LeanVal RESEARCH

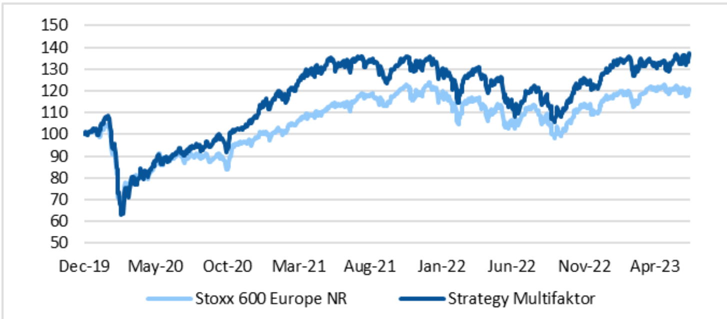
LeanVal Strategy Multifactor

Stocks in Focus

LeanVal Research stands for in-depth, independent, fundamental equity research. We use our own, functionally, and academically tested multi-factor approaches, which have proven to be strong performers and robust in a wide range of market phases. The factors are fundamental and technical and cover a broad range of areas which include value, quality, stability, growth, and momentum. This know-how is the basis for the four LeanVal model strategies: Sustainable Dividends, Quality Value, Growth Momentum, and Multifactor.

Based on the defined strategy, approximately 40 stocks are selected from the LeanVal universe quarterly and are made available as a portfolio. In the following report, five stocks from the Multifactor strategy are analyzed in more detail. The LeanVal equity strategies were launched in January 2020.

Performance indicator of the strategy vs. benchmark (31/12/2019 – 15/07/2023)



Performance of the model strategy in euros without costs. A positive performance in the past is no guarantee of a positive performance in the future and in no case represents a return or risk commitment for the future. Sources: Morningstar, LeanVal Research.

The LeanVal strategy "Multifactor" uses the five factors Value, Quality, Stability, Growth, and Momentum equally weighted for the stock selection. The result is a well-founded and comprehensive assessment of each stock. This makes it possible to identify the companies that appear to be the most attractive compared to their competitors based on the relative assessment. In addition, the combination of these five factors makes the selection robust against outliers, which minimizes the influence of individual factors compared to a one-dimensional approach.

The figure above is the back test of the strategy created with the LeanVal Screener according to the defined selection criteria.

In 2023, the strategy achieved a performance of 12.5%. Since the strategy's launch at year-end 2019, the total return (before costs) is 36.3%, outperforming the Stoxx 600 Europe NR Index by 15.2%. The dividend yield is 3.0% (trailing) or 3.2% (expected dividend T+1). The current P/E ratio is 16.1 (trailing) (T+1: 13.3).

LeanVal Equity Strategies

LeanVal Strategy Multifactor

Selection criteria

- Strong fundamental data
- Robust earnings
- High added value
- Attractive cash flows
- Stable momentum

Publication date: 19/07/2023 16:00

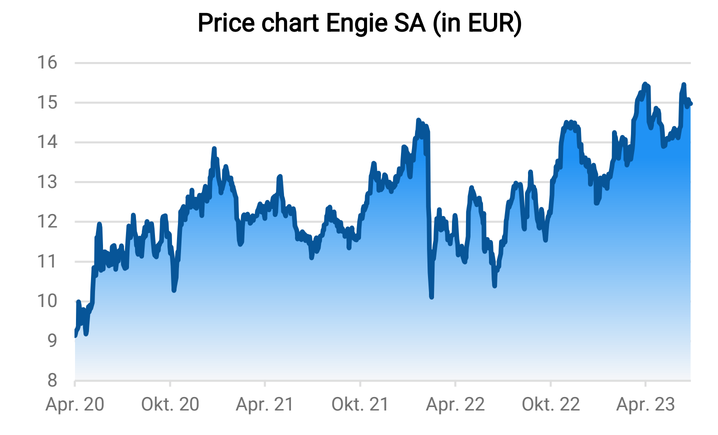
MEMBER OF LeanVal GROUP

Engie SA (Buy; EUR 18.00)

ISIN: FR0010208488
Country: France
Sector: Utilities
Industry: Utilities
Market Cap: EUR 36.3 billion

Engie SA is a French energy company that operates seven segments: Renewables, Networks, Energy Solutions, Thermal, Supply, Nuclear, and Others. The Renewables division generates electricity from renewable energies (especially photovoltaics, hydropower, and wind power). The Networks division comprises the operation of gas and electricity networks such as transmission and distribution networks, underground natural gas storage facilities, as well as activities in the field of LNG and hydrogen. The Energy Solutions business unit bundles activities relating to decentralised energy networks for the generation of low-emission energy and solutions for improving energy efficiency. The Thermal segment produces electricity from fossil fuels (mainly in gas-fired power plants). In the Supply segment, Engie acts as a seller of electricity and gas to residential and business customers. The Nuclear segment operates nuclear power plants in Belgium (Doel and Tihange). The Others segment includes the GEMS operating unit (energy supply solutions and risk management for companies).

In the first quarter of 2023, Engie reported revenues of EUR 29.2bn (+14%). Excluding the nuclear segment, EBIT of EUR 3.8bn (+29.8%) and EBITDA of EUR 4.8bn (+22.8%) were achieved, almost exclusively through organic growth. GEMS in particular contributed to this with an EBIT of EUR 1.6 billion (Q1/22: EUR 0.6 billion). This enabled some provisions made in 2022 to be released, a good volume of business to be achieved, and a large order backlog from the previous year to be benefited from.



Source: LeanVal Research (Closing price 18/07/2023)

However, the easing of market conditions should slowly lead to a decline in earnings at GEMS. In the renewable energy sector, increased production from hydropower, higher prices, and newly commissioned capacities led to an increase in EBIT to EUR 638 million (+35.4%).

In the completed financial year 2022, Engie increased its revenue by 62.2% to EUR 94.9 billion, while EBIT - adjusted for impairments (EUR 2.8 billion), other non-recurring effects (EUR 1.3 billion), and the mark-to-market valuation of non-operating commodity contracts (EUR +3.66 billion) - grew to EUR 9 billion (+47.2%) and EBITDA to EUR 13.7 billion (+29.8%). In particular, earnings at GEMS (EBIT +416%: EUR 2.6 billion) - due to the high volatility on the energy markets - as well as thermal power plants (+49.4%: EUR 1.8 billion) and capacity expansions in renewable energies (+36.6%: EUR 1.6 billion) contributed to the result. At around EUR 2.4 billion, the operating result of the grids was at the previous year's level (+2.5%).

In 2022, the Group sold its services subsidiary EQUANS, divesting a labour-intensive (75,000 employees) and low-margin business (20% of Group revenue at less than 5% of Group EBIT). The sale price was around €6.1 billion, which was mainly used to repay debt. In addition, Engie and the Belgian government agreed in the first half of the year on a ten-year extension of the two nuclear power plants Doel 4 and Tihange 3 (restart in November 2026). An agreement was also reached with the Commission for Nuclear Provisions (CPN) regarding provisions for nuclear waste liabilities. A fixed amount of EUR 15 billion was determined, which will lead to an additional provision obligation of EUR 4.5 billion in the 2023 financial year (approx. 55% of EBIT). This fixed amount will be transferred to the Belgian government so that Engie will no longer incur any costs. In addition, the two power plants are expected to be spun off and transferred to a joint venture with the Belgian government in November 2025.

For the full year, Engie raised its forecast and now expects an EBIT of EUR 8.5 - 9.5 billion (previously EUR 6.6 - 7.6 billion) excluding the nuclear business and an adjusted net result of EUR 4.7 - 5.3 billion (previously EUR 3.4 - 4 billion). Overall, the Group is well on the way to further simplifying the company. In addition, the agreement on the Belgian nuclear power plants is to be welcomed, even if it is costly for the time being. At the same time, the strong cash generation of the gas grid activities (2020-2022: around EUR 2.3 bn EBIT p.a.), as well as the renewable energies (>EUR 1.2 bn EBIT p.a.), is conducive to focusing on renewables. Furthermore, Engie should be able to pay attractive dividends (2024: 8%), also driven by strong organic growth.

Author: Lars Dreßen (Analyst)

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Krones AG (Buy; EUR 140.00)

ISIN: DE0006335003
Country: Germany
Sector: Industrials
Industry: Industrials
Market Cap: EUR 3.3 billion

Krones AG offers machinery and systems for filling, packaging, and beverage production. The group consists of three segments: Filling and Packaging Technology (revenue share FY22: 83%), Process Technology (9%), and Intralogistics (8%). The Filling and Packaging segment offers machines and lines for filling, labeling, packaging, and conveying products. The Process Technology segment supplies customers with machines and lines for producing and processing beer, soft drinks, fruit juices, dairy drinks, alternative proteins as well as water treatment. The Intralogistics segment provides the planning and design of fully automated warehousing, order-picking, and material flow systems. Customers include breweries, beverage producers, and companies from the food, chemical, pharmaceutical, and cosmetic industries. The beverage industry accounts for most of the group's revenue.

Revenue for Q1 2023 grew 21% to EUR 1.2 billion. It is worth mentioning that Q1/22 was heavily impacted by supply chain problems. Nevertheless, the revenue increase is attributed to better material availability, volume effects, and price increases. Customer demand remained strong with order intake only 2.6% lower (Q1/23 EUR 1.51 billion vs Q1/22 EUR 1.55 billion) than the very high level achieved in Q1 of FY22 (on a quarterly basis order intake increased 28%). One of the group's key performance indicators, EBITDA, increased 32% to EUR 115 million with a margin of 9.6% compared to 8.8% last year. Here, price increases were able to offset rising material costs.

Price chart Krones AG (in EUR)

Source: LeanVal Research (Closing price 18/07/2023)

Looking at the group's past, from 2016 to 2019, order intake and revenue achieved CAGRs of 6% and 5% respectively. However, in 2020, due to Covid-19, the beverage industry was severely impacted due to lockdowns (particularly bars and restaurants) resulting in reduced investment. Consequently, order intake and revenue for FY20 decreased YOY by 19% and 16% respectively. Although, as lockdowns loosened business began normalizing for the company and in FY22 order intake increased 41% vs FY19 (+34% YOY) to EUR 5.8 billion (highest level in group history), while revenue increased 8% vs FY19 (+16% YOY) to EUR 4.2 billion. Order intake was backed by high customer demand, particularly in the international beverage industry, whereas revenue growth is attributed to growth with international breweries and customers in the non-alcoholic sector as well as new machine business and successful management of production and procurement to maintain production capacity despite material shortages. Furthermore, EBITDA has continuously improved reaching EUR 373 million in FY22 (+19% YOY, +64% vs FY19) with a margin of 8.9% (FY22: 8.6%, FY19: 5.7%) resulting from stable production capacity utilization. Looking at the group's balance sheet stability, Krones has a strong equity ratio of 38%. The group's intangible assets represent 8% of the group's total assets, signaling a minimal effect if impairments were to occur. Lastly, it is worth noting that the company is essentially debt free with only 5% (EUR 5 million) of short and long-term debt attributable to bank liabilities (debt to equity ratio of 0.1x vs sector average 0.7x). The remaining 95% is comprised of lease liabilities (right-of-use assets).

As the group's customers in the food and beverage industry continue to adopt various environmental and climate targets, Krones continues to develop and improve its enviro machines and lines to further enhance sustainability. This is evidenced by R&D spending in relation to total revenue averaging 4.7% since 2018. By 2030, Krones' goal is for its lines and machines to save customers a further 25% in energy and resources compared to 2019. Additionally, the group expects order intake of enviro machines to nearly double from 38% in 2022 to around 70% in 2024.

Resulting from a positive H1 (Q2 results to be released 1 Aug) along with planned production for H2, Krones is confident of achieving its updated forecast of 11-13% (previously 8-11%) revenue growth and an EBITDA margin of 9-10% for FY23. Krones appears attractive in both absolute and relative terms.

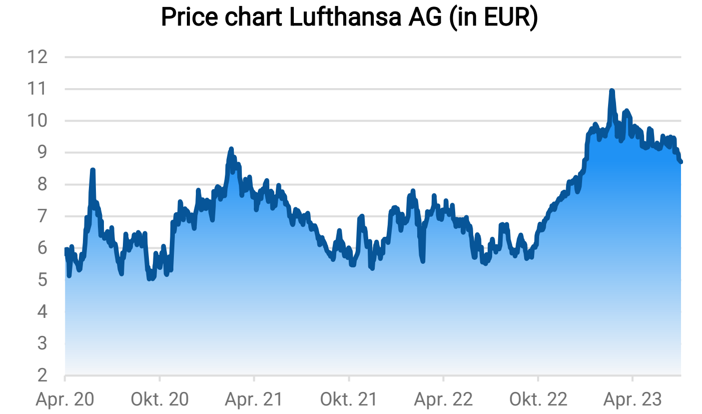
Author: Philip Wentlandt (Analyst)

Lufthansa AG (Buy; EUR 12.50)

ISIN: DE0008232125
Country: Germany
Sector: Industrials
Industry: Aerospace, defense and transport
Market Cap: EUR 10.5 billion

Deutsche Lufthansa AG is a globally operating air transport group. The company bundles its business into four segments: Passenger Airlines (share of revenue in 2022: 65%), Logistics (13%), MRO (16%), and Catering (6%). Passenger Airlines comprise the airlines Lufthansa German Airlines, SWISS, Austrian Airlines, Brussels Airlines, and Euro-wings. The Logistics segment includes the Lufthansa Cargo Group, Europe's leading cargo airline. The MRO segment offers a wide range of services, including maintenance, repair, and overhaul of civil and commercial aircraft. The Catering segment is a leading provider of catering for airlines through LSG Sky Chef. The European activities were sold to Gategroup Holding AG in 2020.

In the Q1 report for 2023, impressive revenue growth of around 40% to EUR 7.02bn was achieved. This is due to the significant recovery in demand from passenger airlines, which were still heavily burdened by Corona in the previous year. A negative EBIT of EUR -304m (Q1/2022: EUR -569) was achieved, of which the improved negative results are attributable to the strong seasonality of the segment. After Lufthansa sold the European part of its catering subsidiary LSG Sky Chefs to Gategroup in 2020 for around EUR 1.1bn, a buyer has now been found for the international part. The sale to the financial investor Aurelius is expected to be completed in Q3 2023. In addition, an agreement was reached with the Swedish SEB Kort Bank in June 2023 on the sale of Lufthansa AirPlus Servicekarten GmbH (business travel payment specialist) for around EUR 450m. In May 2023 an agreement was reached on the purchase of 41% of the Italian airline ITA Airways through a capital increase of EUR 325m. There is also an option to acquire the remaining shares. This is hoped to create a growth opportunity through access to the Italian market. All this serves the goal of transforming the company from an all-around aviation group into an international airline group and focusing on its core business.



Source: LeanVal Research (Closing price 18/07/2023)

Looking back at the recent past (5 years), revenue growth of 1.6% to EUR 36.4bn was achieved in 2019, however, EBIT declined sharply by 25.6% to EUR 2.2bn. The reasons for this were a general economic downturn and the resulting drop in prices as well as strong competition on European short-haul routes, especially in Germany. With the onset of the pandemic and the resulting restrictions, an enormous crash in turnover and profit was observed. In 2020, for example, EBIT was EUR -8.3bn on revenue of EUR 13.6bn, and in 2021 EBIT was EUR -2.2bn on revenue of EUR 16.8bn. This is why a government rescue package worth around EUR 9bn was put together in mid-2020. Lufthansa had access to EUR 3bn from KfW and EUR 6 billion from the Economic Stabilisation Fund (WSF). Of this, EUR 3.8bn was drawn down, which also included a EUR 308m equity participation by the WSF. This aid could be repaid by the end of 2021, also through a capital increase of EUR 2.16bn. From 2022 Lufthansa returned to the profit zone with an EBIT of EUR 1.47bn.

For 2023 it is forecast that the company will be able to achieve growth for the first time compared with pre-Corona, with revenue of around EUR 37bn. Lufthansa will benefit from the economic strength and high export volume of Germany and its neighbouring countries, both in passenger and freight business. Focusing on the core business could release future synergies and savings potential. A partial sale or IPO of the MRO segment could also contribute to the further expansion of the network portfolio or a debt reduction. With a gearing ratio of 1.8 (sector average: 0.7) in 2022, there is still a high level of debt, which could prevent possible investments, e.g. in a modern fleet. There is also the risk of influence by the Kühne family (15% of the shares), which is Lufthansa's largest single shareholder and at the same time one of the largest customers of the logistics division. This results in an upside for the share both in relative and absolute terms.

Author: Philip Wentlandt (Analyst)

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Publicis Groupe SA (Buy; EUR 87.00)

ISIN: FR0000130577
Country: France
Sector: Media
Industry: Media
Market Cap: EUR 18.0 billion

The French Publicis Groupe SA offers traditional and digital advertising services and has been the third largest advertising agency worldwide in terms of sales in 2022 (after WPP plc and Omnicom Inc). The group creates advertising campaigns for well-known large corporations and helps online retailers to promote sales by providing digital platforms and the associated analysis tools. Publicis operates five business segments: North America (2022 revenue share: 63%), Europe (23%), Asia-Pacific (9%), Middle East and Africa (3%), Latin America (2%). The most important sectors are automotive (15%), finance (15%), TMT (13%) and healthcare (13%). About one-third of total revenue comes from data and technology (Epsilon and Sapient) and two-thirds from media and creative activities. The top 100 customers accounted for around 57% of sales in 2022. In recent months it has been announced that Publicis has signed new contracts with Procter & Gamble, Stellantis and GSK.

Publicis released a revenue update for the first quarter of 2023. Net revenues increased by 10% to around EUR 3 billion, mainly thanks to momentum in data and technology services, new contract wins and positive currency effects. In the USA, business grew 6%, while Europe grew faster at 12% (UK +24%, Germany +10%, France +3%). An important industry indicator is organic business growth, which excludes the impact of currency, acquisitions and divestments. Here Publicis achieved a good 7% (both WPP and Omnicom grew organically by only 5%). This was less than the record figure in 2022 (10%) but was above management's forecast (3% to 5%). In the three months of 2023, net debt decreased to EUR 442 million (compared to EUR 718 million in March 2022).

The group also achieved good figures in the last financial years. In the period 2013-2022, sales grew at an average annual compound rate of 8% (vs. WAPP 3%; Omnicom <1%), while the operating margin was at a median of 13% in line with main competitors (WPP 12%, Omnicom 13%). Since the advertising industry is labor-intensive (staff costs 65% of Publicis turnover in 2022), the need for investment is not that big. Investments represented 4% of total revenues (major acquisitions excluded) and the relationship between fixed assets and total assets between 3-9%. This explains the acquisition policy, which essentially aimed to expand in high-growth technology. An example was the purchase of the US company Epsilon (e-mail marketing and data company) for around EUR 4.4 billion in 2019. Acquisitions were also the reason for goodwill at about a third of total assets. On a cash basis, an appropriate metric to capture performance has been the Free Cash Flow Yield (FCFY). This was at a good 6% (historical median) and most recently rose to 8% in 2021 and 10% in Year 2022. Which indicates that a large portion of the operational performance has been converted into cash.

The management expects organic sales growth of 3-5% and an attractive operating margin of 18% for the fiscal year 2023. This is based on double-digit performance in the digital transformation and data management (e.g. programmatic advertising) and Publicis competitive position in key regions. Headwinds could come from the economic slowdown and thus from private consumption. The latter is an important component of advertising spend and can influence customers' budget for marketing and communications. Some clients in the automotive industry and financial sector may even reduce their advertising budgets due to industry issues. Another feature to consider is the broader competitive environment, which now includes consultancies and large IT companies. Nonetheless, the company profitability is expected to be stable as payroll costs could leverage to some extent offshore staff and freelancers. Assuming a free cash flow of around EUR 1.6 billion for 2023, this corresponds to about 9% FCFY (sector 6%) at the current market capitalization, which makes achievable the dividend yield forecast of 4%.

Author: Dario Maugeri (Analyst)

Price chart Publicis Groupe SA (in EUR)

Source: LeanVal Research (Closing price 18/07/2023)

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Wienerberger AG (Buy; EUR 33.00)

ISIN: AT0000831706
Country: Austria
Sector: Basic materials
Industry: Building materials
Market Cap: EUR 3.0 billion

wienerberger

The Austrian Wienerberger AG is a producer of building materials and one of the largest brick manufacturers in the world. The Group reports in three geographic segments: West Europe, East Europe, and North America. Until 2022, the segmentation was based on a product-centric structure with the divisions Building Solutions (share of revenue in 2022: 54%), Piping Solutions (27%), and North America (19%). Building Solutions comprised building material solutions for walls, facades, roofs, and open spaces. These included clay blocks, facing bricks, roof tiles, and concrete pavers. The Piping Solutions segment included plastic and ceramic pipe solutions. The product range in North America consisted of facing bricks, plastic pipes, and building materials made of concrete and sand-lime bricks.

The start of 2023 was marked by macroeconomic challenges. Revenues in the first quarter fell by 9.0% year-on-year to roughly EUR 1,050 million, which means that Wienerberger outperformed the declining end markets. In regional terms, business in Eastern Europe was the weakest at -14%, while the decline in North America was only -6%. The reasons given were higher mortgage interest rates and high inflation rates, which led to lower demand, especially in new residential construction. According to Wienerberger, however, the demand for housing remains high and renovation activity is still at a good level. Operating EBITDA reached EUR 206 million (-7.5%), while EBIT was down 6.0% on the previous year at EUR 138 million. Thus, the decline in the operating result was less than that in turnover. This was achieved through strict cost management as well as efficiency increases within the framework of the "Self Help Programme" (earnings contribution of EUR 11 million in Q1, target 2023: EUR 45 million). In addition, the forward-looking purchasing policy for raw materials and energy led to a reduction in cost increases (93% of gas requirements secured for 2023; 2024: 88%) and to better planning of production volumes and prices.

Price chart Wienerberger AG SA (in EUR)

Source: LeanVal Research (Closing price 18/07/2023)

In December 2022 Wienerberger announced the acquisition of part of the Terreal business, a French provider of roofing and solar solutions. This includes the activities in France, Italy, Spain, and the USA as well as the Creaton business (including roof tiles) in Germany. The enterprise value is EUR 600 million, with management expecting sales of EUR 740 million and EBITDA of EUR 100 million in 2022 when the plans were announced, which is expected to increase up to EUR 150 million within three years of closing through cross-selling and synergies. For Wienerberger, this is the largest acquisition in the company's history, with the acquired business representing approximately 15% of Wienerberger's consolidated sales in 2022. Closing is expected in 2023.

A look at the recent past shows the robustness of the business model. In the pandemic year 2020, turnover declined by only -3%. In the following two years, catch-up effects and strong growth led to a record year in 2022 (turnover EUR 4,980 million +25%; operating EBITDA EUR 1,020 million +47%). The steady improvement in the operating cash flow, despite the pandemic, from EUR 430 million in 2019 to EUR 720 million in 2022 is remarkable.

For 2023, management confirmed the forecast for the development of the end markets new construction (Europe -15%, North America -20%), renovation (both -3%), and infrastructure (both -5%). While Q1 performance was below expectations, an improvement is forecast for the rest of the year. The trends of high inflation and more expensive loans should continue to weigh on new construction activities, while increased energy prices and subsidy programmes will support building renovation (especially roof renovation). For the full year, Wienerberger is targeting operating EBITDA of more than EUR 800 million (2022: EUR 910 million), excluding possible contributions from the Terreal acquisition. Thus, the current year represents a kind of "breather" due to higher interest rates, especially after the two extremely high-growth previous years. Thanks to long-term industry trends, the position as a provider of system solutions, and the Terreal acquisition, Wienerberger should return to growth from 2024 onwards, which makes the share attractive even in the current situation.

Author: Mathias Kimmes (Analyst)

Disclaimer

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Notes on investment strategy - investment recommendation pursuant to Section 85 of the German Securities Trading Act (WpHG) in (EU) No. 596/2014

General

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Summary of the valuation fundamentals

The valuations underlying the investment recommendations for stocks analyzed by LeanVal Research GmbH are based on generally accepted and widely used methods of fundamental analysis, such as the DCF model, peer group comparisons, NAV valuations, and - where possible - a sum-of-the-parts model. The calculated scores (Value, Quality, Stability, Growth) are the result of a proprietary model of LeanVal Research GmbH. They result from the comparison of fundamental key figures of the quantitatively analyzed company in relation to comparable companies within a sector (or region). Information on the general approach can be found at www.leanval.investments. The absolute target price and the associated absolute assessment (undervalued, neutrally, overvalued) are determined using a forward-looking DCF or ROIC (return on invested capital) method. Estimates of future earnings serve as the basis for this. The earnings estimates are either based on a consensus or are made by LeanVal Research GmbH itself.

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Explanation of the recommendation system

The relative assessment is based on the various scores of the individual companies in the areas of Value, Quality, Stability, Growth, and Momentum which are compared with the average scores of the overall market and/or also with the respective sectors. The companies are ranked on a scale from 0 to 100. From this, the three ratings "unattractive" (0 to 30 on the scale), "neutral" (31 to 70 on the scale), and "attractive" (71 to 100 on the scale) are derived. The relative assessment can change at short notice due to the high complexity of the scores and the multiple interdependencies between the companies analyzed.

LeanVal Research GmbH's rating system for absolute valuation comprises the ratings "undervalued", "fairly valued" and "overvalued". The rating of a share is based on the expected return for the next six to twelve months. The expected return is composed of the prognostic change in the share price and the expected dividend yield. Changes in the discount factor or projected cash flows can lead to significant changes in the target price.

Rating system of the absolute valuation	
Buy	Potential > +15%
Hold	Low upside and downside potential
Sell	Potential < - 15%

Detailed overview

Date	Corporation	Relative Assessment	Absolute Valuation	Current Price	Price Target	Analyst
18/07/23	Engie SA	Attractive	Buy	EUR 14.98	EUR 18.00	Lars Dreßen (Analyst)
07/10/23		Attractive	Buy	EUR 11.95	EUR 18.00 (initial coverage)	Lars Dreßen (Analyst)
18/07/23	Krones AG	Attractive	Buy	EUR 111.40	EUR 140.00 (initial coverage)	Philip Wentlandt (Analyst)
18/07/23	Lufthansa AG	Attractive	Buy	EUR 8.72	EUR 12.50 (initial coverage)	Philip Wentlandt (Analyst)
18/07/23	Publicis SA	Attractive	Buy	EUR 73.58	EUR 87.00 (initial coverage)	Dario Maugeri (Analyst)
18/07/23	Wienerberger AG	Attractive	Buy	EUR 28.54	EUR 33.00	Mathias Kimmes (Analyst)
06/12/23		Attractive	Buy	EUR 25.06	EUR 30.00 (initial coverage)	Mathias Kimmes (Analyst)

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2. the above-mentioned persons or companies manage financial instruments which themselves or their issuers are the subjects of the financial analysis on a market by placing buy or sell orders (market-making/designated sponsoring),
3. the above-mentioned persons or companies have been involved in the management of a consortium for an issue by way of a public offering of such financial instruments which are themselves or whose issuers are the subject of the financial analysis within the previous twelve months,
4. the above-mentioned persons or companies have been bound by an agreement on services in connection with investment banking transactions with issuers who are themselves or whose financial instruments are the subject of the financial analysis within the previous twelve months or have received a service or a promise of service from such an agreement within this period, insofar as no confidential business information is affected by the disclosure of this information,
5. the above-mentioned persons or companies have entered into an agreement with issuers, who themselves or whose financial instruments are the subject of the financial analysis, for the preparation of the financial analysis,
6. the above-mentioned persons hold management or supervisory board mandates with issuers whose financial instruments are the subject of the financial analysis, or
7. the above-mentioned persons or companies have any other significant financial interests in relation to the issuers whose financial instruments are the subject of the financial analysis.

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Standardized Information Sheet for Shares on the organized market pursuant to §64 par. 2 WpHG

LeanVal RESEARCH

This information sheet provides general information on the main characteristics of a share traded on an organized market. It is taken from the Annex to Section 4 (3) of the Ordinance on the Specification of Conduct Rules and Organizational Requirements for Securities Services Companies (WpDVerOV).

An organized market is defined as German or European trading venues (stock exchanges) that are approved, regulated, and supervised by government bodies. The stock corporations whose shares are admitted to trading there must comply with detailed publication requirements. Many stock corporations provide information such as half-yearly and annual financial reports as well as notifications of price-relevant events on their websites, for example under "Investor Relations".

Please inform yourself about the specific opportunities and risks of a particular share, for example on the websites of the respective stock corporation, or ask your investment advisor.

What is a share?

A share is a security with which you acquire a share in the capital stock of a stock corporation. When you buy a share, you become a shareholder of this stock corporation in the amount of the capital share of your shares. Through your shares, you participate in the economic development of the company through price increases and dividend payments, but also share in losses, in extreme cases up to the amount of your investment.

For whom are shares a possible form of investment?

Shares are a possible investment for you if you

- have a basic knowledge of the stock markets

- want to invest directly in a company

- want to take advantage of the opportunities associated with a share, and

- are willing and able to bear the risks of an equity investment.

What rights are associated with a share?

When you buy a share, you leave your money to the stock corporation for an indefinite period of time, so it will not be paid back to you on a specific maturity date, for example. By selling your shares, you can get out of your participation in a stock corporation.

There are various rights associated with a share. The rights can vary depending on the type of share: ordinary shares are the rule; they carry the rights set out in the Stock Corporation Act and the Articles of Association of the stock corporation (see points 1 to 3), for example, voting and subscription rights. In addition, there are preferred shares: these grant certain privileges, for example, an increased dividend entitlement, although voting rights are generally omitted.

In particular, they have the following rights:

1. voting rights and right to information: they can participate in the stock corporation's Annual General Meeting and vote there, as well as request information.

2. right to a share in profits (dividend): if the company generates a (balance sheet) profit, the company's Annual General Meeting can resolve to pay this out to the shareholders. As a rule, you are then entitled to a share of these profits in proportion to your share in the capital stock, unless the Articles of Association stipulate otherwise. The prerequisite is that you hold the shares on the record date relevant for the payment of the dividend.

3. subscription right: If the share capital of a stock corporation is increased, new shares are issued. If you already have shares in this stock corporation, you are entitled to buy new shares. This allows you to keep your share in the capital stock constant. However, this subscription right can be excluded by a resolution of the Annual General Meeting.

What opportunities does a share offer?

By buying a share, you have the opportunity to make price gains. If the price at the time you sell the share is higher than at the time you bought it, you can make a profit. You will also receive a dividend if the Annual General Meeting decides to pay a dividend.

What risks do you run when you buy a share?

1. creditworthiness/issuer risk: the stock corporation can become insolvent, i.e., it has too much debt or is insolvent. Then you may lose all the money you have invested (total loss).

2. price change risk: the market price of the share (price) depends on supply and demand and can fall if the stock market develops negatively as a result of the general development of the market, for example, because the economic or industry outlook deteriorates. Reasons for the fall in the share price can also be company-specific. Examples include a deterioration in business prospects or missed earnings targets.

3. dividend risk: the stock corporation does not pay a dividend or the dividend is lower than expected. This may be the case, for example, if the stock corporation makes no profit or a lower profit than expected or if the Annual General Meeting decides not to pay out a profit.

4. currency risk: if a share is listed on the stock exchange in a currency other than euros, the exchange rate will also affect your profit or loss.

5. risk of delisting/revocation of admission: the stock corporation may delist the stock or revoke its admission to trading on the stock exchange. In this case, you may not be able to sell the share at all or only at a large discount.

When can you buy or sell shares?

Shares traded on an organized market can generally be bought or sold on any trading day. There may be difficulties in selling or larger price discounts if there is no sufficient exchange trading of the share.

What are the costs?

In addition to this information sheet, you will receive a formalized cost breakdown. This contains information on the costs and incidental expenses incurred for the purchase or sale of a share and, if applicable, for a securities account (securities account fee). Costs can be avoided or reduced by comparing price lists. The costs reduce a possible return.

Location, Date, handed over by: