

# HAEMATO AG

Germany / Pharma  
 Frankfurt  
 Bloomberg: HAE GR  
 ISIN: DE0006190705

2018  
 Results

**RATING**  
**PRICE TARGET**  
 Return Potential 16.2%  
 Risk Rating High

**ADD**  
**€ 5.80**

## H2 SLOWDOWN BURDENS FULL YEAR RESULTS

Full year reporting showed an annualised decline in revenue and earnings. The topline undershot our target by 10% and EBIT fell 23% short of our target after patent expiries and changes in product mix caused a sharp retreat in H2/18 sales. An 80 bps uptick in the gross margin offset some of the topline weakness, and the company remained comfortably profitable with net income of €6m. Management plan to pay out the traditional €0.30 dividend equal to an attractive 6% yield. The balance sheet also remained solid. We lower our outlook on the H2/18 revenue and earnings miss. Our recalibrated DCF model now yields a fair value of €5.8 (old: €7.6). We downgrade the stock to Add (old: Buy).

**Revenue growth hits the gravity well** Sales missed our target by 10% and the prior year result by 5%. EBIT and net income also contracted Y/Y and undershot our forecasts (table 1 overleaf). Our full year targets were based on the expectation that the good run rates reported in H1/18 and H2/17 would continue into H2/18. This did not materialise. HAEMATO attributed the underperformance to: (1) the culling of several low margin products from the portfolio, and (2) patent expiry on other high revenue medications in its offerings. The former helped boost the gross margin, but the 80 bps margin increase could not offset the revenue shortfall. The slowdown in growth makes our FY19 forecasts untenable.

**Regulatory headwinds brewing?** Last year, an investigation into the origin of ineffective cancer medications found that lengthy parallel import supply chains had been compromised and are vulnerable to: (1) stolen medications; (2) counterfeit products, and (3) tampering. The "Lunapharm-Skandal" led the media attention. Although these risks are nothing new to the sector, we believe the bad optics of the incident will ratchet up the pressure on the German regulator to rethink the country's parallel import strategy to clamp down supply chain risks. The Falsified Medicines Directive (FMD) 2011/62/EU came into force on 9 February 2019 and is designed to greatly reduce such breaches in the supply chain (overleaf). (p.t.o)

### FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017	2018	2019E	2020E
Revenue (€m)	229.73	275.61	289.86	274.12	246.71	271.38
Y-o-y growth	13.3%	20.0%	5.2%	-5.4%	-10.0%	10.0%
EBIT (€m)	8.22	13.44	9.42	8.50	7.43	8.96
EBIT margin	3.6%	4.9%	3.2%	3.1%	3.0%	3.3%
Net income (€m)	5.54	11.04	6.98	6.28	5.58	6.64
EPS (diluted) (€)	0.27	0.53	0.32	0.27	0.24	0.29
DPS (€)	0.30	0.30	0.30	0.30	0.30	0.33
FCF (€m)	2.59	12.80	-2.91	6.75	11.34	5.65
Net gearing	54.8%	27.2%	17.4%	23.5%	19.3%	22.7%
Liquid assets (€m)	2.45	9.79	6.47	5.59	6.63	5.18

### 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 16 May 2019

Closing Price	€ 4.99
Shares outstanding	22.87m
Market Capitalisation	€ 114.12m
52-week Range	€ 4.62 / 6.06
Avg. Volume (12 Months)	10,286

Multiples	2018	2019E	2020E
P/E	18.6	20.4	17.2
EV/Sales	0.5	0.5	0.5
EV/EBIT	15.4	17.6	14.6
Div. Yield	6.0%	6.0%	6.6%

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Dec 2018

Liquid Assets	€ 5.60m
Current Assets	€ 60.68m
Intangible Assets	€ 34.58m
Total Assets	€ 116.52m
Current Liabilities	€ 25.48m
Shareholders' Equity	€ 75.67m

### SHAREHOLDERS

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

## SALES HIT GRAVITY WELL ON PRODUCT OPTIMISATION

Table 1: Full year results vs projections and prior year

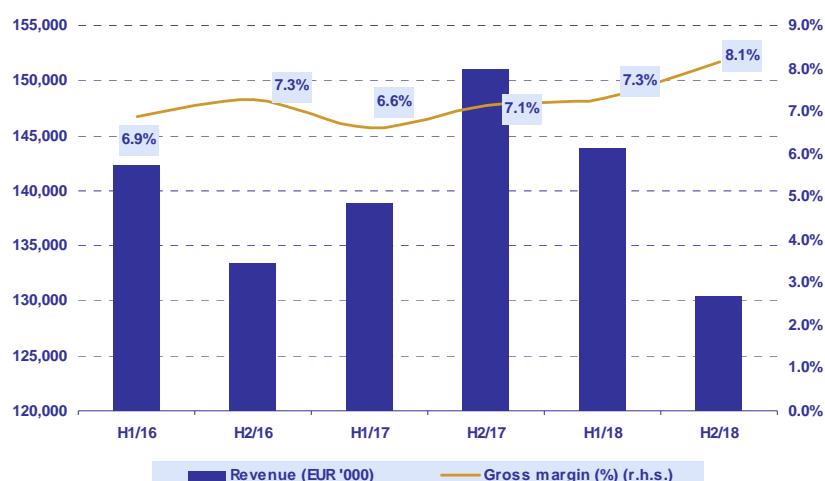
In EURm	2018	2018E	variance	2017	variance	H2/18	H2/ 17	variance
Revenue	274.1	305.1	-10.2%	289.4	-5.3%	130.4	151.0	-13.7%
Gross profit	21.1	19.7	7.2%	20.0	5.8%	10.6	10.8	-1.6%
Margin (%)	7.7%	6.5%	-	6.9%	-	8.1%	7.1%	-
EBIT	8.5	11.1	-23.4%	9.4	-9.6%	2.0	6.2	-67.9%
Margin (%)	3.1%	3.6%	-	3.2%	-	1.5%	4.1%	-
Adjusted EBIT	4.8	5.6	-13.8%	2.9	64.2%	2.2	1.7	29.5%
Margin (%)	1.8%	1.8%	-	1.0%	-	1.7%	1.1%	-
Net Income	6.3	8.8	-28.4%	7.0	-9.5%	1.2	4.8	-75.1%
Margin (%)	2.3%	2.9%	-	2.4%	-	0.9%	3.2%	-

Source: First Berlin Equity Research; HAEMATO

Full year results were lower than expected, owing to a weak H2 with revenues retreating 14% on an annualised basis (table 1). Management blamed the decline on the culling of low margin products from the portfolio plus lower sales from products after patent expirations. The latter issue has not always triggered lower revenues in the past with sales levels remaining stable in some cases. The effect is difficult to predict as patients sometimes prefer to stick with original meds.

Gross profit for the year expanded 6% to €21m, thanks to an 80 basis point uptick in the growth margin HAEMATO achieved an unprecedented 8.1% gross margin (GM) in H2/18 attributing the good GM performance to the aforementioned portfolio optimisation that is an ongoing element of core operations. Plus, the company began to optimise its sales, procurement and logistics processes with greater BI (business intelligence) towards the end of 2017. This is having an incremental positive effect on the margin with improved timing.

Figure 1: Revenue and GM developments



Source: First Berlin Equity Research; HAEMATO

**Operational structure stable** Personnel and other operating expenses were slightly lower than in the previous year. The headcount averaged 194 in 2017 (2017: 195). Other operating income declined to €3.7m (2017: €6.5m). The line item contained revaluation gains on financial assets (€1.9m) and disposal gains (€0.5m).



Due largely to the lower revenue and other operating income result, EBIT fell to €8.5m (2017: €9.4m) in 2018. This still equated to a stable 3.1% margin (2017: 3.2%). However, the EBIT margin fell to 1.5% in H2/18 burdened by the aforementioned lost revenue. On adjusted basis—excluding the largely non-cash other operating income line item—EBIT climbed significantly (+64% Y/Y). The adjusted EBIT margin also improved 80 basis points to 1.8% in 2018. We attribute this to the optimised portfolio and its positive impact on the GM.

The net financial result amounted to €-0.7m (2017: €-1.3m) and included interest expense of €-1.1m plus a €0.3m gain from investments. HAEMATO reported net income of €6.3m vs €7.0m in the prior year corresponding to EPS of €0.27. The company plans to pay a €0.30 / share dividend on the 2018 results.

**Balance sheet solid with higher equity ratio.** . . Total assets declined to €117m (2017: €122m), stemming mainly from the sale of short term financial assets. HAEMATO ran at a WC / sales ratio of 16% last year—on par with historical levels. We expect this KPI to trend lower going forward with greater digitalisation of logistics. Net debt, totalled €14m at year end and the company exited the year with €6m in cash and cash equivalents.

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

All figures in EUR '000	2018	2017	variance
Cash	5,599	6,470	-13.5%
Short-term financial assets	2,889	9,236	-68.7%
Financial debt (short- and long-term)	22,680	28,050	-19.1%
Net debt	14,191	12,344	15.0%
Total assets	116,516	122,028	-4.5%
Shareholders' equity	75,676	70,927	6.7%
Equity ratio	65%	58%	-

Source: First Berlin Equity Research, HAEMATO

**. . . helped by the debt to equity swap** Last year, HAEMATO placed 0.9m new shares from its authorised capital at €5.95 per share. The €5.2m in proceeds were used to retire participation certificates of equal value. Consequently, the share capital increased to 22.87m shares. Shareholders' equity improved to €75m (2017: €71m). The equity ratio climbed to 65% vs 58% at year end 2017 resulting from the combined effects of the lower asset base, cap hike, and positive net income result.

**Table 3: Cash flow overview**

All figures in EUR '000	2018	2017	variance
Net operating cash flow	502	-8,350	-
Cash flow from investing	6,263	5,436	15.2%
Cash flow from financing	-7,636	-406	-
Net cash flows	-871	-3,320	-
Free cash flow (FCF)	6,765	-2,915	-

Source: First Berlin Equity Research, HAEMATO

**Bottom line and financial asset disposals boost cash flows** Net operating cash flow totalled €0.5m for the year compared to €-8.4m in 2017. The strong reversal stems chiefly from lower working capital consumption. Cash flow from investing totalled €6.3m in 2018, due chiefly to the disposal of €7.0m in financial assets. FCF totalled €6.8m (2017: €2.9m).



Cash flow from financing amounted to €-7.6m owing mainly to the dividend payout to shareholders. The capital increase was essentially a debt to equity swap against aforementioned certificates. Thus, change in cash for the year equalled €-0.9m leaving HAEMATO with some €6.0m in cash and equivalents on the balance sheet (2017: €6.5m). We thus see the company as adequately financed for the next operational milestones.

**Regulator already clamping down on supply chain breaches** Market observers estimate some 1% of medicines sold in developed markets are fakes and that the global counterfeit drug market is worth USD 200bn p.a. Last year's Lunapharm-Skandal involved medications sourced from the parallel importer Lunapharm and jeopardised a number of pharmacies and cancer patients in Brandenburg and Berlin.

The Falsified Medicines Directive (FMD) 2011/62/EU came into force on 9 February 2019 specifically to boost patient safety by integrating data bases at the EU and national levels. This will track meds in the supply chain according to barcodes assigned to each unit package at original production and help mitigate the volume of counterfeit or unauthorised prescription medicine in the legal supply chain.

HAEMATO is already FMD compliant and is working with authorities to ramp up the effectiveness of the new controls. Nevertheless, the bad optics of the Lunapharm scandal will certainly heighten tensions between suppliers and the pharmaceutical industry, which could dampen growth potential for the sector over the near term until supply chain trust improves.

**Table 1: Revisions to our forecasts and price target**

	old	new	revision	upside	dividend yield	
Price target (€)	7.6	5.8	-23.7%	16.2%	6.0%	
	2019E			2020E		
All figures in € '000	old	new	revision	old	new	revision
Revenue	340,530	246,709	-27.6%	374,583	271,380	-27.6%
EBIT	12,225	7,435	-39.2%	13,915	8,960	-35.6%
Margin (%)	3.6%	3.0%	-	3.7%	3.3%	-
Net income	10,035	5,580	-44.4%	10,836	6,636	-38.8%
EPS diluted (€)	0.44	0.24	-44.4%	0.47	0.29	-38.8%

Source: First Berlin Equity Research estimates

**Downgrading forecasts on more cautious outlook** Following the H2 miss, we have dialled back our growth assumptions. We also expect first quarter revenues to undershoot Q4/18 sales volumes (€62m), due to a likely production slowdown as the company implements tighter security controls in compliance with FMD. We look for revenue to pick up throughout the year as new systems are optimised. We believe annualised growth will resume in 2019 (FBe: +10%) as the regulatory headwinds ease and the more secure production process hits its stride.

The company will unveil its own hyaluronic acid based cosmetic line this year in Austria. The anti-aging market is among today's fastest growing global markets. Last year, we wrote about Hyaluronic acid—the rising star of skin care and anti-aging. We believe HAEMATO is on the verge of capitalising on the strong trends in lifestyle beauty and anti-aging with its nascent Medical Devices segment which features a line of HA products. However, we have not built this into our forecasts at this stage until run rates are more visible.

HAEMATO achieved a record gross margin of 8.1% in H2/18 continuing the good GM trajectory (figure 1) since H1/17 (+150 bps). We thus raise our GM assumptions although below the 8% level until we see a longer track record.



## VALUATION MODEL

We increase our WACC to 9.5% (old: 9.2%), due to heightened regulatory uncertainty and volatility of the sales run rates. The industry is under the regulator's loop looking for solutions to ensure the supply of safe and affordable health care. The scrutiny is nothing new and HAEMATO management have contingency plans in place to react to shifting policies. That said, such changes often result in transition periods that can gate growth opportunities. Our reduced price target of €5.8 (old: €7.6) equals an Add rating (old: Buy).

In EUR '000	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
<b>Sales</b>	<b>246,709</b>	<b>271,380</b>	<b>295,804</b>	<b>319,468</b>	<b>345,026</b>	<b>369,178</b>	<b>391,328</b>	<b>410,895</b>
<b>NOPLAT</b>	<b>5,651</b>	<b>6,809</b>	<b>7,548</b>	<b>9,344</b>	<b>10,663</b>	<b>12,055</b>	<b>13,218</b>	<b>14,224</b>
(+) depreciation & amortisation	1,160	1,275	1,094	1,150	1,242	1,218	1,223	1,284
<b>Net operating cash flow</b>	<b>6,810</b>	<b>8,085</b>	<b>8,643</b>	<b>10,494</b>	<b>11,905</b>	<b>13,274</b>	<b>14,441</b>	<b>15,508</b>
(-) Total investments (CAPEX and WC)	7,093	-3,057	-2,108	-915	-4,143	-3,191	-2,873	-3,568
(-) Capital expenditures	-814	-896	-976	-1,054	-1,139	-1,218	-1,252	-1,315
(-) Working capital	7,907	-2,161	-1,132	139	-3,004	-1,973	-1,621	-2,254
Free cash flows (FCF)	13,903	5,028	6,535	9,578	7,762	10,082	11,568	11,939
<b>PV of FCF's</b>	<b>13,139</b>	<b>4,339</b>	<b>5,149</b>	<b>6,892</b>	<b>5,100</b>	<b>6,049</b>	<b>6,338</b>	<b>5,973</b>

		Terminal EBIT margin							
In EUR '000		3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%	
PV of FCFs in explicit period	76,529	6.5%	7.39	8.36	9.34	10.32	11.30	12.28	13.26
(+) PV of FCFs in terminal period	74,128	7.5%	6.11	6.84	7.57	8.30	9.03	9.77	10.50
Enterprise value (EV)	150,656	8.5%	5.18	5.75	6.31	6.87	7.44	8.00	8.56
(+) Net cash / (-) net debt	-17,775	9.5%	4.48	4.92	5.37	5.81	6.25	6.70	7.14
(+) Investments / minority interests	0	10.5%	3.93	4.29	4.64	5.00	5.35	5.70	6.06
Shareholder value	132,881	11.5%	3.49	3.77	4.06	4.35	4.64	4.92	5.21
<b>Fair value per share (€)</b>	<b>5.80</b>	12.5%	3.12	3.36	3.59	3.83	4.06	4.30	4.53

		Terminal growth rate							
In EUR '000		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	
Cost of equity	14.0%	6.5%	8.59	9.07	9.64	10.32	11.15	12.19	13.53
Pre-tax cost of debt	5.3%	7.5%	7.17	7.49	7.87	8.30	8.82	9.43	10.19
Tax rate	24.0%	8.5%	6.10	6.32	6.58	6.87	7.21	7.60	8.07
After-tax cost of debt	4.0%	9.5%	5.26	5.42	5.61	5.81	6.04	6.31	6.62
Share of equity capital	55.0%	10.5%	4.59	4.71	4.85	4.99	5.16	5.35	5.56
Share of debt capital	45.0%	11.5%	4.05	4.14	4.24	4.35	4.47	4.61	4.76
<b>WACC</b>	<b>9.5%</b>	12.5%	3.60	3.67	3.74	3.83	3.92	4.02	4.13

\*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	2018	2019E	2020E
<b>Revenues</b>	<b>229,727</b>	<b>275,614</b>	<b>289,862</b>	<b>274,121</b>	<b>246,709</b>	<b>271,380</b>
Cost of goods sold	-214,454	-256,145	-269,778	-252,994	-227,466	-250,212
<b>Gross profit</b>	<b>15,273</b>	<b>19,469</b>	<b>20,084</b>	<b>21,127</b>	<b>19,243</b>	<b>21,168</b>
Personnel expenses	-5,409	-6,005	-6,209	-6,322	-6,455	-6,590
Other OpEx	-6,462	-8,420	-8,948	-8,520	-7,648	-8,141
Other income	6,622	10,202	6,476	3,675	3,454	3,799
<b>EBITDA</b>	<b>10,024</b>	<b>15,246</b>	<b>11,270</b>	<b>9,959</b>	<b>8,594</b>	<b>10,235</b>
Depreciation & amortisation	-1,799	-1,805	-1,854	-1,456	-1,160	-1,275
<b>Operating income (EBIT)</b>	<b>8,225</b>	<b>13,441</b>	<b>9,416</b>	<b>8,503</b>	<b>7,435</b>	<b>8,960</b>
Net financial result	-2,197	-1,182	-1,327	-739	-1,286	-1,244
<b>Pre-tax income (EBT)</b>	<b>6,028</b>	<b>12,259</b>	<b>8,089</b>	<b>7,764</b>	<b>6,149</b>	<b>7,716</b>
Income taxes	-489	-1,222	-1,106	-1,488	-569	-1,080
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>6,276</b>	<b>5,580</b>	<b>6,636</b>
<b>Diluted EPS (in €)</b>	<b>0.27</b>	<b>0.53</b>	<b>0.32</b>	<b>0.27</b>	<b>0.24</b>	<b>0.29</b>
<b>Ratios</b>						
Gross margin	6.6%	7.1%	6.9%	7.7%	7.8%	7.8%
EBIT margin on revenues	3.6%	4.9%	3.2%	3.1%	3.0%	3.3%
EBITDA margin on revenues	4.4%	5.5%	3.9%	3.6%	3.5%	3.8%
Net margin on revenues	2.4%	4.0%	2.4%	2.3%	2.3%	2.4%
Tax rate	8.1%	10.0%	13.7%	19.2%	9.2%	14.0%
<b>Expenses as % of revenues</b>						
Personnel expenses	2.4%	2.2%	2.1%	2.3%	2.6%	2.4%
Other OpEx	2.8%	3.1%	3.1%	3.1%	3.1%	3.0%
Depreciation & amortisation	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%
<b>Y-Y Growth</b>						
Revenues	13.3%	20.0%	5.2%	-5.4%	-10.0%	10.0%
Operating income	-0.1%	63.4%	-29.9%	-9.7%	-12.6%	20.5%
Net income/ loss	-20.6%	99.3%	-36.7%	-10.1%	-11.1%	18.9%



## BALANCE SHEET

All figures in EUR '000	2015	2016	2017	2018	2019E	2020E
<b>Assets</b>						
<b>Current assets, total</b>	<b>52,860</b>	<b>59,431</b>	<b>67,350</b>	<b>60,673</b>	<b>53,118</b>	<b>54,709</b>
Cash and equivalents	2,449	9,790	6,470	5,588	6,632	5,181
ST financial assets and securities	2,791	7,084	9,236	2,889	2,947	3,006
Trade receivables	4,725	4,118	8,320	7,320	5,407	5,948
Inventories	41,677	37,893	43,114	44,377	37,392	39,760
Other ST assets	1,218	546	210	499	740	814
<b>Non-current assets, total</b>	<b>54,129</b>	<b>57,342</b>	<b>54,678</b>	<b>55,832</b>	<b>56,944</b>	<b>57,610</b>
Property, plant & equipment	1,308	1,178	1,106	1,046	1,070	1,097
Goodwill & other intangibles	40,213	39,259	38,941	38,677	38,307	37,900
Financial assets	12,474	16,769	14,496	15,973	17,431	18,477
Deferred taxes	134	136	135	136	136	136
<b>Total assets</b>	<b>106,989</b>	<b>116,772</b>	<b>122,028</b>	<b>116,505</b>	<b>110,062</b>	<b>112,319</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>25,483</b>	<b>18,752</b>	<b>20,196</b>
Trade payables	5,684	6,410	7,522	8,469	7,478	8,226
ST debt	21,636	1,912	7,821	7,680	4,000	4,000
Provisions	4,309	7,187	7,249	361	366	371
Other ST financial liabilities	539	813	1,229	684	740	814
Other current liabilities	3,420	12,387	7,748	8,290	6,168	6,784
<b>Long-term liabilities, total</b>	<b>13,112</b>	<b>24,972</b>	<b>19,531</b>	<b>15,357</b>	<b>16,659</b>	<b>17,696</b>
Long-term debt	12,190	24,209	19,000	15,000	16,264	17,264
LT provisions	21	13	13	26	26	26
Deferred tax liabilities	901	750	518	332	370	407
<b>Shareholders' equity</b>	<b>58,289</b>	<b>63,092</b>	<b>70,928</b>	<b>75,665</b>	<b>74,651</b>	<b>74,427</b>
<b>Total consolidated equity and debt</b>	<b>106,989</b>	<b>116,772</b>	<b>122,028</b>	<b>116,505</b>	<b>110,062</b>	<b>112,319</b>
<b>Ratios</b>						
Current ratio (x)	1.5	2.1	2.1	2.4	2.8	2.7
Quick ratio (x)	0.3	0.8	0.8	0.6	0.8	0.7
Net debt	31,916	17,144	12,344	17,775	14,372	16,897
Net gearing	55%	27%	17%	23%	19%	23%
Return on equity (ROE)	9.5%	17.5%	9.8%	8.3%	7.5%	8.9%
Capital employed (CE)	47,655	41,454	49,375	48,367	40,114	41,895
Return on capital employed (ROCE)	17%	32%	19%	18%	19%	21%



## CASH FLOW STATEMENT

All figures in EUR '000	2015	2016	2017	2018	2019E	2020E
<b>Net income</b>	<b>6,028</b>	<b>11,037</b>	<b>6,983</b>	<b>6,276</b>	<b>5,580</b>	<b>6,636</b>
Depreciation and amortisation	1,799	1,805	1,854	1,456	1,160	1,275
Change to LT accruals	1,712	1,855	1,031	-82	5	5
Change in financial asset valuations	-4,994	-9,657	-3,559	-1,943	-1,516	-1,105
Asset disposals	-899	60	-811	-546	0	0
Income from participations	0	-632	-631	-320	-200	-200
Tax result	1,010	1,372	-636	1,485	569	1,080
Net interest expense	1,630	1,815	1,958	1,059	1,286	1,244
<b>Operating cash flow</b>	<b>6,286</b>	<b>7,655</b>	<b>6,189</b>	<b>7,385</b>	<b>6,884</b>	<b>8,936</b>
Change in inventory	-7,489	3,784	-5,221	525	6,985	-2,368
Change in trade rec & other assets	4,947	992	-5,627	1,064	1,672	-615
Change in payable & other liabilities	-224	569	-3,111	-7,468	-3,018	1,476
Interest income	8	44	2	16	2	2
Tax paid	-490	-246	-582	-1,031	-569	-1,080
<b>Net operating cash flow</b>	<b>3,037</b>	<b>12,798</b>	<b>-8,350</b>	<b>491</b>	<b>11,956</b>	<b>6,350</b>
CapEx	-797	-626	4,805	-1,064	-814	-896
Income from investments	354	632	631	7,327	200	200
<b>Cash flow from investing</b>	<b>-443</b>	<b>7</b>	<b>5,436</b>	<b>6,263</b>	<b>-614</b>	<b>-696</b>
<b>Free cash flow (FCF)</b>	<b>2,594</b>	<b>12,805</b>	<b>-2,914</b>	<b>6,754</b>	<b>11,342</b>	<b>5,655</b>
Equity inflow, net	0	0	7,447	5,198	0	0
Debt inflow, net	5,313	1,695	701	-5,165	-2,416	1,000
Financing expenses paid	-1,648	-1,858	-1,959	-1,075	-1,288	-1,246
Dividend paid to shareholders	-6,234	-5,301	-6,594	-6,594	-6,594	-6,860
<b>Cash flow from financing</b>	<b>-2,569</b>	<b>-5,464</b>	<b>-406</b>	<b>-7,636</b>	<b>-10,298</b>	<b>-7,106</b>
<b>Net cash flows</b>	<b>25</b>	<b>7,341</b>	<b>-3,320</b>	<b>-882</b>	<b>1,044</b>	<b>-1,451</b>
Cash, start of the year	2,424	2,449	9,790	6,470	5,588	6,632
<b>Cash, end of the year</b>	<b>2,449</b>	<b>9,790</b>	<b>6,470</b>	<b>5,588</b>	<b>6,632</b>	<b>5,181</b>
<b>EBITDA/share (in €)</b>	<b>0.48</b>	<b>0.73</b>	<b>0.52</b>	<b>0.44</b>	<b>0.38</b>	<b>0.45</b>
<b>Y-Y Growth</b>						
Operating cash flow	-61.7%	321.4%	n.m.	n.m.	2334.6%	-46.9%
Free cash flow	-57.5%	393.6%	n.m.	n.m.	67.9%	-50.1%
EBITDA/share	-2.6%	52.1%	-28.8%	-16.6%	-13.7%	19.1%



**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	27 August 2013	€3.00	Buy	€5.70
2...17	↓	↓	↓	↓
18	27 April 2018	€5.90	Buy	€7.40
19	23 May 2018	€6.06	Buy	€7.70
20	13 September 2018	€5.36	Buy	€7.60
21	Today	€4.99	Add	€5.80

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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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