

# CA Immo Accumulate

(old: Hold) Target: Euro 36.00 (unchanged)



THOMSON REUTERS  
ANALYST AWARDS  
2018 WINNER



Der Spezialist für Finanzaktien

22 | August | 19

<b>Price (Euro)</b>	<b>31.55</b>			
52 weeks range	34.25 / 27.36			
<b>Key Data</b>				
ISIN	AT0000641352			
Reuters	CAIV.VI			
Bloomberg	CAI AV			
Reporting standard	IFRS			
Market Cap (Euro million)	3,117			
Number of shares (million)	98.8			
Free Float	68%			
Free Float Market Cap (Euro million)	2,120			
CAGR EBITDA cash profit ('18 - '21e)	15.1%			
<b>Multiples</b>				
	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
Market Cap/ Total revenues	11.3	9.6	8.4	8.9
<b>PE-Ratio</b>	<b>9.6</b>	<b>11.5</b>	<b>14.9</b>	<b>18.4</b>
Dividend Yield	2.9%	3.2%	3.5%	3.5%
<b>Price-to-Book-Ratio</b>	<b>1.11</b>	<b>1.04</b>	<b>1.02</b>	<b>1.01</b>
<b>P/ NAV-ratio</b>	<b>0.95</b>	<b>0.91</b>	<b>0.88</b>	<b>0.86</b>
<b>Key Data per share (Euro)</b>				
	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
<b>Earnings per share (EPS)</b>	<b>3.28</b>	<b>2.74</b>	<b>2.12</b>	<b>1.72</b>
Dividend per share (DPS)	0.90	1.00	1.10	1.10
<b>Book Value per Share (BVPS)</b>	<b>28.37</b>	<b>30.37</b>	<b>30.98</b>	<b>31.37</b>
<b>EPRA NAV per share</b>	<b>33.30</b>	<b>34.60</b>	<b>35.65</b>	<b>36.78</b>
<b>EPRA NNAV</b>	<b>30.08</b>	<b>31.51</b>	<b>32.75</b>	<b>34.12</b>
<b>Financial Data (Euro '000)</b>				
	<b>2018</b>	<b>2019e</b>	<b>2020e</b>	<b>2021e</b>
<b>Total revenues incl net disposal gains</b>	<b>276,045</b>	<b>323,402</b>	<b>369,503</b>	<b>348,803</b>
<b>Rental income</b>	<b>192,440</b>	<b>211,020</b>	<b>232,904</b>	<b>225,447</b>
Admin expenses	-53,246	-51,447	-53,459	-53,745
<b>EBITDA profit (cash-driven)</b>	<b>145,075</b>	<b>193,614</b>	<b>233,155</b>	<b>220,976</b>
<b>Net result from revaluations</b>	<b>276,461</b>	<b>209,106</b>	<b>72,559</b>	<b>31,334</b>
<b>Operating profit (EBIT)</b>	<b>442,271</b>	<b>401,757</b>	<b>304,188</b>	<b>250,770</b>
Net financial result	-46,071	-72,771	-44,578	-41,557
<b>Pre-tax profit (EBT)</b>	<b>396,200</b>	<b>328,986</b>	<b>259,610</b>	<b>209,213</b>
Taxation	-90,896	-75,430	-63,100	-50,212
<b>Net profit after minorities</b>	<b>305,293</b>	<b>253,545</b>	<b>196,499</b>	<b>158,990</b>
Shareholders' equity (Euro million)	2,640	2,810	2,866	2,902
<b>Property assets let (Euro million)</b>	<b>3,515</b>	<b>4,009</b>	<b>4,099</b>	<b>4,135</b>
Property assets under development	406	378	390	188
<b>RoE (pre-tax)</b>	<b>15.0%</b>	<b>11.7%</b>	<b>9.1%</b>	<b>7.2%</b>
<b>RoE (after tax)</b>	<b>12.1%</b>	<b>9.3%</b>	<b>6.9%</b>	<b>5.5%</b>
Equity ratio	49.3%	50.1%	50.1%	50.1%
<b>Main Shareholders</b>				
Starwood	26%			
Own shares	6%			
<b>Financial calendar</b>				
3Q 2019 annual report 2019	20 November 2019 March 2020			
<b>Analyst</b>				
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## A decent FFO picture after the first six months, a healthy balance sheet, some more completions to follow the next 18 months, a promising pipeline – Rating up to Accumulate

Yesterday evening, CA Immo published the 1H 2019 report and invited today for an analyst's conference call. The numbers unveiled a convincing picture in terms of FFO growth and in addition to that still a robust balance sheet with a promising pipeline to be completed in the future.

The net rental income of the first six months (adjusted by an IFRS 16 effect) rose by almost 10%, to Euro 95.3m, mainly based on the strong portfolio expansion 2018. FFO I (before trading and taxation) came in at Euro 64.5m, +2.1% compared to last year. The cash driven operating EBITDA profit was even up more than 4%, from Euro 79m to now almost Euro 83m. The net revaluation result more than doubled from Euro 49m to Euro 115m, following the progress of Cube and MY.B developments in Berlin (to be finished in 2H 2019) and a yield compression in the markets of Czech Republic and Hungary which we regard to continue in the second half of the year and probably also in 2020.

With the high revaluation result the EBIT even rocketed +31%, from Euro 150m to Euro 196m. The financial result was impaired by some non-cash valuation effects regarding interest rate hedges. But still the EBT result still up significant, +13% from Euro 123m to Euro 140m and the bottom line even up 15% from Euro 90m to Euro 103m.

The balance sheet remains very strong and almost no changes compared to year-end 2018. The equity ratio is at 48% (Dec. 49%), the net LTV at 37% (Dec. 35%) and the unencumbered assets were even up 4% from Euro 2.14bn to now Euro 2.22bn. The company has a project pipeline of an additional 600,000 sqm of usable space on the basis of current land reserves with a development horizon until 2028. But even for the time beyond, we judge the company to be in a good position to evaluate and take opportunities, also regarding M & A deals to grow.

The total portfolio size already hiked from approx. Euro 4.5bn to more than Euro 4.7bn after the first half of the year. It will further steeply increase as Berlin offices Kunstcampus and MY.B will be finished in 4Q 2019 (17.5k sqm) and Munich MY.O and NEO as well as Mainz ZigZag offices will be finished during 2020 (45k sqm). For the Berlin developments the pre-let ratio is at 100% and 93%, for the big Munich MY.O to be completed in 2Q 2020 with 27k sqm it is already at high 82%, too.

With a rise in FFO in the first six months the management clearly confirmed the guidance to lift full year's FFO I to more than Euro 125m after Euro 118.5m in FY 2018. This goal is very realistic in our view and even might look a bit conservative. Since our last update on 22 May above 34 Euros share price level, the CAI share price now came back a little bit, by about 8%. After the good first half of the year we clearly confirm our Euro 36.00 target price, which is supported by EPRA NAV per share, which was up 2.3% in the first six months to Euro 34.06 (even +5.0%, taking the dividend payment into consideration). We decided to lift our rating from Hold to Accumulate.

### CA Immobilien Anlagen AG

<b>Industry:</b>	Real Estate	<b>Management Board of CA Immo</b>
<b>Sub-segment:</b>	Office/ Commercial	Andreas Quint (CEO)
<b>Country:</b>	Austria	Keegan Viscius (CIO)
<b>Headquarter:</b>	Vienna	Dr. Andreas Schillhofer (CFO)
<b>Foundation:</b>	1990	
<b>Employees (year-end 2018)</b>	382	<b>Supervisory Board of CA Immo</b>
		Torsten Hollstein (Chairman)
<b>IR Contact</b>		Dr. Florian Koschat (Dep. Chairman)
Christoph Thurnberger / Julian Wöhrle		Prof. Dr. Klaus Hirschler
(Mail: <a href="mailto:ir@caimmoag.com">ir@caimmoag.com</a> )		Nicole Kubista
		Jeffrey G. Dishner
		Michael Stanton
		Georg Edinger
		Dr. Monika Wildner
		Richard James Gregson
		Sebastian Obermayer
		Franz Reitermayer
		Laura M. Rubin
		Sarah Broughton

Founded in 1987 CA Immo is one of the major property owners in Europe. The Vienna-based company is a specialist in property management and the development of premium large-scale office properties as well as mixed city quarters and had on year-end 2018 an investment portfolio with a volume of about Euro 4.5bn allocated in Germany (44%, mainly Berlin, Frankfurt and Munich), Austria (13%, mainly Vienna) and CEE (43%, mainly Warsaw, Budapest, Prague and Bucharest).

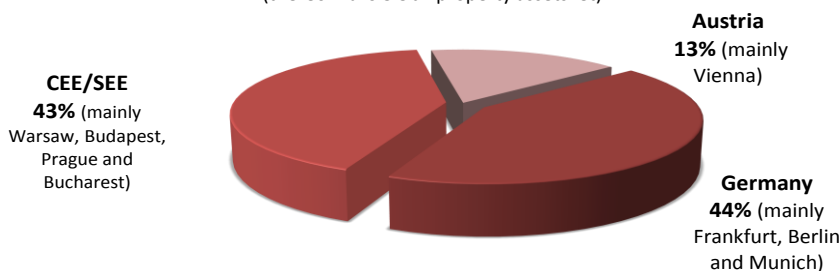
In the last 4 or 5 years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more stable economies of Germany and Austria and some promising markets in CEE like Budapest and Bucharest, gaining a critical mass by some landmark acquisitions in the last three years (Millenium Towers in Budapest and Campus 6.1 in Bucharest to give two examples). Another important focus besides the sharpening of the profile by selling non-core assets was to grow the portfolio by several significant own developments (also developing the own residential land bank) and by acquisitions which make sense to strongly and sustainably uplift the future FFO results. The 2018 net rental income jumped by 7% to more than Euro 175m and FFO I even jumped by 11% to over Euro 118m. 2016 marked the start for several promising developments in German and Austrian hubs like ViE in Vienna, the Frankfurt Steigenberger hotel, Rheinallee III (Mainz) and Rieck I Offices in Berlin which are finished or going to be finished soon.

Another highlight of 2018 was the significant reduction of the financing costs. The average cost of debt remarkably came down again, from an initial 2.3% at year-end 2016 to 1.9% at year-end 2017 and now to only 1.7% at year-end 2018. The optimisation of the financing structure (repayment of expensive 2006 - 2016 bond and the issue of 2016 - 2023 and 2016 - 2021 bonds) helped to further reduce the cost of debt. Also keep in mind, that CAI issued another Euro 175m bond in February 2017, with a 1.875% coupon and a 7 years duration. In October 2017 the company issued a Euro 200m convertible, running until April 2025 with a very low 0.75% coupon.

CAI is listed on Vienna Stock Exchange since 1988 and member of ATX index and clearly beat the ATX performance in 2018. The firm will maintain to pay a high 70% of the FFO I cash earnings as dividend to the shareholders. Thus the 2018 dividend steeply increases again, from 80 Cents for 2017 to now 90 Cents. For 2019 the management expects another FFO I hike to more than Euro 125m which was confirmed with 1Q 2019 results, which might be even a bit too cautious in our view. CA Immo has also rock solid balance sheet metrics with an equity ratio of more than 48% and a net LTV of only very low 36%, which might rise to a healthy range of 40% to 45% with the coming investments for the developments. For the next years the firm has about Euro 290m land reserves to develop / exploit which are mainly (> 98%) in Germany (more or less a split of Frankfurt, Munich and Berlin) and would offer a high additional Euro 4.2bn book value potential to be realized in the next ten years.

### Euro 4.5bn property portfolio at the end of 2018

(thereof Euro 3.5bn property assets let)



Source: Company Data, SRC Research

About Euro 900m to be completed in the coming years 2019 to 2021, thereof in 2019 more for the trading and the next two years more for the own portfolio

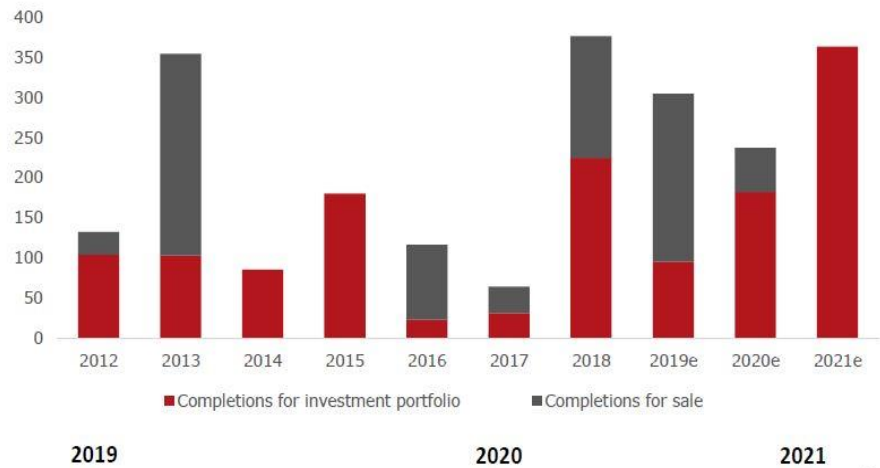
## Development Growth Strategy



### ORGANIC PORTFOLIO GROWTH

- Following completion of the KPMG building in Berlin's Europacity and VIE office in Vienna, two more newly developed buildings were added to the portfolio in Q4 2018:
- Orhidea office towers in Bucharest
- InterCity Hotel at Frankfurt's main station
- Current construction volume ~ € 830 m (thereof ~ € 630 m earmarked for own portfolio)
- Average yield on cost expected at around 5.6%

Investment portfolio growth by own developments (by value)



2018

CAI has over Euro 4bn development pipeline for the next ten years, about 50% (mainly office and hotels) are for the own investment portfolio, mainly Berlin, Frankfurt and Munich, residential properties will be sold

## ④ Development Pipeline

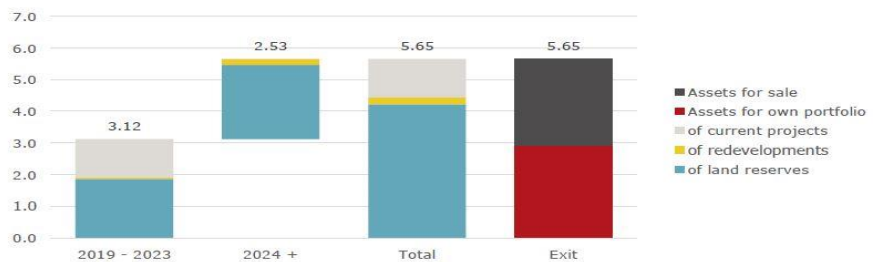


Total volume incl. projects under construction and pipeline (~ € 5.6 bn)\*

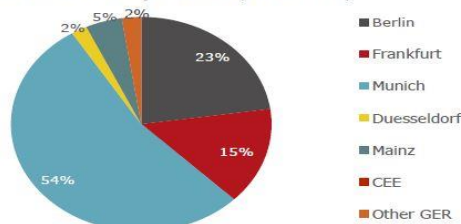
### THREE DEVELOPMENT PHASES

- CA Immo divides its development pipeline based on current land reserves into three phases:
- ~ 4 years (development volume ~ € 2.0 bn)
- ~ 10 years (~ € 2.2 bn)
- beyond
- The current estimated development volume amounting to ~ € 4.05 bn (without plot sales) includes only phases 1 and 2.
- An additional volume after the 10 year period is expected from today's perspective.
- The book value of the land reserves currently stands at ~ € 290 m.

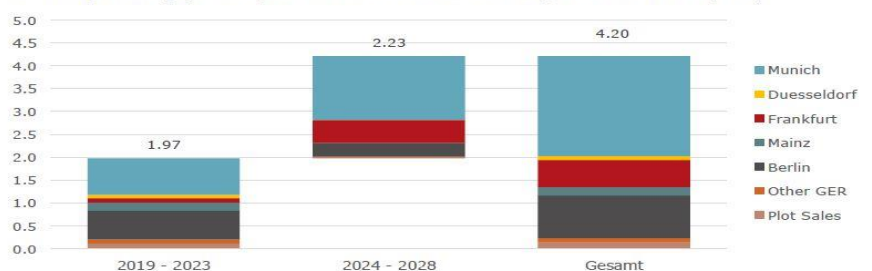
Total pipeline including projects under construction and redevelopments (€ bn)



### Landbank composition (book value)



Development pipeline potential based on existing land reserves (€ bn)



\* Estimated development volume including developer profit of 15-20%

Source: Analysts' Presentation, 22 May 2019

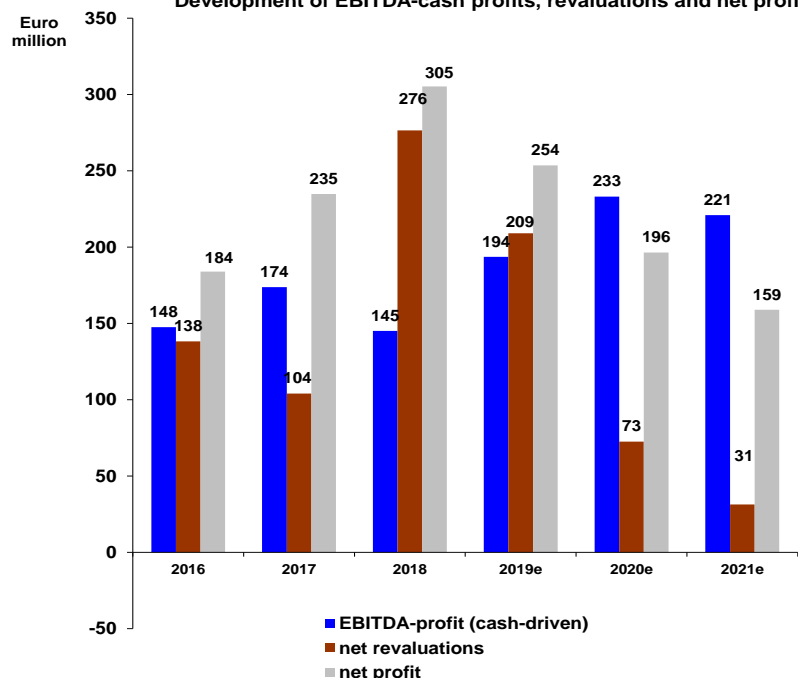
**CA Immobilien Anlagen AG**

31/12 IFRS ('000)

	2015	2016	2017	2018	2019e	2020e	2021e	CAGR '18 - '21e
<b>Rental income</b>	<b>154,817.0</b>	<b>165,603.0</b>	<b>180,281.0</b>	<b>192,440.0</b>	<b>211,020.0</b>	<b>232,904.0</b>	<b>225,447.3</b>	<b>5.4%</b>
Proceeds from property sale (Trading Portfolio)	9,535.0	28,099.0	29,216.0	44,417.0	57,889.0	56,877.0	32,100.0	
Expenses from property disposal (Trading Portfolio)	-6,446.0	-18,669.0	-15,664.0	-37,011.0	-45,771.0	-48,775.0	-28,745.0	
<b>Subtotal Trading Portfolio</b>	<b>3,089.0</b>	<b>9,430.0</b>	<b>13,552.0</b>	<b>7,406.0</b>	<b>12,118.0</b>	<b>8,102.0</b>	<b>3,355.0</b>	
<i>sale margin (Trading Portfolio)</i>	<i>32.4%</i>	<i>33.6%</i>	<i>46.4%</i>	<i>16.7%</i>	<i>20.9%</i>	<i>14.2%</i>	<i>10.5%</i>	
Proceeds from property sale (Hold Portfolio)	231,635.0	274,030.0	107,849.0	45,842.0	149,155.0	155,745.0	144,772.0	
Expenses from property disposal (Hold Portfolio)	-195,088.0	-250,691.0	-75,717.0	-37,616.0	-136,557.0	-128,135.0	-121,778.0	
<b>Result from property sales (Hold Portfolio)</b>	<b>36,547.0</b>	<b>23,339.0</b>	<b>32,132.0</b>	<b>8,226.0</b>	<b>12,598.0</b>	<b>27,610.0</b>	<b>22,994.0</b>	
<i>sale margin (Hold Portfolio)</i>	<i>15.8%</i>	<i>8.5%</i>	<i>29.8%</i>	<i>17.9%</i>	<i>8.4%</i>	<i>17.7%</i>	<i>15.9%</i>	
Operating costs passed on to tenants	38,290.0	46,906.0	51,263.0	55,828.0	74,112.0	85,445.0	82,455.0	
Revenues from construction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Income from services	16,470.0	13,265.0	11,109.0	12,145.0	13,554.0	15,442.0	14,552.0	
<b>Total revenues including the net gains from disposals</b>	<b>249,213.0</b>	<b>258,543.0</b>	<b>288,337.0</b>	<b>276,045.0</b>	<b>323,402.0</b>	<b>369,503.0</b>	<b>348,803.3</b>	<b>8.1%</b>
Operating expenses	-44,567.0	-52,726.0	-55,696.0	-60,107.0	-59,778.0	-62,448.0	-57,443.0	
Other expenses directly related to Hold-Portfolio	-12,948.0	-12,633.0	-12,489.0	-12,961.0	-13,224.0	-14,548.0	-13,884.0	
Expenses for construction	-2,158.0	-2,333.0	-2,845.0	-6,141.0	-7,883.0	-8,771.0	-5,210.0	
Admin expenses	-42,452.0	-44,140.0	-44,618.0	-53,246.0	-51,447.0	-53,459.0	-53,745.0	
Own works capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other operating income	1,470.0	873.0	1,051.0	1,485.0	2,544.0	2,878.0	2,455.0	
<b>EBITDA-profit (cash-driven operating profit)</b>	<b>148,558.0</b>	<b>147,584.0</b>	<b>173,740.0</b>	<b>145,075.0</b>	<b>193,614.0</b>	<b>233,155.0</b>	<b>220,976.3</b>	<b>15.1%</b>
Gains from Fair Value Adjustments (IAS 40)	257,563.0	179,094.0	182,045.0	293,220.0	224,551.0	125,440.0	95,887.0	
Losses from Fair Value Adjustments (IAS 40)	-43,744.0	-40,834.0	-78,021.0	-16,759.0	-15,445.0	-52,881.0	-64,553.0	
<b>Net result from Revaluations (IAS 40)</b>	<b>213,819.0</b>	<b>138,260.0</b>	<b>104,024.0</b>	<b>276,461.0</b>	<b>209,106.0</b>	<b>72,559.0</b>	<b>31,334.0</b>	
Depreciation and amortisation of long-term assets	-2,915.0	-3,460.0	-2,658.0	-2,385.0	-2,120.0	-2,550.0	-2,347.0	
Depreciation of properties of Trading-Portfolio	32.0	29.0	-1,189.0	-234.0	-354.0	-220.0	-145.0	
<b>Result from investments in joint ventures</b>	<b>43,221.0</b>	<b>11,420.0</b>	<b>66,585.0</b>	<b>23,354.0</b>	<b>1,511.0</b>	<b>1,244.0</b>	<b>952.0</b>	
<b>Operating Profit (EBIT)</b>	<b>402,715.0</b>	<b>293,833.0</b>	<b>340,502.0</b>	<b>442,271.0</b>	<b>401,757.0</b>	<b>304,188.0</b>	<b>250,770.3</b>	<b>-17.2%</b>
<b>Net financial result</b>	<b>-86,702.0</b>	<b>-56,228.0</b>	<b>-40,683.0</b>	<b>-46,071.0</b>	<b>-72,771.0</b>	<b>-44,578.0</b>	<b>-41,557.0</b>	
<b>Pre-tax profit (EBT)</b>	<b>316,013.0</b>	<b>237,605.0</b>	<b>299,819.0</b>	<b>396,200.0</b>	<b>328,986.0</b>	<b>259,610.0</b>	<b>209,213.3</b>	<b>-19.2%</b>
taxes on income	-95,174.0	-53,688.0	-64,960.0	-90,896.0	-75,430.0	-63,100.0	-50,212.0	
tax-rate	30.1%	22.6%	21.7%	22.9%	22.9%	24.3%	24.0%	
minorities	0.0	-7.0	-5.0	-11.0	-11.0	-11.0	-11.0	
<b>Net Profit after minorities</b>	<b>220,839.0</b>	<b>183,910.0</b>	<b>234,854.0</b>	<b>305,293.0</b>	<b>253,545.0</b>	<b>196,499.0</b>	<b>158,990.3</b>	<b>-19.5%</b>
number of shares without own shares ('000)	97,941.7	94,995.3	93,226.3	93,028.3	92,510.0	92,510.0	92,510.0	
<b>Earnings per share (Euro)</b>	<b>2.25</b>	<b>1.94</b>	<b>2.52</b>	<b>3.28</b>	<b>2.74</b>	<b>2.12</b>	<b>1.72</b>	<b>-19.4%</b>
<b>Dividends per share (Euro)</b>	<b>0.50</b>	<b>0.65</b>	<b>0.80</b>	<b>0.90</b>	<b>1.00</b>	<b>1.10</b>	<b>1.10</b>	
<b>Book Value per share (Euro)</b>	<b>21.65</b>	<b>23.21</b>	<b>25.73</b>	<b>28.37</b>	<b>30.37</b>	<b>30.98</b>	<b>31.37</b>	<b>3.4%</b>
<b>EPRA NAV per share (Euro)</b>	<b>21.90</b>	<b>26.74</b>	<b>29.90</b>	<b>33.30</b>	<b>34.60</b>	<b>35.65</b>	<b>36.78</b>	
<b>NNNAV per share (Euro)</b>	<b>22.69</b>	<b>24.56</b>	<b>27.13</b>	<b>30.08</b>	<b>31.51</b>	<b>32.75</b>	<b>34.12</b>	<b>4.3%</b>
<b>Key Data</b>								
<b>Shareholders' Equity</b>	<b>2,120,410.0</b>	<b>2,204,495.0</b>	<b>2,398,459.0</b>	<b>2,639,635.0</b>	<b>2,809,921.0</b>	<b>2,866,119.4</b>	<b>2,902,175.0</b>	<b>3.2%</b>
<b>Property assets let (only fully owned from 2014 on)</b>	<b>2,478,600</b>	<b>3,219,333</b>	<b>3,155,736</b>	<b>3,514,700</b>	<b>4,008,550</b>	<b>4,098,775</b>	<b>4,135,450</b>	
thereof Germany ('000)	641.0	1,175.6	1,262.3	1,311.3	1,563.3	1,639.5	1,654.2	
thereof Austria ('000)	587.6	551.3	536.5	513.6	521.1	491.9	496.3	
thereof CEE and SEE ('000)	1,250.0	1,492.4	1,357.0	1,689.8	1,924.1	1,967.4	1,985.0	
<b>Gross yield property assets let</b>	<b>6.5%</b>	<b>6.1%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>6.2%</b>	
<b>Vacancy rate property assets let*</b>	<b>7.3%</b>	<b>8.0%</b>	<b>10.5%</b>	<b>5.6%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>6.3%</b>	
<b>Property assets under current construction</b>	<b>171,600</b>	<b>438,485</b>	<b>579,295</b>	<b>406,100</b>	<b>378,135</b>	<b>389,751</b>	<b>187,725</b>	<b>-22.7%</b>
RoE (pre-tax)	14.9%	10.8%	12.5%	15.0%	11.7%	9.1%	7.2%	
RoE (after tax)	10.8%	8.5%	10.2%	12.1%	9.3%	6.9%	5.5%	
<b>Total balance sheet sum</b>	<b>3,983,983.0</b>	<b>4,309,138.0</b>	<b>4,768,707.6</b>	<b>5,355,504.0</b>	<b>5,607,212.7</b>	<b>5,724,964.2</b>	<b>5,793,663.7</b>	<b>2.7%</b>
<b>Equity ratio</b>	<b>53.2%</b>	<b>51.2%</b>	<b>50.3%</b>	<b>49.3%</b>	<b>50.1%</b>	<b>50.1%</b>	<b>50.1%</b>	

\* from 2018 shown as economic vacancy rate

Development of EBITDA-cash profits, revaluations and net profits





## SRC Research

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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	May 22, 2019	Hold	34,15 €	36,00 €
CA Immo	April 2, 2019	Accumulate	31,90 €	36,00 €
CA Immo	March 6, 2019	Buy	30,12 €	34,00 €
CA Immo	November 21, 2018	Buy	28,52 €	33,00 €
CA Immo	August 24, 2018	Hold	32,46 €	33,00 €
CA Immo	May 24, 2018	Hold	29,08 €	29,00 €
CA Immo	March 22, 2018	Hold	27,48 €	27,50 €
CA Immo	March 2, 2018	Accumulate	25,50 €	27,50 €
CA Immo	November 23, 2017	Buy	24,40 €	26,00 €
CA Immo	August 24, 2017	Buy	22,46 €	25,00 €
CA Immo	May 24, 2017	Buy	21,17 €	24,00 €
CA Immo	March 22, 2017	Buy	19,10 €	24,00 €

#### Please note:

The CA Immo share price mentioned in this report is from 21 August 2019. CA Immo mandated SRC Research for covering the CA Immo share.

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