inflection point** as the **largest part of investments should be made by now** and the recurring sales from the distribution of brokerage accounts already reached some 70% of total net sales.

Moreover, **WSOC should benefit from the marketing expertise and the reach of WSO**, going forward making it overall less onerous to acquire new customers

With this marketing boost the company targets to place roughly 10k brokerage accounts per year vs. currently 3k.

In the accounts brokerage business, our estimates conservatively reflect a ramp up of annual net adds, reaching 10k in 2022E from 4k net adds in 2019E. We assume a 0.24% commission on AuM.

We expect the **marketing boost through WSO to also carry over to the transaction business**. Hence we estimate the transaction volume to grow by 5% going forward, while the average net commission of 2.5% should remain stable.

EBIT looks set to rise at 47% CAGR to € 1m by 2021E with margins back at 2013 levels, above 15%.

The table below illustrates our estimates. Note, the calculated brokerage commission of 0.28% in 2018 was above the usual average of 0.24% as markets slumped in late 2018 causing the AuM at the due date to be lower than the annual mean.

wallstreet:online capital: Growth 2019-2021E

in €m	2018E*	2019E	2020E	2021E	CAGR 18-21E
Accounts Brokerage business					
Brokerage accounts (k)	18	22	28	36	
yoy		22%	27%	29%	
Average account volume (k)	45	45	45	43	
Total account volume	811	989	1,259	1,547	
Average comission	0.28%	0.24%	0.24%	0.24%	
Recurring commission sales	**2.3**	**2.4**	**3.0**	**3.7**	**18%**
yoy		5%	27%	23%	
Transaction business					
Transaction volume	35	40	42	44	
yoy		14%	5%	5%	
One-time commission gross sales	**2.2**	**2.4**	**2.5**	**2.6**	
Comission costs	1.2	1.4	1.5	1.5	
Average net commission	2.6%	2.5%	2.5%	2.5%	
One-time comission net sales	**0.9**	**1.0**	**1.1**	**1.1**	**6%**
yoy		9%	5%	5%	
Total sales	**4.6**	**4.8**	**5.5**	**6.4**	**12%**
yoy		4%	16%	15%	
EBIT	**0.3**	**0.4**	**0.6**	**1.0**	**47%**
yoy		43%	42%	56%	
EBIT margin	7%	9%	11%	15%	

Source: Company data; Hauck & Aufhäuser

Group estimates

In our consolidated estimates, we are consolidating Markets Inside Media and ABC News Media. The ca. 30% stake in WSOC is accounted for at equity in 2019E. As we are expecting WSO to extend its stake to 60%, we are fully consolidating WSOC from 2020E on, with corresponding minority interests.

Note, due a normalizing tax rate at 30% and minorities from WSOC, EPS growth is below EBIT growth at 15% CAGR '18-21E.

wallstreet:online: Growth 2019-2021E

in €m	2018E*	2019E	2020E	2021E	CAGR 18-21E
Sales	**11.3**	**13.3**	**20.3**	**22.7**	**26.3%**
yoy		18%	53%	12%	
EBIT	**5.5**	**6.6**	**8.2**	**9.6**	**20.6%**
yoy		20%	25%	17%	
EBIT margin	48%	49%	40%	42%	
EBT	**5.2**	**6.3**	**7.9**	**9.2**	**21.1%**
yoy		22%	25%	17%	
EBT margin	46%	48%	39%	41%	
EPS	**2.45**	**2.53**	**3.21**	**3.72**	**15.0%**
yoy		3%	27%	16%	

Source: Company data; Hauck & Aufhäuser

Valuation

Upside potential

- DCF implies a **PT of € 86, which yields a 105% upside to current levels**
- FCFY model confirms **attractive valuation with a fair value per share of € 62, not adequately reflecting though the growth ahead**

The valuation of WSO yields significant upside potential as the ample **growth opportunities resulting from the latest acquisitions and the transformation towards a distribution platform seem not yet fully reflected in the share price**.

Our **DCF model points to a fair value of € 86 per share**, implying **some 105% upside to current levels**. Here are the key assumptions of our model:

Terminal EBIT margin: 53%. In comparison, WSO achieved an EBIT margin of 48% in 2018, and is seen to benefit from synergies and scale going forward.

Long term growth: 2%.

WACC: 8% based on 5% equity risk premium, 2% risk free rate and a beta of 1.2, as well as cost of borrowing of 4%.

Note, to justify current valuation, we would have to model a 20% terminal year EBIT margin.

DCF (EUR m) (except per share data and beta)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	Terminal value
NOPAT	4.4	5.6	6.4	7.3	8.2	9.0	9.7	10.4	11.5
Depreciation	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Increase/decrease in working capital	-0.2	-0.5	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Increase/decrease in long-term provisions and accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Acquisitions	-5.8	-3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	**-1.6**	**2.0**	**6.7**	**7.2**	**8.1**	**8.9**	**9.7**	**10.3**	**11.4**
Present value	-1.5	1.8	5.5	5.5	5.7	5.8	5.8	5.8	100.4
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

DCF per share derived from	
Total present value	135
thereof terminal value	75%
Net debt (net cash) at start of year	-9
Financial assets	0.0
Provisions and off balance sheet debt	1
Equity value	143
No. of shares outstanding	1.7
Discounted cash flow per share	**86.0**
upside/(downside)	**105%**
Share price	**42.00**

DCF avg. growth and earnings assumptions	
Short term growth (2018-2021)	43.0%
Medium term growth (2021 - 2026)	8.1%
Long term growth (2026 - infinity)	2.0%
Terminal year EBIT margin	53.0%

WACC derived from	
Cost of borrowings before taxes	4.0%
Tax rate	30.0%
Cost of borrowings after taxes	2.8%
Required return on invested capital	8.0%
Risk premium	5.0%
Risk-free rate	2.0%
Beta	120.0%

Sensitivity analysis DCF

WACC \ Long term growth	1.0%	1.5%	2.0%	2.5%	3.0%
10.0%	59.8	61.9	64.4	67.2	70.3
9.0%	67.1	70.1	73.5	77.4	82.0
8.0%	76.9	81.1	86.0	91.8	98.8
7.0%	90.4	96.6	104.1	113.2	124.6
6.0%	109.8	119.6	131.9	147.6	168.7

Sensitivity analysis DCF

WACC \ EBIT margin terminal year	51.0%	52.0%	53.0%	54.0%	55.0%
10.0%	62.7	63.5	64.4	65.2	66.0
9.0%	71.4	72.5	73.5	74.5	75.5
8.0%	83.4	84.7	86.0	87.3	88.6
7.0%	100.7	102.4	104.1	105.8	107.5
6.0%	127.3	129.6	131.9	134.2	136.5

Source: Hauck & Aufhäuser

Our FCFY valuation derives a **PT of € 62**, when looking at 2021E estimates.

As this model is rather reflecting a steady state scenario, not accounting for WSO's long term potential, it seems more sensible to value the company with a DCF model. Still, we show our FCFY analysis for reference.

The main driver of this model is the level of return available to a controlling investor influenced by the cost of that investor's capital (opportunity costs) and the purchase price – the enterprise value of the company.

Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capital expenditures).

Put simply, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after tax return equals the model's hurdle rate of 7.5%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

FCF yield, year end Dec. 31	2018	2019E	2020E	2021E
EBITDA	**3.5**	**6.7**	**8.3**	**9.7**
- Maintenance capex	0.1	0.1	0.1	0.1
- Minorities	0.0	0.2	0.2	0.3
- tax expenses	0.4	1.9	2.4	2.8
= Adjusted Free Cash Flow	**3.0**	**4.5**	**5.7**	**6.6**
Actual Market Cap	**70.0**	**70.0**	**70.0**	**70.0**
+ Net debt (cash)	-9.3	-7.7	-9.6	-16.3
+ Pension provisions	0.0	0.0	0.0	0.0
+ Off balance sheet financing	0.0	0.0	0.0	0.0
+ Adjustments prepayments	0.0	0.0	0.0	0.0
- Financial assets	-10.0	0.0	0.0	0.0
- Dividend payment	0.0	0.0	0.0	0.0
EV Reconciliations	*-19.2*	*-7.7*	*-9.6*	*-16.3*
= Actual EV'	**50.7**	**62.3**	**60.3**	**53.6**
Adjusted Free Cash Flow yield	**5.9%**	**7.2%**	**9.4%**	**12.2%**
Sales	**7.8**	**13.3**	**20.3**	**22.7**
Actual EV/sales	6.5x	4.7x	3.0x	2.4x
Hurdle rate	7.5%	7.5%	7.5%	7.5%
FCF margin	38.3%	33.6%	28.0%	28.9%
Fair EV/sales	5.1x	4.5x	3.7x	3.8x
Fair EV	**39.7**	**59.5**	**76.0**	**87.4**
- EV Reconciliations	*-19.2*	*-7.7*	*-9.6*	*-16.3*
Fair Market Cap	**58.9**	**67.2**	**85.6**	**103.7**
No. of shares (million)	1.7	1.7	1.7	1.7
Fair value per share	**35.4**	**40.3**	**51.4**	**62.3**
Premium (-) / discount (+) in %	**-15.8%**	**-4.0%**	**22.3%**	**48.3%**

Sensitivity analysis fair value					
Hurdle rate	7.5%	35.4	40.3	51.4	62.3
	10.0%	29.4	31.4	40.0	49.2
	12.5%	25.8	26.0	33.1	41.3
	15.0%	23.5	22.5	28.6	36.0

Source: Hauck & Aufhäuser

Theme

- Positive news flow ahead: **guidance conservative**
- **Evolving to an online broker** posing upside risk to our estimates
- Potential to **boost the reach of the platform with further M&A**

Guidance looks conservative

As WSO does not report quarterly, we expect H1 figures, due in August, to provide investors with a first sign of confidence for the company to reach its FY targets of sales between € 10-12m and EBT in the range of € 5.7-7m (eH&A sales € 13.3m, EBT € 6.3m). Given the wide range of the targets a specification to the upper end seems likely to us.

Note, 2018 figures do not include recent acquisitions or WSOC. Organic growth for WSO is expected to be at some 9% yoy on the top line and 11% yoy on EBIT, in-line with our full year estimates for WSO stand alone..

wallstreet:online AG	H1 2019 est	H1 2018	yoy	FY 2019 est	FY 2018	yoy
Sales	**6.0**	**4.0**	48.4%	**13.3**	**11.3**	17.9%
EBT	**3.8**	**1.6**	130.2%	**6.3**	**5.2**	21.5%
EBT margin	*63.1%*	*40.7%*	*+ 22.4 pp*	*47.5%*	*46.1%*	*+ 1.4 pp*
Net Profit	**2.0**	**1.6**	27.2%	**4.4**	**4.1**	8.5%
Net margin	*33.1%*	*38.6%*	*- 5.5 pp*	*33.3%*	*36.1%*	*- 2.9 pp*
EPS	**1.19**	**1.52**	-21.9%	**2.53**	**2.45**	3.3%

Source: Company data; Hauck & Aufhäuser

Increase of stake in WSOC provides upside to our PT

In our current model we are reflecting a 60% stake in WSOC. In case WSO acquires a greater share, our PT would go up.

A sensitivity analysis, assuming the same conditions to extend the stake would **add up to € 7.7 per share, i.e. some 9% to our current PT**, bringing the overall valuation potential **to € 94 per share, which is more than double current trading levels.**

DCF - sensitivity for wallstreet:online capital

Stake	**60%**	**75%**	**100%**
Incremental addition to PT (€)		2.9	7.7
Incremental addition to PT (%)		3%	9%
Implied PT (€)	**86.0**	**88.9**	**93.7**

Source: Hauck & Aufhäuser

Upside from potentially evolving to a full-fledged online broker

With its 3m readers, its marketing power, its network, WSOC's banking license and 20k existing brokerage customers **WSO seems to have all it takes to enter the online broker market**, joining flatex, onvista, Trade Republic and the likes.

While certainly the broker market is becoming more competitive, some **30% of the market are still occupied by offline brokers** leaving enough **room to grow for online offers**.

Importantly, while traditional banks and older online banks have a high share of manual processes in their online banking, flatex and trade republic are seen to be the only real fintech providers with very low costs per trade, able to offer lower fees to attract customers.

Flatex currently has 230k customers making on average 50 trades per year. It charges € 5.90 per trade. Some **29% of WSO's readers, i.e. 870k consider themselves to be frequent traders** placing four or more orders per month. Hence at least 48 trades per year. Assuming WSO could only win **5% of those frequent traders would already make for 44k customers**.

At an assumed € 5 per trade and 48 trades per year on average, this would represent an incremental **€ 10m revenue opportunity, not yet in our figures, and up to € 14 to our PT, if one performs a back of the envelope calculation.**

Fintech Group, which operates flatex, has been trading on 7.8x EV/EBIT on one-year forward looking, on average over the past years and operates at a roughly 30% EBIT margin. Applying these metrics to WSO's € 10m opportunity would make for a fair € 23m EV. Divided by 1.67m shares this could add up to € 14 to our PT.

The integration of the broker on WSO's portal would be a **substantial differentiation to peers** as customers could research stocks, discuss in the forum and instantly trade without having to switch and log in on the broker's website – a **one-stop-shop**.

Moreover, its large readership also makes WSO an **attractive takeover target** for other online banks trying to win customers. Notably, in 2017 comdirect acquired onvista in such a deal.

Potentially further consolidating the German finance portal market

Given the importance of scale as well as the **good track record of successfully integrating new companies and capturing synergies**, potential additional acquisitions look sensible to us in order to increase reach further, which is the main driver for growing advertising revenues.

Additionally, reach should build the base for a successful transformation of WSO's business model towards transaction based revenue streams.

With its € 9m in cash as of FY 2018 **WSO looks well equipped to potentially further consolidate the German finance portal market**, considering that it paid € 2.8m for ABC News Media and € 7.7m for Markets Inside Media.

Company Background

History

André Kolbinger founded wallstreet:online AG in 1998 under the name GIS Wirtschaftsdaten GmbH.

Two years later, in 2000, the name was changed to wallstreet:online AG and the legal form turned into a public company. Shortly after, venture capital firms 3i as well as T-Venture became investors and today's wallstreet:online capital was founded.

Following two weaker years, the Kolbinger family bought back all of the shares in 2003 and restructured the company to turn it profitable again in 2005.

The same year, WSOC received its §32 BaFin license and began with the distribution of investment funds and security accounts via the website FondsDiscount.de.

In 2006 WSO was listed in the open standard at Frankfurt Stock Exchange. Axel Springer a year later acquired 75.1% of WSO.

In 2010 Andre Kolbinger bought back the 75% stake of Axel Springer, while WSOC became independent through a management buyout.

Thomas Soltau became CEO of WSOC in 2014. A year later WSOC crossed the mark of € 500m assets under management.

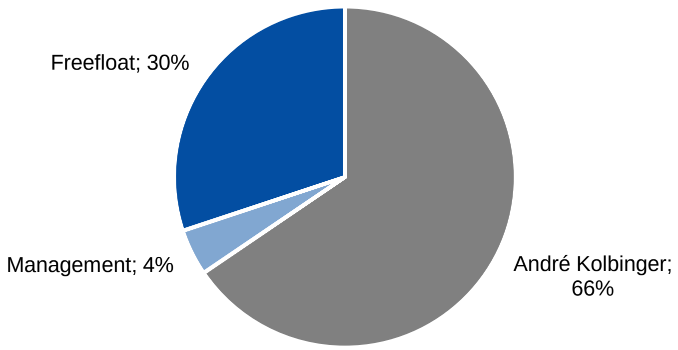
In February 2018 WSO acquired Markets Inside Media GmbH the operator of the finance portal boersennews.de.

In January 2019 WSO acquired ABC New Media GmbH, which operates finanznachrichten.de

Shareholder structure

Key shareholder of WSO is founder and chairman of the supervisory board André Kolbinger, who owns 66% of the shares. **The free float amounts to 30%.**

Shareholder structure

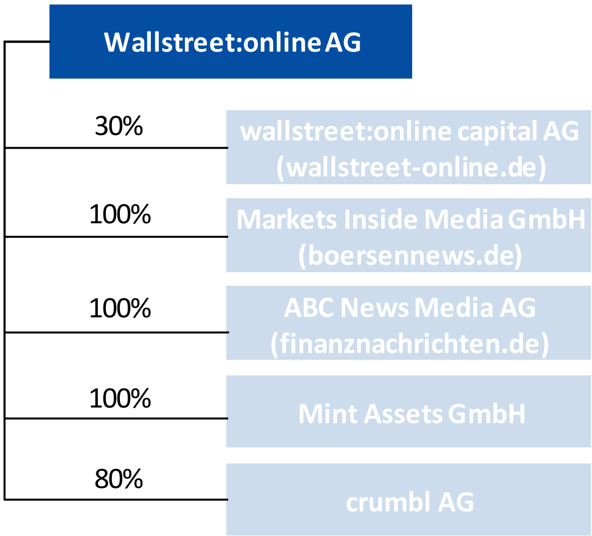


Source: Company data; Hauck & Aufhäuser

Group structure

Aside from its own website WSO in 2018 acquired 100% of Markets Inside Media, which operates boersennews.de and in 2019 100% of ABC News Media, which built the website finanznachrichten.de.

On top of this WSO acquired a 30% stake in wallstreet:online capital in April 2019. The 80% subsidiary crumbl AG is a platform for editors. Mint Assets GmbH is a platform for security tokens.



Business model

WSO is Germany's **second largest financial web portal** with € 15m monthly visits and 117m page impressions. The **homogenous readership** consists of wealthy, mostly male readers interested in the financial markets and actively trading financial instruments.

Revenues are generated through advertising. Customers include large key accounts such as HSBC or comdirect as well as international SMEs.

WSOC operates as an independent broker of investment funds and security accounts as well as other investment products. **Revenue mainly stems from a recurring commission**, i.e. 0.24% of the AuM of brokered accounts.

Management

WSO is led by an experienced executive management team as well as active supervisory board members, foremost André Kolbinger

André Kolbinger – Founder, main shareholder

André Kolbinger founded WSO. He still holds 66% of the shares and is chairman of the supervisory board. Mr. Kolbinger has been in touch with the company ever since its founding in 1998.

Stefan Zmojda - CEO, distribution

Stefan Zmojda joined WSO in 2013 as product developer in the derivatives area. Since 2016 he is member of the board responsible for sales. Since 2017 he is the CEO of WSO. Mr. Zmojda graduated from the university of applied sciences in Erfurt with a degree in Controlling, business informatics and Finance.

Michael Bulgrin – Editorial, IR, PR

Michael Bulgrin joined the board in November 2017 an is responsible for Editorial, IR and PR. Prior stations include biallas communication & consulting GmbH, a PR and IR consulting firm. Mr. Bulgrin holds a degree in Finance & Banking from the University of Potsdam.

Oliver Haugk – Product, technology

Oliver Haugk is at WSO since November 2017 and joined with the acquisition of Markets Inside Media, where he was managing director. He is responsible for Product and Technology. Mr. Haugk previously worked at Unister Group, one of the pioneering companies in the field of online marketing in Germany. He holds a degree in economics from the University of Leipzig.

Thomas Soltau – CEO and shareholder wallstreet:online capital

Thomas Soltau is the CEO of WSOC since 2014. He has been with WSOC since 2006 and priorly worked at LandesBank Berlin. Thomas Soltau holds a 16.5% share in WSOC.

Investment risks

- The introduction of commission caps could imply lower value add of WSOC, which could hamper growth.

- A longer term downturn on the stock market could lead to lower marketing budgets at customers and hence negatively impact our sales forecast.

- The acquisition of a majority stake in WSOC should need to be approved by BaFin. A negative outcome of the scrutiny could delay the deal or block it. This should be unlikely, given that the BaFin already approved the acquisition of the first thirty percent.

Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net sales	**2.5**	**2.8**	**5.2**	**7.8**	**13.3**	**20.3**	**22.7**
Sales growth	*9.5 %*	*12.3 %*	*83.2 %*	*49.9 %*	*71.1 %*	*52.9 %*	*11.6 %*
Increase/decrease in finished goods and work-in-process	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Total sales	**2.8**	**2.9**	**5.2**	**7.8**	**13.3**	**20.3**	**22.7**
Other operating income	0.1	0.0	0.0	0.4	0.0	0.0	0.0
Material expenses	0.6	0.6	0.7	1.1	1.8	3.4	3.8
Personnel expenses	1.3	1.5	1.8	2.0	2.9	4.9	5.2
Other operating expenses	0.4	0.4	0.7	1.7	1.9	3.7	4.0
Total operating expenses	2.4	2.5	3.2	4.3	6.6	12.0	13.0
EBITDA	**0.4**	**0.4**	**2.0**	**3.5**	**6.7**	**8.3**	**9.7**
Depreciation	0.0	0.0	0.0	0.0	0.1	0.1	0.1
EBITA	**0.4**	**0.4**	**2.0**	**3.5**	**6.6**	**8.2**	**9.6**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	**0.1**	**0.2**	**1.9**	**3.4**	**6.6**	**8.2**	**9.6**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result	0.0	0.0	0.0	1.0	0.5	0.4	0.4
Financial result	0.0	0.0	0.0	0.3	-0.3	-0.4	-0.4
Recurring pretax income from continuing operations	**0.1**	**0.2**	**1.9**	**3.7**	**6.3**	**7.9**	**9.2**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**0.1**	**0.2**	**1.9**	**3.7**	**6.3**	**7.9**	**9.2**
Taxes	0.0	0.0	0.1	0.4	1.9	2.4	2.8
Net income from continuing operations	**0.1**	**0.2**	**1.8**	**3.2**	**4.4**	**5.5**	**6.5**
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**0.1**	**0.2**	**1.8**	**3.2**	**4.4**	**5.5**	**6.5**
Minority interest	0.0	0.0	0.0	0.0	0.2	0.2	0.3
Net profit (reported)	**0.1**	**0.2**	**1.8**	**3.2**	**4.2**	**5.3**	**6.2**
Average number of shares	5.1	2.6	1.0	1.7	1.7	1.7	1.7
EPS reported	**0.02**	**0.07**	**1.74**	**1.94**	**2.53**	**3.21**	**3.72**

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
Net sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Increase/decrease in finished goods and work-in-process	9.5 %	3.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	**109.5 %**	**103.2 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Other operating income	2.3 %	1.5 %	0.7 %	5.7 %	0.1 %	0.0 %	0.0 %
Material expenses	25.3 %	21.9 %	13.5 %	13.6 %	13.8 %	16.7 %	16.7 %
Personnel expenses	52.9 %	54.7 %	34.9 %	25.9 %	21.5 %	24.0 %	23.0 %
Other operating expenses	17.8 %	13.5 %	13.1 %	21.5 %	14.6 %	18.3 %	17.5 %
Total operating expenses	93.7 %	88.6 %	60.9 %	55.3 %	49.8 %	59.0 %	57.2 %
EBITDA	**15.9 %**	**14.6 %**	**39.1 %**	**44.7 %**	**50.2 %**	**41.0 %**	**42.8 %**
Depreciation	0.6 %	0.5 %	0.2 %	0.0 %	0.8 %	0.5 %	0.5 %
EBITA	**15.2 %**	**14.1 %**	**38.9 %**	**44.7 %**	**49.4 %**	**40.5 %**	**42.2 %**
Amortisation of goodwill	1.1 %	1.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	11.1 %	6.7 %	2.5 %	0.9 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	**3.0 %**	**6.4 %**	**36.4 %**	**43.8 %**	**49.4 %**	**40.5 %**	**42.2 %**
Interest income	0.0 %	0.0 %	0.3 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other financial result	0.0 %	0.0 %	0.0 %	12.5 %	3.7 %	1.9 %	1.7 %
Financial result	0.0 %	0.0 %	0.3 %	3.3 %	neg.	neg.	neg.
Recurring pretax income from continuing operations	**3.1 %**	**6.4 %**	**36.7 %**	**47.0 %**	**47.5 %**	**38.7 %**	**40.7 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	**3.1 %**	**6.4 %**	**36.7 %**	**47.0 %**	**47.5 %**	**38.7 %**	**40.7 %**
Tax rate	0.0 %	0.0 %	6.5 %	11.6 %	30.0 %	30.0 %	30.0 %
Net income from continuing operations	**3.1 %**	**6.4 %**	**34.2 %**	**41.6 %**	**33.3 %**	**27.1 %**	**28.5 %**
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	**3.1 %**	**6.4 %**	**34.2 %**	**41.6 %**	**33.3 %**	**27.1 %**	**28.5 %**
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	1.6 %	0.8 %	1.2 %
Net profit (reported)	**3.1 %**	**6.4 %**	**34.2 %**	**41.6 %**	**31.7 %**	**26.3 %**	**27.3 %**

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	**0.3**	**0.2**	**0.1**	**0.2**	**13.7**	**16.8**	**16.8**
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Financial assets	0.0	0.0	0.0	10.0	1.9	1.6	1.2
FIXED ASSETS	**0.4**	**0.2**	**0.1**	**10.2**	**15.7**	**18.4**	**18.0**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.4	0.4	1.4	0.5	0.8	1.5	1.4
Other current assets	0.0	0.0	0.0	0.8	0.8	1.8	1.8
Liquid assets	1.1	1.4	3.3	9.3	7.7	9.7	16.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	1.5	1.9	4.8	10.6	9.3	13.1	19.6
TOTAL ASSETS	**1.9**	**2.1**	**4.9**	**20.8**	**25.0**	**31.5**	**37.7**
SHAREHOLDERS EQUITY	1.6	1.8	2.1	19.4	23.4	28.9	35.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.1	0.2	0.7	0.7	0.7	1.1	1.1
Non-current liabilities	**0.1**	**0.2**	**0.7**	**0.7**	**0.7**	**1.1**	**1.1**
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Accounts payable	0.1	0.0	0.2	0.2	0.3	0.5	0.6
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.1	0.1	1.6	0.2	0.2	0.3	0.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.4	0.4	0.4	0.4	0.4
Current liabilities	**0.1**	**0.1**	**2.1**	**0.8**	**1.0**	**1.3**	**1.3**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**1.9**	**2.1**	**4.9**	**20.8**	**25.0**	**31.5**	**37.7**

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	**17.5 %**	**9.5 %**	**1.4 %**	**1.0 %**	**54.8 %**	**53.3 %**	**44.4 %**
Property, plant and equipment	1.7 %	1.2 %	0.3 %	0.2 %	0.1 %	0.3 %	0.2 %
Financial assets	0.0 %	0.0 %	0.0 %	47.9 %	7.7 %	5.0 %	3.2 %
FIXED ASSETS	**19.3 %**	**10.6 %**	**1.7 %**	**49.1 %**	**62.7 %**	**58.5 %**	**47.8 %**
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	20.5 %	20.0 %	29.1 %	2.3 %	3.2 %	4.9 %	3.6 %
Other current assets	0.0 %	0.0 %	0.0 %	3.8 %	3.2 %	5.8 %	4.9 %
Liquid assets	60.0 %	69.1 %	68.4 %	44.5 %	30.8 %	30.8 %	43.5 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.2 %	0.2 %	0.8 %	0.2 %	0.1 %	0.1 %	0.1 %
CURRENT ASSETS	80.7 %	89.4 %	98.3 %	50.7 %	37.3 %	41.6 %	52.1 %
TOTAL ASSETS	**100.0 %**	**100.0 %**	**100.0 %**	**99.8 %**	**100.0 %**	**100.1 %**	**99.9 %**
SHAREHOLDERS EQUITY	87.1 %	87.5 %	42.2 %	92.9 %	93.5 %	91.8 %	93.0 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.6 %	0.5 %
Long-term debt	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	5.5 %	7.5 %	13.7 %	3.2 %	2.6 %	3.5 %	2.9 %
Non-current liabilities	**5.5 %**	**7.5 %**	**13.7 %**	**3.2 %**	**2.6 %**	**3.5 %**	**2.9 %**
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.2 %	0.1 %
Accounts payable	2.7 %	1.1 %	3.3 %	0.9 %	1.3 %	1.6 %	1.5 %
Advance payments received on orders	0.5 %	0.5 %	0.2 %	0.1 %	0.1 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	3.6 %	3.1 %	32.5 %	1.1 %	0.9 %	1.0 %	0.9 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	0.6 %	0.3 %	8.1 %	1.8 %	1.5 %	1.2 %	1.0 %
Current liabilities	**7.4 %**	**5.0 %**	**44.1 %**	**3.9 %**	**3.8 %**	**4.1 %**	**3.5 %**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	0.1	0.2	1.8	3.2	4.4	5.5	6.5
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Others	-0.2	0.0	2.4	-1.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	0.2	0.4	4.3	2.0	4.5	5.6	6.6
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.1	0.0	-1.0	1.0	-0.3	-0.7	0.2
Increase/decrease in accounts payable	0.0	0.0	0.1	0.0	0.1	0.2	0.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.1	-0.1	-0.9	1.0	-0.2	-0.5	0.2
Cash flow from operating activities	**0.1**	**0.3**	**3.4**	**2.9**	**4.3**	**5.1**	**6.8**
CAPEX	0.0	0.0	0.0	0.2	0.1	0.1	0.1
Payments for acquisitions	0.0	0.0	0.0	0.0	5.8	3.0	0.0
Financial investments	0.0	0.0	0.0	10.4	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**0.0**	**0.0**	**0.0**	**-10.6**	**-5.9**	**-3.1**	**-0.1**
Cash flow before financing	0.1	0.3	3.4	-7.7	-1.6	2.0	6.7
Increase/decrease in debt position	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	-1.5	13.6	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**0.0**	**0.0**	**-1.5**	**13.6**	**0.0**	**0.1**	**0.0**
Increase/decrease in liquid assets	0.1	0.3	1.9	5.9	-1.6	2.0	6.7
Liquid assets at end of period	**1.1**	**1.4**	**3.3**	**9.3**	**7.7**	**9.7**	**16.4**

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Domestic	2.4	2.4	2.5	3.0	5.1	7.7	8.6
yoy change	n/a	-1.9 %	5.9 %	18.7 %	71.1 %	52.9 %	11.6 %
Rest of Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.1	0.5	2.7	4.8	8.2	12.6	14.1
yoy change	n/a	281.9 %	460.2 %	78.7 %	71.1 %	52.9 %	11.6 %
TTL	**2.5**	**2.8**	**5.2**	**7.8**	**13.3**	**20.3**	**22.7**
yoy change	n/a	12.3 %	83.2 %	49.9 %	71.1 %	52.9 %	11.6 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
P&L growth analysis							
Sales growth	9.5 %	12.3 %	83.2 %	49.9 %	71.1 %	52.9 %	11.6 %
EBITDA growth	99.2 %	3.5 %	390.3 %	71.2 %	92.2 %	140.0 %	45.5 %
EBIT growth	-213.7 %	137.0 %	937.6 %	80.2 %	93.1 %	141.8 %	46.0 %
EPS growth	-275.0 %	371.4 %	2338.6 %	11.7 %	30.4 %	65.3 %	47.2 %
Efficiency							
Total operating costs / sales	93.7 %	88.6 %	60.9 %	55.3 %	49.8 %	59.0 %	57.2 %
Sales per employee	100.8	113.3	247.0	338.0	492.6	753.4	841.1
EBITDA per employee	16.0	16.6	96.6	151.0	247.3	308.8	359.8
Balance sheet analysis							
Avg. working capital / sales	10.9 %	12.5 %	15.7 %	14.4 %	8.2 %	6.7 %	5.9 %
Inventory turnover (sales/inventory)	n/a	n/a	n/a	0.0	0.0	0.0	0.0
Trade debtors in days of sales	55.6	53.5	99.9	22.0	22.0	22.0	22.0
A/P turnover [(A/P*365)/sales]	7.3	3.0	11.4	9.1	9.1	9.1	9.1
Cash conversion cycle (days)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash flow analysis							
Free cash flow	0.1	0.3	3.4	2.7	4.2	5.0	6.7
Free cash flow/sales	3.6 %	10.9 %	66.2 %	34.9 %	31.8 %	24.4 %	29.4 %
FCF / net profit	117.7 %	168.9 %	193.3 %	83.9 %	100.4 %	92.9 %	107.8 %
Capex / depn	0.0 %	0.0 %	4.0 %	14956.5	100.0 %	100.0 %	100.0 %
Capex / maintenance capex	0.0 %	0.0 %	4.0 %	36.7 %	100.0 %	100.0 %	100.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	-1.1	-1.4	-3.3	-9.3	-7.7	-9.6	-16.3
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	999.0	999.0	999.0	999.0	999.0	999.0	999.0
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Asset utilisation							
Capital employed turnover	1.5	1.4	1.9	0.4	0.6	0.7	0.6
Operating assets turnover	7.1	7.0	4.1	26.7	27.4	18.6	25.8
Plant turnover	77.8	118.5	313.0	242.8	415.3	219.9	245.5
Inventory turnover (sales/inventory)	n/a	n/a	n/a	0.0	0.0	0.0	0.0
Returns							
ROCE	4.5 %	9.8 %	80.5 %	29.9 %	29.8 %	30.3 %	28.8 %
ROE	4.7 %	10.0 %	86.5 %	16.7 %	18.0 %	18.5 %	17.7 %
Other							
Interest paid / avg. debt	n/a	n/a	n/a	n/a	n/a	0.0 %	0.0 %
No. employees (average)	25	25	21	23	27	27	27
Number of shares	5.1	2.6	1.0	1.7	1.7	1.7	1.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	0.02	0.07	1.74	1.94	2.53	3.21	3.72
Valuation ratios							
P/BV	65.9	59.3	20.9	3.6	3.0	2.4	2.0
EV/sales	42.1	37.4	7.6	7.8	4.7	3.0	2.4
EV/EBITDA	265.7	255.9	19.5	17.5	9.3	7.2	5.5
EV/EBITA	276.6	265.1	19.6	17.5	9.5	7.3	5.6
EV/EBIT	1383.5	582.1	21.0	17.8	9.5	7.3	5.6
EV/FCF	1168.7	344.4	11.5	22.4	14.7	12.2	8.0
Adjusted FCF yield	0.1 %	0.2 %	4.5 %	5.9 %	7.4 %	9.7 %	12.5 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
wallstreet:online AG	2, 8

Historical target price and rating changes for wallstreet:online AG in the last 12 months

Initiation coverage
03-June-19

Company	Date	Analyst	Rating	Target price	Close

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Contacts: Hauck&Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 91
Fax: +49 (0) 40 414 3885 71
Email: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Carlos Becke
Analyst
Tel.: +49 40 414 3885 74
E-Mail: carlos.becke@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 450 6342 3096
E-Mail: simon.bentlage@ha-ib.de

Frederik Bitter
Analyst
Tel.: +49 40 450 6342 3091
E-Mail: frederik.bitter@ha-ib.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-ib.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-ib.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-ib.de

Alina Köhler
Analyst
Tel.: +49 40 450 6342 3095
E-Mail: alina.koehler@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Julius Stinauer
Analyst
Tel.: +49 40 414 3885 84
E-Mail: julius.stinauer@ha-ib.de

Catharina Claes
Analyst
Tel.: +49 40 450 6342 3092
E-Mail: catharina.claes@ha-ib.de

Hauck & Aufhäuser Sales

Toby Woods
Head of Sales
Tel.: +44 203 9473 245
E-Mail: toby.woods@ha-ib.de

Christian Alisch
Sales
Tel.: +49 40 414 3885 99
E-Mail: christian.alisch@ha-ib.de

Vincent Bischoff
Sales
Tel.: +49 40 414 3885 88
E-Mail: vincent.bischoff@ha-ib.de

Alexander Lachmann
Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-ib.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-ib.de

Christian Schwenkenbecher
Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Imogen Voorspuy
Junior Sales
Tel: +44 203 9473 244
E-Mail: imogen.voorspuy@ha-ib.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 78
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.com
www.hauck-aufhaeuser.com

Mirko Brueggemann
Trading
Tel.: +49 40 414 3885 78
E.Mail: mirko.brueggemann@hauck-aufhaeuser.com

Christian von Schuler
Trading
Tel.: +49 40 414 3885 77
E.Mail: christian.schuler@hauck-aufhaeuser.com

Fin Schaffer
Trading
Tel.: +49 40 414 3885 98
E.Mail: fin.schaffer@hauck-aufhaeuser.com

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E.Mail: kathleen.jonas@hauck-aufhaeuser.com

Alexander Hanisch
Middle-Office
Tel.: +49 40 414 3885 87
E.Mail: alexander.hanisch@hauck-aufhaeuser.com