

# HAEMATO AG

Germany / Pharma  
 Frankfurt  
 Bloomberg: HAE GR  
 ISIN: DE0006190705

H1/18  
 results

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 7.60**

Return Potential 41.8%  
 Risk Rating High

## MARKET SHARE WIN IN PARALLEL IMPORT BUSINESS

Six month reporting showed steady top line growth and strong earnings building upon the good business momentum in H2/17. Revenues rose 3.6% Y/Y to €144m (FBe: €148m). Gross profit was just below our estimate on the moderate revenue shortfall to our target; however, the gross margin (7.3%) was in line with our target and improved 20 basis points on the H2/17 result. HAEMATO generated net income (NI) of €5.0m for the period and has ample cash to pay out the €0.30 dividend to shareholders in the third quarter. Our updated DCF model, which includes dilution from the recent cap hike, yields a €7.60 price target (old: €7.70). Our rating remains Buy.

**Another strong reporting period** After H2/17 revenues marked a six month all time high at €151m, HAEMATO posted its second-best sales result (€144m) in H1. The new benchmarks are due to a favourable market environment in which the specialty pharmaceutical supplier continues to gain market share. The gross margin climbed to 7.3%. After the gross margin slipped to 6.6% in H1/17, management introduced more business intelligence (BI) systems into the operations. This resulted in incremental margin uplift the past two reporting periods (figure 1 overleaf). BI initiatives are helping HAEMATO keep pace with digital transformation trends in the industry and react to market developments. The database gives HAEMATO deeper insight into the competitive landscape. The analytics furnish valuable data helping management better manage its supply chain and the timing of customer demands.

**Market conditions remain favourable** HAEMATO is firmly entrenched in its core business, thanks to brisk demand for its oncology and HIV / AIDS offerings. Oncology meds for instance account for the lion's share of global specialty pharmaceuticals. According to the healthcare analytics provider, IQVIA, anti-cancer therapies and treatments were valued USD133bn in 2017—up from USD96bn in 2013.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2015   | 2016   | 2017   | 2018E  | 2019E  | 2020E  |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m)       | 229.73 | 275.61 | 289.86 | 305.06 | 340.53 | 374.58 |
| Y-o-y growth       | 13.3%  | 20.0%  | 5.2%   | 5.2%   | 11.6%  | 10.0%  |
| EBIT (€m)          | 8.22   | 13.44  | 9.42   | 11.15  | 12.23  | 13.91  |
| EBIT margin        | 3.6%   | 4.9%   | 3.2%   | 3.7%   | 3.6%   | 3.7%   |
| Net income (€m)    | 5.54   | 11.04  | 6.98   | 8.83   | 10.04  | 10.84  |
| EPS (diluted) (€)  | 0.27   | 0.53   | 0.34   | 0.40   | 0.44   | 0.47   |
| DPS (€)            | 0.30   | 0.30   | 0.30   | 0.30   | 0.33   | 0.33   |
| FCF (€m)           | 2.59   | 12.80  | -2.91  | 9.16   | 9.03   | 8.93   |
| Net gearing        | 54.8%  | 27.2%  | 17.4%  | 19.0%  | 17.2%  | 16.6%  |
| Liquid assets (€m) | 2.45   | 9.79   | 6.47   | 6.02   | 7.29   | 10.62  |

### RISKS

Regulatory changes in healthcare systems, spending cuts in healthcare systems, homogenization of pharmaceutical prices within the European Union.

### COMPANY PROFILE

HAEMATO AG is a supplier of specialty pharmaceuticals focused on growth markets in the indication groups of oncology, HIV / AIDS and other chronic diseases. The company boasts a broad customer base of over 4,800 pharmacies and eleven wholesalers in Germany, while over 1,300 pharmacies and another five wholesalers in Austria also source from HAEMATO.

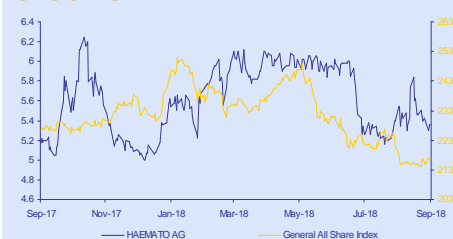
### MARKET DATA

As of 12 Sep 2018

|                         |               |
|-------------------------|---------------|
| Closing Price           | € 5.36        |
| Shares outstanding      | 22.87m        |
| Market Capitalisation   | € 122.58m     |
| 52-week Range           | € 5.00 / 6.25 |
| Avg. Volume (12 Months) | 20,507        |

| Multiples  | 2017 | 2018E | 2019E |
|------------|------|-------|-------|
| P/E        | 15.9 | 13.4  | 12.2  |
| EV/Sales   | 0.5  | 0.4   | 0.4   |
| EV/EBIT    | 14.6 | 12.3  | 11.2  |
| Div. Yield | 5.6% | 5.6%  | 6.2%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2018

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 14.60m  |
| Current Assets       | € 65.90m  |
| Intangible Assets    | € 34.58m  |
| Total Assets         | € 123.00m |
| Current Liabilities  | € 27.60m  |
| Shareholders' Equity | € 76.00m  |

### SHAREHOLDERS

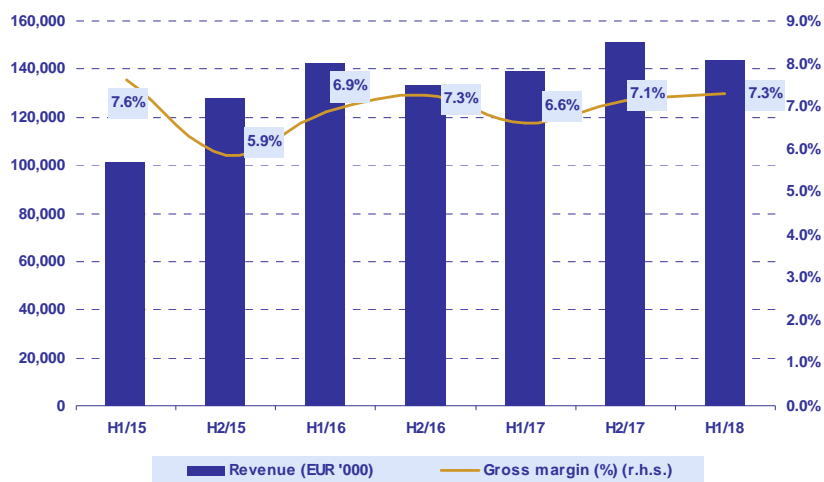
|                         |       |
|-------------------------|-------|
| MPH Health Care AG      | 49.9% |
| Baring Asset Management | 2.9%  |
| Free Float              | 47.2% |

**Table 1: Six month results vs forecasts**

| All figures in EUR '000 | H1/18   | H1/18E  | variance | H1/17   | variance |
|-------------------------|---------|---------|----------|---------|----------|
| Revenue                 | 143,745 | 148,253 | -3.0%    | 138,814 | 3.6%     |
| Gross profit            | 10,509  | 10,747  | -2.2%    | 9,188   | 14.4%    |
| Margin (%)              | 7.3%    | 7.2%    | -        | 6.6%    | -        |
| EBIT                    | 6,485   | 5,098   | 27.2%    | 3,182   | 103.8%   |
| Margin (%)              | 4.5%    | 3.4%    | -        | 2.3%    | -        |
| Net income              | 5,044   | 3,945   | 27.9%    | 2,164   | 133.1%   |
| EPS diluted (€)         | 0.23    | 0.18    | 27.8%    | 0.10    | 130.0%   |

Source: First Berlin Equity Research; HAEMATO

Revenue climbed some 3.6% Y/Y, driven by expansion of the product portfolio (currently over 800 medications) and increased market share. Management noted a market share of 5% (previous: 3.7%) in the parallel imports business.

**Figure 1: Six month revenue and gross margin evolution**

Source: First Berlin Equity Research; HAEMATO

Gross profit for the period reached €10.5m and beat the prior year figure. The gross margin was up 70 basis points Y/Y, and we expect further incremental uplift with a greater BI impact on logistics and throughput.

**Operational structure stable and supportive** Personnel and other operating expenses were in line with the previous year. Other operating income of €3.8m was significantly higher Y/Y (H1/17: €1.9m). The line item consists chiefly of revaluation gains on financial assets. EBIT thus doubled to €6.4m (H1/17: €3.2m) in the first six months and equates to a 4.5% margin (H1/17: 2.3%). Adjusted for other income, the EBIT margin was 1.8% vs 0.9% in the prior year period. HAEMATO reported net income of €5.0m corresponding to EPS of €0.23.

**Table 2: Balance sheet KPI's**

| All figures in EUR '000               | H1/18   | 2017    | variance |
|---------------------------------------|---------|---------|----------|
| Cash                                  | 14,562  | 6,470   | 125.1%   |
| Short-term financial assets           | 3,099   | 9,236   | -66.4%   |
| Financial debt (short- and long-term) | 29,103  | 28,050  | 3.8%     |
| Net debt                              | 11,442  | 12,344  | -7.3%    |
| Total assets                          | 123,020 | 122,028 | 0.8%     |
| Shareholders' equity                  | 75,971  | 70,927  | 7.1%     |
| Equity ratio                          | 62%     | 58%     | -        |

Source: First Berlin Equity Research; HAEMATO

**Balance sheet with solid uptick in equity ratio** Total assets amounted to €123m (YE17: €122m). A slight uptick in long term financial assets offset lower working capital (H1/18: €40m). Net debt, including the recently retired €52m profit participation certificate, totalled €11.4m. The company also completed a debt to equity swap with the bond holders post reporting. Bond holders subscribed to the issuance of 887,154 shares at €5.95 / share resulting in gross proceeds of €5.3m to pay back the bond.

HAEMATO exited June with €14.6m in cash giving the company ample liquidity to distribute the approved €6.6m dividend in Q3 and drive operational growth. The equity ratio improved to 62% vs 58% at year end 2017, thanks to the strong bottom line result. We note the company extended its key credit line until 2020 / 2021 last year, thereby securing greater financial flexibility. We thus see the company as adequately financed for the next operational milestones.

**Table 3: Cash flow overview**

| All figures in EUR '000  | H1/18 | 2017   | variance |
|--------------------------|-------|--------|----------|
| Operating cash flow      | 1,676 | -8,350 | -        |
| Cash flow from investing | 6,448 | 5,436  | 18.6%    |
| Cash flow from financing | 0     | -406   | -        |
| Net cash flows           | 8,093 | -3,320 | -        |
| Free cash flow ratio     | 5.7%  | n.a.   | -        |

Source: First Berlin Equity Research; HAEMATO

**Free cash flow ratio hits 5.7%** Net operating cash flow totalled €1.7m for the period compared to €-3.8m in H1 2017. The positive development can be traced to the aforementioned working capital improvement. Cash flow from investing totalled €6.4m in the period, stemming chiefly from the disposal of €7.0m in financial assets. Cash flow from financing amounted to €-30k. Thus, free cash flow and change in cash equalled €8.1m in H1.



Table 4: Updated forecasts

| All figures in € '000 | 2018E   |         |          | 2019E   |         |          |
|-----------------------|---------|---------|----------|---------|---------|----------|
|                       | old     | new     | variance | old     | new     | variance |
| Revenue               | 309,573 | 305,064 | -1.5%    | 340,530 | 340,530 | 0.0%     |
| Gross profit          | 22,441  | 21,963  | -2.1%    | 24,722  | 24,722  | 0.0%     |
| Margin (%)            | 7.2%    | 7.2%    | -        | 7.3%    | 7.3%    | -        |
| EBIT                  | 10,646  | 11,147  | 4.7%     | 12,225  | 12,225  | 0.0%     |
| Margin (%)            | 3.4%    | 3.7%    | -        | 3.6%    | 3.6%    | -        |
| Net income            | 8,477   | 8,828   | 4.1%     | 9,762   | 10,035  | 2.8%     |
| EPS diluted (€)       | 0.39    | 0.40    | 3.6%     | 0.44    | 0.44    | -0.9%    |

Source: First Berlin Equity Research; HAEMATO

We have updated our 2018 forecasts to account for the six month results and the lower debt load. Our estimates for 2019 and beyond reflect the lower interest expense following the debt to equity swap. An updated DCF model based on the new share count yields a price target of €7.60 (old: €7.70). This corresponds to upside of 42% and a Buy rating.

| In EUR '000                        | 2018E          | 2019E          | 2020E          | 2021E          | 2022E          | 2023E          | 2024E          | 2025E          |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sales</b>                       | <b>305,064</b> | <b>340,530</b> | <b>374,583</b> | <b>412,041</b> | <b>449,125</b> | <b>485,055</b> | <b>514,158</b> | <b>539,866</b> |
| <b>NOPLAT</b>                      | <b>8,472</b>   | <b>9,291</b>   | <b>10,575</b>  | <b>11,405</b>  | <b>13,271</b>  | <b>13,979</b>  | <b>15,717</b>  | <b>16,771</b>  |
| + depreciation & amortisation      | 1,488          | 1,566          | 1,573          | 1,525          | 1,617          | 1,746          | 1,697          | 1,687          |
| Net operating cash flow            | 9,960          | 10,857         | 12,149         | 12,930         | 14,888         | 15,725         | 17,414         | 18,458         |
| - total investments (CAPEX and WC) | 114            | -3,367         | -4,753         | -5,040         | -3,850         | -5,939         | -3,908         | -3,399         |
| Capital expenditures               | -1,373         | -1,124         | -1,236         | -1,360         | -1,482         | -1,601         | -1,697         | -1,728         |
| Working capital                    | 1,487          | -2,243         | -3,517         | -3,680         | -2,367         | -4,339         | -2,211         | -1,671         |
| Free cash flows (FCF)              | 10,074         | 7,490          | 7,395          | 7,890          | 11,038         | 9,786          | 13,505         | 15,059         |
| <b>PV of FCF's</b>                 | <b>9,816</b>   | <b>6,689</b>   | <b>6,053</b>   | <b>5,920</b>   | <b>7,591</b>   | <b>6,169</b>   | <b>7,803</b>   | <b>7,975</b>   |

| In EUR '000                        |             |
|------------------------------------|-------------|
| PV of FCFs in explicit period      | 94,972      |
| PV of FCFs in terminal period      | 91,354      |
| Enterprise value (EV)              | 186,326     |
| + Net cash / - net debt            | -12,344     |
| + Investments / minority interests | 0           |
| Shareholder value                  | 173,982     |
| <b>Fair value per share (€)</b>    | <b>7.60</b> |

|      |                         | Terminal growth rate |       |       |             |             |             |       |       |
|------|-------------------------|----------------------|-------|-------|-------------|-------------|-------------|-------|-------|
|      |                         | 0.0%                 | 0.5%  | 1.0%  | 1.5%        | 2.0%        | 2.5%        | 3.0%  |       |
| WACC | Cost of equity          | 6.1%                 | 11.34 | 12.00 | 12.78       | 13.73       | 14.92       | 16.44 | 18.44 |
|      | Pre-tax cost of debt    | 7.1%                 | 9.43  | 9.85  | 10.35       | 10.94       | 11.65       | 12.50 | 13.57 |
|      | Tax rate                | 8.1%                 | 8.00  | 8.29  | <b>8.63</b> | <b>9.02</b> | <b>9.46</b> | 9.99  | 10.63 |
|      | After-tax cost of debt  | 9.1%                 | 6.90  | 7.11  | 7.34        | <b>7.61</b> | 7.91        | 8.26  | 8.66  |
|      | Share of equity capital | 10.1%                | 6.03  | 6.18  | 6.35        | <b>6.54</b> | <b>6.75</b> | 6.99  | 7.26  |
|      | Share of debt capital   | 11.1%                | 5.33  | 5.44  | 5.57        | 5.70        | 5.86        | 6.03  | 6.22  |
|      | <b>WACC</b>             | <b>12.1%</b>         | 4.75  | 4.84  | 4.93        | 5.03        | 5.15        | 5.27  | 5.41  |

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



## INCOME STATEMENT

| All figures in EUR '000          | 2015           | 2016           | 2017           | 2018E          | 2019E          | 2020E          |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                  | <b>229,727</b> | <b>275,614</b> | <b>289,862</b> | <b>305,064</b> | <b>340,530</b> | <b>374,583</b> |
| Cost of goods sold               | -214,454       | -256,145       | -269,778       | -283,102       | -315,807       | -347,408       |
| <b>Gross profit</b>              | <b>15,273</b>  | <b>19,469</b>  | <b>20,084</b>  | <b>21,963</b>  | <b>24,722</b>  | <b>27,175</b>  |
| Personnel expenses               | -5,409         | -6,005         | -6,209         | -6,479         | -6,708         | -7,192         |
| Other OpEx                       | -6,462         | -8,420         | -8,948         | -8,306         | -8,990         | -9,739         |
| Other income                     | 6,622          | 10,202         | 6,476          | 5,458          | 4,767          | 5,244          |
| <b>EBITDA</b>                    | <b>10,024</b>  | <b>15,246</b>  | <b>11,270</b>  | <b>12,635</b>  | <b>13,791</b>  | <b>15,488</b>  |
| Depreciation & amortisation      | -1,799         | -1,805         | -1,854         | -1,488         | -1,566         | -1,573         |
| <b>Operating income (EBIT)</b>   | <b>8,225</b>   | <b>13,441</b>  | <b>9,416</b>   | <b>11,147</b>  | <b>12,225</b>  | <b>13,915</b>  |
| Net financial result             | -2,197         | -1,182         | -1,327         | -1,404         | -1,207         | -1,315         |
| <b>Pre-tax income (EBT)</b>      | <b>6,028</b>   | <b>12,259</b>  | <b>8,089</b>   | <b>9,743</b>   | <b>11,018</b>  | <b>12,600</b>  |
| Income taxes                     | -489           | -1,222         | -1,106         | -916           | -982           | -1,764         |
| Minority interests               | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Net income / loss</b>         | <b>5,539</b>   | <b>11,037</b>  | <b>6,983</b>   | <b>8,828</b>   | <b>10,035</b>  | <b>10,836</b>  |
| <b>Diluted EPS (in €)</b>        | <b>0.27</b>    | <b>0.53</b>    | <b>0.34</b>    | <b>0.40</b>    | <b>0.44</b>    | <b>0.47</b>    |
| <b>Ratios</b>                    |                |                |                |                |                |                |
| Gross margin                     | 6.6%           | 7.1%           | 6.9%           | 7.2%           | 7.3%           | 7.3%           |
| EBIT margin on revenues          | 3.6%           | 4.9%           | 3.2%           | 3.7%           | 3.6%           | 3.7%           |
| EBITDA margin on revenues        | 4.4%           | 5.5%           | 3.9%           | 4.1%           | 4.1%           | 4.1%           |
| Net margin on revenues           | 2.4%           | 4.0%           | 2.4%           | 2.9%           | 2.9%           | 2.9%           |
| Tax rate                         | 8.1%           | 10.0%          | 13.7%          | 9.4%           | 8.9%           | 14.0%          |
| <b>Expenses as % of revenues</b> |                |                |                |                |                |                |
| Personnel expenses               | 2.4%           | 2.2%           | 2.1%           | 2.1%           | 2.0%           | 1.9%           |
| Other OpEx                       | 2.8%           | 3.1%           | 3.1%           | 2.7%           | 2.6%           | 2.6%           |
| Depreciation & amortisation      | 0.8%           | 0.7%           | 0.6%           | 0.5%           | 0.5%           | 0.4%           |
| <b>Y-Y Growth</b>                |                |                |                |                |                |                |
| Revenues                         | 13.3%          | 20.0%          | 5.2%           | 5.2%           | 11.6%          | 10.0%          |
| Operating income                 | -0.1%          | 63.4%          | -29.9%         | 18.4%          | 9.7%           | 13.8%          |
| Net income/ loss                 | -20.6%         | 99.3%          | -36.7%         | 26.4%          | 13.7%          | 8.0%           |



## BALANCE SHEET

| All figures in EUR '000                   | 2015           | 2016           | 2017           | 2018E          | 2019E          | 2020E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                             |                |                |                |                |                |                |
| <b>Current assets, total</b>              | <b>52,860</b>  | <b>59,431</b>  | <b>67,350</b>  | <b>67,124</b>  | <b>71,732</b>  | <b>79,638</b>  |
| Cash and equivalents                      | 2,449          | 9,790          | 6,470          | 6,015          | 7,289          | 10,623         |
| ST financial assets and securities        | 2,791          | 7,084          | 9,236          | 9,236          | 9,236          | 9,236          |
| Trade receivables                         | 4,725          | 4,118          | 8,320          | 7,522          | 7,464          | 8,210          |
| Inventories                               | 41,677         | 37,893         | 43,114         | 43,435         | 46,722         | 50,445         |
| Other ST assets                           | 1,218          | 546            | 210            | 915            | 1,022          | 1,124          |
| <b>Non-current assets, total</b>          | <b>54,129</b>  | <b>57,342</b>  | <b>54,678</b>  | <b>56,449</b>  | <b>57,506</b>  | <b>58,257</b>  |
| Property, plant & equipment               | 1,308          | 1,178          | 1,106          | 1,142          | 1,210          | 1,248          |
| Goodwill & other intangibles              | 40,213         | 39,259         | 38,941         | 38,788         | 38,278         | 37,903         |
| Financial assets                          | 12,474         | 16,769         | 14,496         | 16,366         | 17,848         | 18,919         |
| Deferred taxes                            | 134            | 136            | 135            | 153            | 170            | 187            |
| <b>Total assets</b>                       | <b>106,989</b> | <b>116,772</b> | <b>122,028</b> | <b>123,572</b> | <b>129,238</b> | <b>137,895</b> |
| <b>Shareholders' equity &amp; debt</b>    |                |                |                |                |                |                |
| <b>Current liabilities, total</b>         | <b>35,588</b>  | <b>28,709</b>  | <b>31,569</b>  | <b>27,119</b>  | <b>28,257</b>  | <b>34,275</b>  |
| Trade payables                            | 5,684          | 6,410          | 7,522          | 8,532          | 9,517          | 10,470         |
| ST debt                                   | 21,636         | 1,912          | 7,821          | 2,688          | 1,736          | 5,736          |
| Provisions                                | 4,309          | 7,187          | 7,249          | 7,358          | 7,468          | 7,580          |
| Other ST financial liabilities            | 539            | 813            | 1,229          | 915            | 1,022          | 1,124          |
| Other current liabilities                 | 3,420          | 12,387         | 7,748          | 7,627          | 8,513          | 9,365          |
| <b>Long-term liabilities, total</b>       | <b>13,112</b>  | <b>24,972</b>  | <b>19,531</b>  | <b>18,088</b>  | <b>19,440</b>  | <b>18,789</b>  |
| Long-term debt                            | 12,190         | 24,209         | 19,000         | 17,312         | 18,576         | 17,839         |
| LT provisions                             | 21             | 13             | 13             | 13             | 13             | 13             |
| Deferred tax liabilities                  | 901            | 750            | 518            | 763            | 851            | 936            |
| <b>Shareholders' equity</b>               | <b>58,289</b>  | <b>63,092</b>  | <b>70,928</b>  | <b>78,366</b>  | <b>81,541</b>  | <b>84,831</b>  |
| <b>Total consolidated equity and debt</b> | <b>106,989</b> | <b>116,772</b> | <b>122,028</b> | <b>123,572</b> | <b>129,238</b> | <b>137,895</b> |
| <b>Ratios</b>                             |                |                |                |                |                |                |
| Current ratio (x)                         | 1.5            | 2.1            | 2.1            | 2.5            | 2.5            | 2.3            |
| Quick ratio (x)                           | 0.3            | 0.8            | 0.8            | 0.9            | 0.9            | 0.9            |
| Net debt                                  | 31,916         | 17,144         | 12,344         | 14,899         | 14,045         | 14,077         |
| Net gearing                               | 55%            | 27%            | 17%            | 19%            | 17%            | 17%            |
| Return on equity (ROE)                    | 9.5%           | 17.5%          | 9.8%           | 11.3%          | 12.3%          | 12.8%          |
| Capital employed (CE)                     | 47,655         | 41,454         | 49,375         | 47,772         | 49,572         | 52,752         |
| Return on capital employed (ROCE)         | 17%            | 32%            | 19%            | 23%            | 25%            | 26%            |



## CASH FLOW STATEMENT

| All figures in EUR '000               | 2015          | 2016          | 2017          | 2018E         | 2019E         | 2020E         |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net income</b>                     | <b>6,028</b>  | <b>11,037</b> | <b>6,983</b>  | <b>8,828</b>  | <b>10,035</b> | <b>10,836</b> |
| Depreciation and amortisation         | 1,799         | 1,805         | 1,854         | 1,488         | 1,566         | 1,573         |
| Change to LT accruals                 | 1,712         | 1,855         | 1,031         | 109           | 110           | 112           |
| Change in financial asset valuations  | -4,994        | -9,657        | -3,559        | -1,870        | -1,482        | -1,071        |
| Asset disposals                       | -899          | 60            | -811          | 0             | 0             | 0             |
| Income from participations            | 0             | -632          | -631          | -200          | -200          | -200          |
| Tax result                            | 1,010         | 1,372         | -636          | 916           | 982           | 1,764         |
| Net interest expense                  | 1,630         | 1,815         | 1,958         | 1,404         | 1,207         | 1,315         |
| <b>Operating cash flow</b>            | <b>6,286</b>  | <b>7,655</b>  | <b>6,189</b>  | <b>10,674</b> | <b>12,220</b> | <b>14,329</b> |
| Change in inventory                   | -7,489        | 3,784         | -5,221        | -321          | -3,287        | -3,723        |
| Change in trade rec & other assets    | 4,947         | 992           | -5,627        | 75            | -66           | -866          |
| Change in payable & other liabilities | -224          | 569           | -3,111        | 819           | 2,067         | 1,991         |
| Interest income                       | 8             | 44            | 2             | 1             | 2             | 2             |
| Tax paid                              | -490          | -246          | -582          | -916          | -982          | -1,764        |
| <b>Net operating cash flow</b>        | <b>3,037</b>  | <b>12,798</b> | <b>-8,350</b> | <b>10,333</b> | <b>9,954</b>  | <b>9,969</b>  |
| CapEx                                 | -797          | -626          | 4,805         | -1,373        | -1,124        | -1,236        |
| Income from investments               | 354           | 632           | 631           | 200           | 200           | 200           |
| <b>Cash flow from investing</b>       | <b>-443</b>   | <b>7</b>      | <b>5,436</b>  | <b>-1,173</b> | <b>-924</b>   | <b>-1,036</b> |
| <b>Free cash flow (FCF)</b>           | <b>2,594</b>  | <b>12,805</b> | <b>-2,914</b> | <b>9,161</b>  | <b>9,030</b>  | <b>8,933</b>  |
| Equity inflow, net                    | 0             | 0             | 7,447         | 5,278         | 0             | 0             |
| Debt inflow, net                      | 5,313         | 1,695         | 701           | -6,821        | 313           | 3,264         |
| Financing expenses paid               | -1,648        | -1,858        | -1,959        | -1,405        | -1,209        | -1,317        |
| Dividend paid to shareholders         | -6,234        | -5,301        | -6,594        | -6,667        | -6,860        | -7,546        |
| <b>Cash flow from financing</b>       | <b>-2,569</b> | <b>-5,464</b> | <b>-406</b>   | <b>-9,615</b> | <b>-7,757</b> | <b>-5,599</b> |
| <b>Net cash flows</b>                 | <b>25</b>     | <b>7,341</b>  | <b>-3,320</b> | <b>-455</b>   | <b>1,273</b>  | <b>3,334</b>  |
| Cash, start of the year               | 2,424         | 2,449         | 9,790         | 6,470         | 6,015         | 7,289         |
| <b>Cash, end of the year</b>          | <b>2,449</b>  | <b>9,790</b>  | <b>6,470</b>  | <b>6,015</b>  | <b>7,289</b>  | <b>10,623</b> |
| <b>EBITDA/share (in €)</b>            | <b>0.48</b>   | <b>0.73</b>   | <b>0.52</b>   | <b>0.55</b>   | <b>0.60</b>   | <b>0.68</b>   |
| <b>Y-Y Growth</b>                     |               |               |               |               |               |               |
| Operating cash flow                   | -61.7%        | 321.4%        | n.m.          | n.m.          | -3.7%         | 0.2%          |
| Free cash flow                        | -57.5%        | 393.6%        | n.m.          | n.m.          | -1.4%         | -1.1%         |
| EBITDA/share                          | -2.6%         | 52.1%         | -28.8%        | 5.8%          | 9.2%          | 12.3%         |

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| Report No.:    | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 27 August 2013      | €3.00                      | Buy            | €5.70        |
| 2...16         | ↓                   | ↓                          | ↓              | ↓            |
| 17             | 4 October 2017      | €5.59                      | Buy            | €7.40        |
| 18             | 27 April 2018       | €5.90                      | Buy            | €7.40        |
| 19             | 23 May 2018         | €6.06                      | Buy            | €7.70        |
| 20             | Today               | €5.36                      | Buy            | €7.60        |

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| Category                             |  | 1             | 2           |
|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) |  | 0 - 2 billion | > 2 billion |
| Strong Buy <sup>1</sup>              | An expected favourable price trend of: | > 50%         | > 30%       |
| Buy                                  | An expected favourable price trend of: | > 25%         | > 15%       |
| Add                                  | An expected favourable price trend of: | 0% to 25%     | 0% to 15%   |
| Reduce                               | An expected negative price trend of:   | 0% to -15%    | 0% to -10%  |
| Sell                                 | An expected negative price trend of:   | < -15%        | < -10%      |

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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