



Indus Holding AG

More trouble from the party pooper

18/07/2019

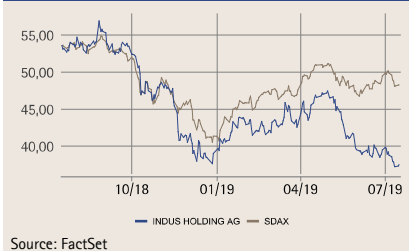
Buy	(Buy)
55.00 EUR	(56.00 EUR)

Close 16/07/2019	37.50 EUR
Bloomberg: INH GY	WKN: 620010
Sector	Industrials

Share price performance

52 week high / low	56.90 / 37.25 EUR
YTD	-3.8%
12 months	-30.0%

Share price vs. SDAX



Next event

Quarterly Results	13/08/2019
-------------------	------------

Change in model

	Sales	EBIT	EPS
2019e	-0.2%	-2.0%	-2.4%
2020e	0.0%	-1.1%	-1.2%
2021e	0.0%	-0.8%	-0.9%

Share data

Market Cap (m EUR)	916.9
No. of shares (m)	24.5
Free float	71.8%

Analyst

Dr. Georg Kanders, Analyst
 Phone: +49 211 4952 718
 georg.kanders@bankhaus-lampe.de

See end of document for disclaimer.

After recent profit warnings in the automotive industry, we think that Indus will be unable to avoid a loss in its Automotive segment in Q2. We expect the business to make virtually no contribution to the company's EBIT in the full year. However, we believe that the other segments are still doing well and reduce our EBIT estimate by only about € 3 m. In addition, Indus managed to make an acquisition. We therefore regard the decline in the share price as exaggerated and stick to our BUY case.

INVESTMENT CASE

We have cut our full-year EBIT estimate by about € 3 m after reducing our expectations for the automotive segment to virtually zero. We believe that the other segments are still doing well.

Due to the acquisition of Mesutronic, the contribution from the engineering segment will even increase. The company is a technology leader in metal and foreign body detection. We regard the acquisition as a good diversification as it has clients in various industries, including the food and pharmaceutical industry. We have not given up hope that Indus might announce a second acquisition in 2019, although with a marginal impact on full-year earnings. We have not changed our estimates for the Medtech, Construction and Metals segments.

Indus already said with the Q1 results that even the lower end of its EBIT target (€ 156-161 m) looks ambitious. We believe that Indus is highly likely to reduce the range, bringing it closer to our own forecast (€ 149.6 m).

CATALYSTS

- Portfolio additions
- Q2 expected to show an improvement against Q1 2019

VALUATION

We determine our price target with a DCF valuation. Due to slightly reduced estimates, we arrive at a new price target of € 55.00.

in m EUR	2017	2018	2019e	2020e	2021e
Sales	1,641	1,711	1,747	1,807	1,872
EBIT	152.9	134.7	149.6	160.0	168.6
EBIT margin	9.3%	7.9%	8.6%	8.9%	9.0%
Net financial debt	398.9	482.7	576.2	548.8	553.4
Free cash flow	14.0	-23.6	36.5	65.6	35.2
EPS (in EUR)	3.37	2.90	3.39	3.62	3.80
DPS (in EUR)	1.50	1.50	1.50	1.60	1.70
Dividend yield	2.5%	3.8%	4.0%	4.3%	4.5%
EV/sales	1.2	0.9	0.9	0.8	0.8
EV/EBIT	12.4	11.0	10.3	9.5	9.0
P/E	17.7	13.4	11.1	10.4	9.9

Source: Company information, Bankhaus Lampe Research estimates

We expect the following for the individual segments:

Segment estimates

€ m	2018	2019E	2019E	2020E
Construction				
Sales	358.7	367.7	373.2	378.8
EBIT	45.8	52.2	52.1	53.2
Margin (%)	12.8%	14.2%	14.0%	14.0%
Engineering				
Sales	387.0	422.3	430.6	437.1
EBIT	52.2	52.8	56.8	58.3
Margin (%)	13.5%	12.5%	13.2%	13.3%
Automotive				
Sales	391.0	366.9	368.7	378.6
EBIT	-4.3	0.2	4.2	5.9
Margin (%)	-1.1%	0.1%	1.1%	1.6%
MedTech				
Sales	154.3	157.4	161.3	165.4
EBIT	17.3	16.9	17.5	17.7
Margin (%)	11.2%	10.7%	10.8%	10.7%
Metal				
Sales	420.0	426.3	432.7	439.2
EBIT	28.3	35.7	36.3	36.9
Margin (%)	6.7%	8.4%	8.4%	8.4%
Acquisitions				
Sales		6.0	40.6	81.2
EBIT		0.6	4.3	8.9
Margin (%)		10.0%	10.6%	11.0%
Consolidation				
EBIT	-4.6	-8.8	-11.3	-12.3

Source: Company, BHL Research estimates

We have cut our FY 2019 sales expectations for the Automotive segment with an even stronger decline in our EBIT estimate of another € 3 m. We have also made minor adjustments to our estimates for the years thereafter. However, we still believe in improvement, as loss-making orders at one company delivering to the assembly line have already been replaced with new orders.

The improvement in the Engineering segment is due to the acquisition of Mesutronic, which has been contributing to earnings since the beginning of June. We have reduced our estimates for acquisitions correspondingly.

Mesutronic, technology for detection of metal parts and foreign bodies

We regard Mesutronic, a technology leader in metal and foreign body detection, as a good addition to the portfolio, diversifying the business mix. The company has 200 employees in Germany and France and recorded sales of € 24 m in 2018. It has clients in more than 50 countries that use its systems to protect production equipment from metal parts and foreign bodies (e.g. plastics and textile industries) or ensure the absence of metal and other contamination (e.g. food and pharmaceutical industries).

Valuation

Valuation is based on a DCF model

We have reduced our price target for Indus Holding AG by € 1.00 to € 55.00. Our price target is based on a three-layer DCF model. The lower price target results from reduced estimates for the operating result.

DCF MODEL

Our DCF model is based on detailed estimates for the period 2019-21. In the medium-term phase of our model from 2022 to 2025, we have assumed a very conservative EBIT growth rate of 2%. Our growth assumption for calculating the terminal value is only 1%.

Indus DCF model (EUR m)	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	Terminal Value
EBIT	149.6	160.0	168.6	172.0	175.4	178.9	182.5	186.1	188.0
Taxes	-55.4	-59.2	-62.4	-63.6	-64.9	-66.2	-67.5	-68.9	-69.6
NOPAT	94.2	100.8	106.2	108.3	110.5	112.7	115.0	117.3	118.4
+ Depreciation	87.3	91.6	94.6	96.4	98.3	100.3	102.3	104.3	105.4
- Capex	-109.0	-105.0	-107.1	-109.2	-111.4	-113.7	-115.9	-118.2	-119.4
+/- Change in working capital	24.6	25.1	-10.0	-10.0	-10.2	-10.4	-10.6	-10.8	-10.9
+/- Other cash items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cashflow	97.1	112.5	83.7	85.5	87.2	88.9	90.7	92.5	93.5
Discounting period in years	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5
WACC	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Present value	95.2	105.6	75.2	73.6	71.9	70.2	68.6	67.0	1,891.2

Calculation of fair value per share

Sum of all present values	2,518
thereof Terminal Value	75%
+ Operating Segment Financial Assets	24.7
- Minorities	-2.7
- Pension provisions	-43.7
- Net financial debt (cash) of operations	-570.7
Fair operating value	1,926
Bookvalue non-operating assets	0
Equity Value	1,926
Holding discount	30%
Fair equity value	1,348
No. of shares [in mio.]	24.5

Fair value per share [in €]

55.10

Source: Company information, Bankhaus Lampe Research

WACC model

Risk-free rate	1.0%
Equity risk premium	7.0%
Beta	1.10
Expected return on investment	8.7%
Cost of debt	2.50%
Tax rate	37.0%
Cost of debt after taxes	1.58%

Sensitivity of fair value per share

Beta	TV growth				
	0.0%	0.5%	1.0%	1.5%	2.0%
0.7	62.4	73.7	89.8	114.9	159.1
0.9	50.9	58.7	69.0	83.8	106.5
1.1	42.4	47.9	55.1	64.7	78.3
1.3	35.7	39.9	45.1	51.7	60.7
1.5	30.5	33.7	37.5	42.4	48.6

Model assumptions

Short-term CAGR (first 3 years)	7.8%
Medium-term CAGR (next 5 years)	2.0%
Terminal value growth (ad infinity)	1.0%
Terminal value EBIT margin	7.5%

Source: Company information, Bankhaus Lampe Research

Price target € 55.00

Including a holding discount of 30%, our DCF model leads us to a rounded fair value of € 55.00, which is also our new price target. As the upside potential to the price target is significantly greater than 10%, we reiterate our BUY rating.

MAIN RISKS

GDP growth

The main risks for Indus stem from the general development of GDP growth in Germany and abroad.

Increase in interest rates

Since the company uses borrowed funds to finance the portfolio, the announcement of interest rate increases may ultimately also exert a highly negative influence on the value of the company even though its refinancing is essentially long term. In addition, higher interest rates are likely to have a negative impact on valuation multiples.

Fewer acquisitions

Portfolio additions are part of the business case, although the impact has declined over time as the portfolio has grown to more than 40 holdings.

Key figures

Indus Holding AG – Income statement

in m EUR	2017	2018	2019e	2020e	2021e
Sales	1,641	1,711	1,747	1,807	1,872
Own work capitalised	10.3	43.0	14.0	14.0	14.0
Total sales	1,651	1,754	1,761	1,821	1,886
Material expenses	-745.9	-811.9	-792.0	-818.9	-847.9
Personnel expenses	-479.7	-506.6	-521.4	-539.2	-558.2
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0
Other operating result	-210.1	-216.9	-210.3	-211.5	-217.0
EBITDA	215.3	218.4	236.9	251.6	263.2
Depreciation	51.6	57.1	77.5	81.1	83.5
EBITA	163.7	161.3	159.4	170.5	179.7
Amortisation of goodwill	10.8	26.6	9.8	10.5	11.1
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0
EBIT	152.9	134.7	149.6	160.0	168.6
Financial result	-23.7	-20.0	-17.9	-19.4	-20.3
Income on ordinary activities	129.2	114.7	131.7	140.6	148.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0
EBT	129.2	114.7	131.7	140.6	148.3
Taxes	-46.1	-43.5	-48.1	-51.3	-54.1
Net income from cont. operations	83.1	71.2	83.6	89.3	94.2
Net income from discount. operations	0.0	0.0	0.0	0.0	0.0
Minority interest	-0.7	-0.3	-0.7	-0.9	-1.2
Net income (adj.)	82.3	70.9	82.9	88.4	93.0
No. of shares	24.5	24.5	24.5	24.5	24.5
EPS	3.37	2.90	3.39	3.62	3.80

Source: Company information, Bankhaus Lampe Research estimates

	2017	2018	2019e	2020e	2021e
Gross margin	54.5%	52.5%	54.7%	54.7%	54.7%
EBITDA margin	13.1%	12.8%	13.6%	13.9%	14.1%
EBITA margin	10.0%	9.4%	9.1%	9.4%	9.6%
EBIT margin	9.3%	7.9%	8.6%	8.9%	9.0%
EBT margin	7.9%	6.7%	7.5%	7.8%	7.9%
Net profit margin	5.0%	4.1%	4.7%	4.9%	5.0%
Tax rate	35.7%	37.9%	36.5%	36.5%	36.5%

Source: Company information, Bankhaus Lampe Research estimates

Growth rates yoy	2017	2018	2019e	2020e	2021e
Sales	13.6%	4.3%	2.1%	3.5%	3.6%
EBITDA	7.1%	1.5%	8.5%	6.2%	4.6%
EBIT	5.4%	-11.9%	11.1%	7.0%	5.4%
EBT	4.7%	-11.2%	14.8%	6.8%	5.5%
Net income (adj.)	2.9%	-13.9%	16.9%	6.6%	5.2%
EPS	2.9%	-13.9%	16.9%	6.6%	5.2%

Source: Company information, Bankhaus Lampe Research estimates

Indus Holding AG – Balance sheet

Assets (in m EUR)	2017	2018	2019e	2020e	2021e
Fixed assets	953.6	968.5	1,130	1,180	1,228
Property, plant and equipment	402.2	418.2	554.3	593.7	622.1
Intangible assets	515.0	509.4	535.0	545.0	565.0
Financial assets	24.9	24.7	24.7	24.7	24.7
Other long-term assets	11.5	16.2	16.2	16.2	16.2
Current assets	699.6	751.5	746.8	769.2	779.6
Inventories	339.2	408.7	400.0	390.0	400.0
Accounts receivable	197.5	202.5	210.0	215.0	220.0
Other current assets	27.0	30.6	30.6	30.6	30.6
Securities	0.0	0.0	0.0	0.0	0.0
Cash	135.9	109.7	106.2	133.6	129.0
Total assets	1,653	1,720	1,877	1,949	2,008
Equity and liabilities in m EUR					
Shareholders' equity	673.8	712.5	756.1	807.8	861.6
Shareholders' equity (before minority)	670.9	709.8	753.4	805.1	858.9
Minorities	2.9	2.7	2.7	2.7	2.7
Non-current liabilities	561.0	580.2	670.2	670.2	670.2
Pension provisions	44.0	43.7	43.7	43.7	43.7
Other provisions	2.4	1.7	1.7	1.7	1.7
Long-term financial debt	439.5	465.9	555.9	555.9	555.9
Other long-term debt	75.1	68.9	68.9	68.9	68.9
Current liabilities	418.4	427.3	450.7	470.8	475.8
Short-term debt	95.3	126.5	126.5	126.5	126.5
Other accruals short-term	72.4	73.6	73.6	73.6	73.6
Accounts payable	66.2	65.7	75.0	80.0	85.0
Other liabilities	184.5	161.5	175.6	190.7	190.7
Total equity and liabilities	1,653	1,720	1,877	1,949	2,008

Source: Company information, Bankhaus Lampe Research estimates

Indus Holding AG – Balance sheet structure

Assets	2017	2018	2019e	2020e	2021e
Fixed assets	57.7%	56.3%	60.2%	60.5%	61.2%
Property, plant and equipment	24.3%	24.3%	29.5%	30.5%	31.0%
Intangible assets	31.2%	29.6%	28.5%	28.0%	28.1%
Current assets	42.3%	43.7%	39.8%	39.5%	38.8%
Inventories	20.5%	23.8%	21.3%	20.0%	19.9%
Accounts receivable	11.9%	11.8%	11.2%	11.0%	11.0%
Cash	8.2%	6.4%	5.7%	6.9%	6.4%
Equity and liabilities					
Shareholders' equity	40.8%	41.4%	40.3%	41.5%	42.9%
Non-current liabilities	33.9%	33.7%	35.7%	34.4%	33.4%
Pension provisions	2.7%	2.5%	2.3%	2.2%	2.2%
Long-term financial debt	26.6%	27.1%	29.6%	28.5%	27.7%
Current liabilities	25.3%	24.8%	24.0%	24.2%	23.7%
Short-term debt	5.8%	7.4%	6.7%	6.5%	6.3%
Accounts payable	4.0%	3.8%	4.0%	4.1%	4.2%

Source: Company information, Bankhaus Lampe Research estimates

Indus Holding AG – Cash flow statement

in m EUR	2017	2018	2019e	2020e	2021e
Net income (adj.)	82.3	70.9	82.9	88.4	93.0
Depreciation	51.6	57.1	77.5	81.1	83.5
Amortisation of goodwill & intangible assets	10.8	26.6	9.8	10.5	11.1
Change of provisions	3.6	-0.9	0.0	0.0	0.0
Other	-29.1	22.6	0.7	1.5	0.7
Operating cash flow before changes in w/c	119.2	176.3	170.9	181.5	188.3
Change in inventory	-30.5	-69.5	8.7	10.0	-10.0
Change in accounts receivable	-19.9	-5.0	-7.5	-5.0	-5.0
Change in accounts payable	10.8	-0.5	9.3	5.0	5.0
Change in other assets	44.4	-26.6	14.1	15.1	0.0
Operating cash flow	124.0	74.7	195.5	206.6	178.3
Capex, incl. capitalized R&D	-79.0	-90.9	-109.0	-105.0	-107.1
Payments for acquisitions	-32.4	-11.5	-50.0	-36.0	-36.0
Financial investments	-2.5	-1.4	0.0	0.0	0.0
Income from asset disposals	3.9	5.5	0.0	0.0	0.0
Income from financial investments	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-110.0	-98.3	-159.0	-141.0	-143.1
Free cash flow	14.0	-23.6	36.5	65.6	35.2
Capital measures	0.0	0.0	0.0	0.0	0.0
Increase/decrease in debt position	29.8	34.5	90.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Other financing Cash-flow	-0.7	-0.5	-0.6	-0.8	0.0
Dividend paid	-33.0	-36.7	-36.7	-36.7	-39.1
Cash flow from financing activities	-3.9	-2.7	52.7	-37.5	-39.1
Increase/ decrease in liquid assets	10.1	-26.3	89.2	28.1	-3.9
Effects of exchange rate changes	-1.4	0.1	-93.0	0.0	0.0
Cash at beginning of period	127.2	135.9	109.7	106.0	134.1
Change in total cash and cash equivalents	8.7	-26.2	-3.8	28.1	-3.9
Cash at end of period	135.9	109.7	106.0	134.1	130.2

Source: Company information, Bankhaus Lampe Research estimates

Indus Holding AG – Ratios

	2017	2018	2019e	2020e	2021e
Per Share Data					
EPS	3.37	2.90	3.39	3.62	3.80
Book value per share	27.56	29.14	30.92	33.04	35.24
Free Cash-flow per share	0.57	-0.97	1.49	2.68	1.44
Dividend per share	1.50	1.50	1.50	1.60	1.70
Valuation ratios					
EV/Sales	1.2	0.9	0.9	0.8	0.8
EV/EBITDA	8.8	6.8	6.5	6.0	5.8
EV/EBIT	12.4	11.0	10.3	9.5	9.0
P/E	17.7	13.4	11.1	10.4	9.9
Price to book (total equity)	2.2	1.3	1.2	1.1	1.1
Dividend yield	2.5%	3.8%	4.0%	4.3%	4.5%
Profitability ratios					
EBITDA margin	13.1%	12.8%	13.6%	13.9%	14.1%
EBIT margin	9.3%	7.9%	8.6%	8.9%	9.0%
Net return on sales	5.0%	4.1%	4.7%	4.9%	5.0%
Return on capital employed (ROCE)	12.2%	10.0%	10.1%	10.4%	10.6%
Productivity ratios					
Capital turnover	86.8%	88.5%	95.3%	94.3%	94.2%
Operating leverage	0.4	-2.8	5.3	2.0	1.5
Sales per employee (in thousands)	160,686	165,135	166,185	169,531	173,201
EBIT per employee (in thousands)	14,971	13,002	14,234	15,009	15,597
Number of employees (in thousands)	10.2	10.4	10.5	10.7	10.8
Financial ratios					
Equity ratio	40.8%	41.4%	40.3%	41.5%	42.9%
Net financial debt (in m EUR)	398.9	482.7	576.2	548.8	553.4
Net debt / Equity	59.2%	67.7%	76.2%	67.9%	64.2%
Interest cover	6.3	6.6	7.7	7.7	7.7
Net debt / EBITDA	1.85	2.21	2.43	2.18	2.10
Working Capital (in m EUR)	470.5	545.5	535.0	525.0	535.0
Change in working capital (in m EUR)	39.6	75.0	-10.5	-10.0	10.0
WC /sales	28.7%	31.9%	30.6%	29.1%	28.6%
Stocks in days of sales	75	87	84	79	78
Trade debtors in days of sales	44	43	44	43	43
Trade creditors in days of COGS/sales	15	14	16	16	17
Cash conversion cycle	104	116	112	106	104
Invest. (property/plant/equity) / Depreciation	153.1%	159.2%	140.6%	129.5%	128.3%
Others					
Sales CAGR (last 3 years)	9.3%	7.2%	6.5%	3.3%	3.1%
EBIT CAGR (last 3 years)	6.3%	-0.4%	1.0%	1.5%	7.8%
Net income CAGR (last 3 years)	9.2%	1.4%	1.2%	2.4%	9.5%
Pay-out ratio	44.6%	51.7%	44.2%	44.3%	44.7%
Free cash flow (in m EUR)	14.0	-23.6	36.5	65.6	35.2
Free cash flow yield	1.0%	-2.5%	4.0%	7.2%	3.8%

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

The creation of this recommendation was finalised on 17/07/2019 02:11 PM (CEST) and first published on 18/07/2019 07:01 AM (CEST).

Analyst declaration

The relevant research analysts, as named on the front cover of this research report, certify that (a) all of the views expressed in this research report accurately reflect their personal views about the securities and companies mentioned in this research report; and (b) that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views expressed by them in this research report.

Rating system

Shares are rated based upon analyst forecasts with regard to the performance of the share during a period of twelve months. The rating "Buy" within this general concept means that the share's forecast performance is at least 10%. "Hold" means a price movement in a bandwidth of -10% to 10%. "Sell" means that the share's forecast performance is less than -10%.

Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Details on the concepts and methods as well as the valuation models employed are available on our [website](#).

Overview of changes in our recommendations/price targets in the previous twelve months for: Indus Holding AG (INH GY), Close (16/07/2019): 37.50 EUR, Analyst: Dr. Georg Kanders (Analyst).

Date of publication	Price at recommendation	Rating	Price target
20/05/2019	42.90 EUR	Buy	56.00 EUR
03/04/2019	45.05 EUR	Buy	61.00 EUR
30/01/2019	43.85 EUR	Buy	60.00 EUR
30/08/2018	55.50 EUR	Buy	73.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2019)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	57.8%	62.5%
Hold	37.9%	25.0%
Sell	4.3%	12.5%
Under Review	0.0%	0.0%

Frequency of updates

The Bank intends to publish at least one research report per year for the aforementioned stock/stocks.

Complete list of recommendations

The complete list of recommendations for each financial instrument of the last twelve months is available on our [website](#).

Prevention and dealing with conflicts of interest

The measures taken by Bankhaus Lampe KG within the framework of its management of conflicts of interest in order to prevent and handle conflicts of interest are based, among other things, on the functional separation of sensitive business units, the establishment of confidentiality units by setting up information barriers, the establishment of organisational regulations regarding the treatment of confidential and sensitive information both inside and outside the confidentiality units and the monitoring and limitation of private securities transactions conducted by employees working in sensitive areas of Bankhaus Lampe KG. Conflicts of interest that cannot be avoided despite the measures taken are disclosed. Compliance with the internal and organisational provisions to prevent and handle conflicts of interest is monitored by the independent Compliance unit.

Conflict of interest

Disclosures of potential conflicts of interest relating to Bankhaus Lampe KG, its affiliates and subsidiaries in the following companies named in this research report are valid as of the end of the month prior to the publication of this report (updating this information may take up to ten days after the month comes to an end).

Potential conflicts of interests may exist in the following companies named in this research report.

Company	Disclosure
Indus Holding AG	6, 7

6. Bankhaus Lampe KG or an affiliated company attends to the company's financial instruments by placing buy or sell orders (e.g. as market maker or designated sponsor).
7. The author or a person contributing to the production of this financial analysis directly holds financial instruments or related derivatives of this company.

Responsible regulatory authority:

Federal Financial Supervisory Authority – Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, D-60439 Frankfurt

Declaration of liability

The information in this study is based on public sources which the author(s) believe(s) to be reliable. Nevertheless, neither Bankhaus Lampe KG, nor its affiliated companies, nor the legal representatives, supervisory board members and employees of these companies can assume any guarantee for the correctness, completeness and accuracy of the information. All opinions and evaluations expressed in this study only reflect the current opinions and evaluations of the author(s), which do not necessarily correspond to the opinions and evaluations of other spheres of business of Bankhaus Lampe KG or its affiliated companies. All opinions and evaluations can be changed at any time without prior notice. They may differ from views set out in other documents, including research, published by Bankhaus Lampe KG.

This study is directed to institutional investors with registered offices in the European Union as well as in Switzerland, Liechtenstein and the United States of America, to whom the Bank has deliberately made it available. Its contents are for information purposes only and are not to be regarded as an offer or invitation to buy or sell financial instruments. Private investors who come to know the contents of this study should, before making a concrete investment decision, consult the investment adviser of their bank on whether any recommendation for a certain investment decision contained in this study is suitable for them in view of their investment objectives and financial conditions. The adviser may not share the views contained herein on the financial instruments and their issuers.

The completion and publication of this study is subject to the law of the Federal Republic of Germany. Its publication in other jurisdictions may be restricted by applicable laws or other legal regulations. Persons with residence outside the Federal Republic of Germany who come into possession of this study must inform themselves about any applicable restrictions that they are obligated to observe. They are recommended to contact the authorities of their country that are responsible for the monitoring of financial instruments and of markets in which financial instruments are traded, in order to find out whether there are any restrictions on acquisition regarding the financial instruments this study refers to. This study may neither be reprinted, in whole or in part, nor transferred to an information system, nor stored in any way whatsoever, be it electronically, mechanically, via photocopy, or by any other means, except with the prior written approval of Bankhaus Lampe KG.

Additional information for clients in the United Kingdom

Publications in the United Kingdom are distributed by Lampe Capital UK (Services) Limited, 2 Savile Row, London W1S 3PA, United Kingdom and this report is only directed at persons who are investment professionals under Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 and the investment or investment activity to which this report relates is only available to and will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely upon the contents of this report.

Additional information for clients in the United States

This research report has been prepared and approved by Bankhaus Lampe KG, a full-service bank in Germany. Bankhaus Lampe KG is not a registered broker/dealer in the United States and therefore is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts.

The research report is distributed solely to "major U.S. institutional investors" within the United States. Lampe Capital North America LLC assumes responsibility for the distribution of this research report within the United States on behalf of Bankhaus Lampe KG in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended.

Any US recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Lampe Capital North America LLC. Lampe Capital North America LLC may be contacted in writing or by phone: Lampe Capital North America LLC, 712 Fifth Avenue, 28th floor, New York, NY 10019, U.S. phone: +1-212-218 7410. Lampe Capital North America LLC is a wholly owned subsidiary of Bankhaus Lampe KG. Under no circumstances should any US recipient effect any transaction to buy or sell securities or related financial instruments through Bankhaus Lampe KG.

Bankhaus Lampe KG, Jägerhofstraße 10, D-40479 Düsseldorf is responsible for this study.

Further information may be obtained from Bankhaus Lampe KG.

18 July 2019

Contacts

GENERAL PARTNER

Ute Gerbaulet

+ 49 (0)211 4952-656

ute.gerbaulet@bankhaus-lampe.de

EQUITY CHAIRMAN

Dr Karsten Iltgen

+ 49 (0)211 4952-351

karsten.iltgen@bankhaus-lampe.de

HEAD OF RESEARCH

Christian Ludwig

+ 49 (0)211 4952-126

christian.ludwig@bankhaus-lampe.de

HEAD OF EQUITY SALES & TRADING EUROPE

Guido Rohlfing

+ 49 (0)211 4952-832

guido.rohlfing@bankhaus-lampe.de

HEAD OF EQUITY SALES TRADING

Nils Carstens

+ 49 (0)211 4952-758

nils.carstens@bankhaus-lampe.de

HEAD OF EQUITY SALES IN US

Per Hallgren

+1 212 218 7415

per.hallgren@lampe-capital-us.com

HEAD OF EQUITY SALES IN UK

Yusuf Bilgic

+ 44 (0)203 405 4318

yb@lampe-capital.com

Bankhaus Lampe Research

Jägerhofstraße 10

D - 40479 Düsseldorf

research@bankhaus-lampe.de

📞 + 49 (0)211 4952-678

📠 + 49 (0)211 4952-494