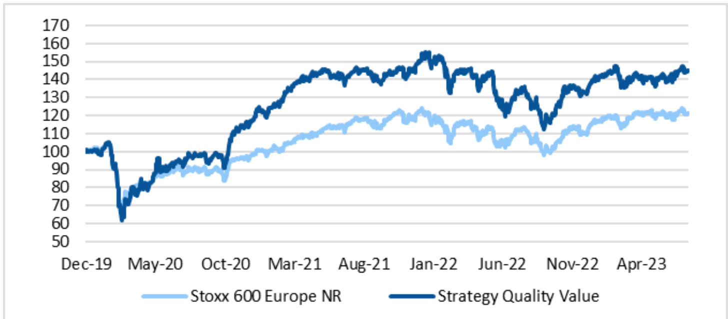
LeanVal Strategy Quality Value

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 from the areas 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 on a quarterly basis and made available as a portfolio. In the following, five stocks from this 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 – 10/08/2023)



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 strategy "Quality Value" focuses on equities that achieve high scores in the categories Value and Quality. These companies are characterized by strong fundamental data such as a stable and established business model with robust earnings, high-value creation, attractive cash flows, and above-average dividends. Moreover, various valuation ratios are considered in order to identify the equities that are priced attractively. For this strategy, figures derived from the past as well as forecasts for the future are used.

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 10.0%. Since the strategy's launch at year-end 2019, the total return (before costs) is 45.2%, outperforming the Stoxx 600 Europe NR Index by 24.1%. The dividend yield (T+1) is 4.7% and the current P/E ratio (T+1) is 10.1.

LeanVal Strategy Quality Value

Selection criteria
- Strong fundamental data
- Robust earnings
- High added value
- Attractive cash flows

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LeanVal RESEARCH

BIC SA (Buy; EUR 71.00)

ISIN: FR0000120966
Country: France
Sector: Consumer Defensive
Industry: Food, beverage, tobacco and household
Market Cap: EUR 2.4 billion

The French BIC SA produces and sells stationery, lighters and wet razors. The business is divided into the four segments Human Expression (share of sales H1/23: 39%), Flame for Life (37%), Blade Excellence (23%) and Other Pro-ducts (1%). The Human Expression segment offers a wide range of stationery products, including products for writing, correcting, marking, painting and drawing, as well as sticky notes, erasers and compasses. With its Flame for Life division, BIC is the world market leader in lighters with a share of approximately 50%. The Blade Excellence business unit includes wet razors in various designs (different numbers of blades as well as disposable products and razors with replaceable blades). The segment Other Products comprises the remaining product groups. The founding family Bich controls approximately 45% of the shares and the majority of the voting rights.

In the first half of 2023, BIC grew sales by 4.1% on a comparable basis to EUR 1.18 billion. Human Expression reported sales growth of 4.7%, driven by a solid back-to-school sell-off in North America and Europe as well as double-digit growth in emerging markets. Blade Excellence also increased sales by 11.9% driven by value-added products in Europe and Latin America and double-digit growth in the Middle East and Africa. Revenue in the Flame for Life segment decreased slightly by -0.9%. This was due to strong comparables in Q1/22, which were triggered by delivery delays in Q4/21 and were therefore only realized in the following quarter. Due to increased input costs (especially electricity and raw materials) and currency effects, EBIT margin decreased to 14.8% (H1/22: 17.5%) with an EBIT of around EUR 175 million (H1/22: EUR 198 million).

In 2022, like-for-like sales increased by 11% to EUR 2.23 billion, while adjusted EBIT, excluding the real estate sale of the corporate headquarters in 2021 (EUR 128 million), also increased by approximately 11% to EUR 312 million. Key factors included volume increases, a favorable product mix and the successful implementation of price increases. This offset the increase in input costs (EUR 105 million). The margin of 14% was below the previous year's level (15.3%). Free cash flow - excluding acquisitions and divestments - stagnated at EUR 204 million (2021: EUR 206 million). In 2022, three acquisitions were made: Inkbox, Tattly and AMI. Inkbox (January 2022: EUR 58 million) and Tattly (August 2022: EUR 3 million) are providers of semi-permanent tattoos, while AMI (September 2022: EUR 3 million) has developed a tablet that allows users to digitally capture paper writings and drawings. At the end of the fiscal year, BIC had an excellent balance sheet structure with a strong net cash position of EUR 303 million (2021: EUR 370 million) with total assets of EUR 2.68 billion. The gearing ratio was only 0.1 (sector: 0.7).

The value driver of the Group has been and still is the "Flame for Life" segment, which is active as a world market leader in the manufacture and marketing of higher-quality lighters. The segment generated approximately 35-40% of sales in the last seven years, but contributed significantly to BIC's value creation with at least 70% of EBIT. In 2022, an EBIT margin of 35% (2021: 37.6%) could be achieved with EBIT of EUR 306 million (2021: EUR 270 million) in this segment.

For the full year 2023, management expects sales growth between 5-7%, thanks to positive pricing and an adjusted product mix. In addition, an improvement in adjusted EBIT (EUR 312 million) and EBIT margin (2022: 14%) is targeted. Likewise, FCF - adjusted for acquisitions and disposals - of more than EUR 200 million shall be achieved for the fifth time in a row. BIC should continue to be independent of external financing in the future thanks to the high free cash flows and should pay stable dividends. The currently expected dividend yield of 4.8% (EUR 2.77) looks attractive compared to the sector (2.7%). Furthermore, a share buyback program of up to EUR 100 million is expected to be implemented in 2023. BIC also outperforms the sector in other estimated key figures for 2023: P/E ratio of 10.5 (sector 16.5) and a FCF yield of 9.6% (sector 4.6%).

Price chart BIC SA (in EUR)

Source: LeanVal Research (Closing price 10/08/2023)

Author: Lars Dreßen (Analyst)

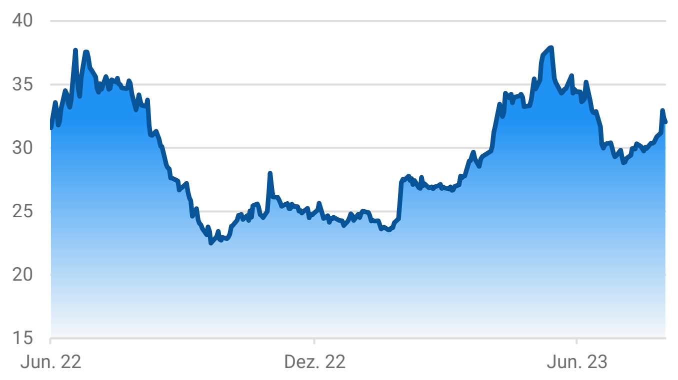
H. Lundbeck A/S B (Buy; DKK 39.00)

ISIN: DK0061804770
Country: Denmark
Sector: Healthcare
Industry: Drug manufacturing and research
Market Cap: DKK 30.4 billion

H. Lundbeck A/S is a Danish pharmaceutical company active in the treatment of psychiatric and neurological disorders. The operating activities are reported as one segment, but at the segment level a distinction is made between research, development and production. From a regional perspective, sales are divided between Europe (23%), North America (49%) and international markets (28%). The product range includes antidepressants, antipsychotics and antiepileptics for psychiatric and neurological disorders. The most important products here are Abilify Maintena (treatment of schizophrenia), Brintellix (depression), Rexulti (depression/schizophrenia) and Vyepti (prevention of migraine).

Figures for the first quarter of 2023 were above consensus expectations, with sales reaching the highest quarterly level in history. Specifically, sales increased by 11% to DKK 5 billion at constant exchange rates ("CER") or by 15% including currency effects and hedging. This was largely related to product sales of the top brand (organic growth: 11%). Geographically, the USA grew by 16%, Europe by 14% and the other international markets by 3%. Sales momentum combined with lower project costs (research-to-sales ratio decreased from 22% to 17%) and lower financial expenses (one-time adjustments last year) were the reasons for an excellent result. EBITDA was up 31% (margin increased from 30% to 35%) and earnings per share more than doubled to DKK 0.89 (vs. DKK 0.41 in Q1/22) at CER. This resulted in positive free cash flow of DKK 301 million (vs. DKK -1.4 billion) as last year included one-off capital expenditures for the approval of Vyepti.

Price chart H. Lundbeck A/S B (in DKK)



Source: LeanVal Research (Closing price 10/08/2023)

Lundbeck is considered a quality stock due to its competitive position in neurological disorders and its financial ratios (ROIC 7% or FCF/net income > 1.4x in 3-year average). Although generic erosion increased for key drugs (e.g., the patent for Cipralex in 2012 or for Ebixa in 2013), the company was successful in bringing new drugs to market. For example, Rexulti saw sales increase +67% (2015-2022) or Brintellix 43% (2014-2022) since its launch. A prominent corporate event was the acquisition of Nasdaq-listed Alder BioPharmaceuticals (purchase price: DKK 13 billion or USD 2 billion) in 2019, which added migraine products to the portfolio. The acquisition caused pressure on the EBITDA margin, which initially decreased to 21% in 2019 (compared to 27% on average in 2016-2018), but later improved to 25% (2020-2022). The transaction also increased the value of product rights ("other intangible assets") to around 50% (vs. 16% in the previous year) of total assets, and total debt to DKK 9.5 billion (reduced to DKK 5.5 billion in 2022). The ratio of equity to intangible assets was slowly improved from 0.6 (2019) to 0.9 (2022). Net debt halved to DKK 2.5 billion in Q1/23, split between various financing sources.

Management provided guidance for 2023 revenue in the range of DKK 19.4 - 20.0 billion (+6% to 10% compared to 2022) and reported EBITDA of DKK 4.8 - 5.2 billion (+3% to 12%). Approximately 36% of the lower end of the EBITDA guidance has already been achieved in Q1/23. The company has an advanced mid-stage pipeline, but with a high risk profile, as is common in neurological diseases. As a niche player, Lundbeck can maintain its pricing power to partially offset higher mid-term costs related to approvals and new product launches. Among the new products, the drug brexpiprazole has good prospects in Alzheimer's disease (AD) for the treatment of patients' agitation. Also promising is the product Vyepti (+87% sales in the United States in 2022), which could soon give the company a significant share of the migraine market (valued at around $5 billion). Thus, Lundbeck is a good investment for diversification within the pharmaceutical sector.

Author: Dario Maugeri (Analyst)

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LeanVal RESEARCH

Norsk Hydro ASA (Buy; NOK 80.00)

ISIN: NO0005052605
Country: Norway
Sector: Basic materials
Industry: Raw materials
Market Cap: NOK 132.3 billion

Norsk Hydro ASA is an integrated Norwegian aluminum company operating in five segments: Extrusions (sales share H1/2023: 30%), Metal Markets (25%), Bauxite & Alumina (7%), Aluminium Metal (5%) and Energy (2%). The Extrusions division includes extrusion profiles and precision tube products for the construction and automotive industries. The Metal Markets unit includes the sales activities in connection with products from the primary metal plants and operational responsibility for the independent remelting plants. Metal trading activities are also pooled here. The Bauxite & Alumina segment comprises bauxite mining and the production of alumina and related trading activities. The Aluminum Metal division combines the production of primary aluminum and other smelting and casting activities. The Energy unit includes the power plants in Norway and global energy procurement for the aluminum activities.

Norsk Hydro published its half-year figures for fiscal 2023 at the end of July 2023. In the first half of the year, a year-on-year decline in sales of 8.3% to NOK 102.6 billion was observed. This was due to a decline in both prices and sales volumes. The reasons for the lower demand were higher interest rates set by central banks and low demand from the construction and engineering sectors. There was also increasing supply from Chinese manufacturers. The decline in the divisions Metal Markets (-13.4%) and Hydro Extrusions (-6.4%) had the biggest impact. On the other hand, Norsk Hydro benefited from lower raw material prices. EBIT was reported at NOK 12.2 billion (-44%) in the first half, corresponding to an EBIT margin of 11.9% (H1/2022: 19.4%). The weaker margin is a result of the decline in sales, coupled with a moderate increase in costs. Although raw material prices fell by 4.3%, both personnel costs (+13.3%) and other costs (+18.6%) increased. The bottom line showed a profit for the period of NOK 6.2 billion (-64.7%).

Price chart Norsk Hydro ASA (in NOK)

Source: LeanVal Research (Closing price 10/08/2023)

In the recent past (five years), a strong fluctuation in results was observed at Norsk Hydro. In 2018, the Extrusion segment, previously operated as a joint venture, was fully acquired. In each of the following two years, there was a single-digit percentage decline in sales. In addition, a 50 percent reduction in production at the Brazilian production facility was obtained from the local government in 2018, as significant environmental damage was caused by a leak. This resulted in a sharp decline in margins (EBIT: NOK 7.2 billion; EBIT margin: 4.5%), as the raw materials produced there had to be purchased externally. Negative results were achieved in 2019. This was the result of low aluminum prices, the restructuring of the Rolling segment, and a cyber-attack. However, from 2020 onwards, Norsk Hydro managed a turnaround, resulting in high realized cash flows. After the strongest year so far in 2021, Norsk Hydro was able to achieve a further extreme improvement in 2022, as the company benefited from very high aluminum prices. It should be mentioned here that the business is exposed to high volatility due to aluminum price and currency fluctuations. Nevertheless, Norsk Hydro has a healthy balance sheet structure. This is proven by both the gearing of 0.3x (sector median: 0.4x) and the ratio of net debt to EBIT of 0.1x (sector: 1.0x). In addition, Norsk Hydro is highly value-creating with a ROIC of 13.2% (sector: 10.9%).

One of the group's strengths is the diversified earnings mix across the entire aluminum value chain, due to the integrated business model. In particular, the Group's own energy production is worth mentioning, which provides strong competitive advantages in the current market environment. Norsk Hydro is also a pioneer in focusing on renewable energy and "green aluminum" (produced with renewable energy or generated through recycling). It also has the advantage of low demand volatility due to its focus on the US (57% share of sales) and European markets (22%), while its competitors have high exposure to China. A high level of profitability with corresponding cash flow is also expected in the future. Overall, the stock appears attractive both in relative and absolute terms.

Author: Philip Wentlandt (Analyst)

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Saint-Gobain SA (Buy; EUR 73.00)

ISIN: FR0000125007
Country: France
Sector: Industrials
Industry: Construction
Market Cap: EUR 31.0 billion

Saint-Gobain SA is one of the world's leading manufacturers of building and industrial materials, headquartered in France. The company operates the five segments: High Performance Solutions (HPS: sales share 2022: 18%); Northern Europe (31%); Southern Europe - Middle East (ME) - Africa (29%); Americas (17%); and Asia-Pacific (4%). The High Performance Solutions business comprises specialized high-performance materials, such as abrasives, ceramic powders, plastics and glass. The products are used in the aerospace, industrial, healthcare and construction sectors, among others. In its four geographic segments, Saint-Gobain offers a wide range of glass products (for automotive, construction and other applications), as well as construction products for interior and exterior use (insulation, gypsum, ready-mix mortar, piping, roofing and cladding products, etc.). The Group also supplies building materials to builders' merchants, major industrial customers, and small and medium-sized enterprises.

The figures for the first half of 2023 showed a positive trend. Comparable sales ("like-for-like", excluding foreign exchange effects and acquisitions and disposals of businesses) increased by 1.6% year-on-year to just under EUR 25 billion. This was mainly due to price increases of 7.9% (Q1: +10.2%; Q2: +5.9%). However, sales volumes decreased by 6.3% due to a significant decline in the new construction business, while the renovation business remained stable overall. Operating profit was encouraging, reaching a new record level of EUR 2.8 billion (+2.1%), with the company's reported operating margin increasing to 11.3% (previous year: 11.0%).

Price chart Saint-Gobain SA (in EUR)

Source: LeanVal Research (Closing price 10/08/2023)

In June, the acquisition of Building products of Canada (BPC) was announced. The acquisition cost of the manufacturer of roof shingles and wood fiber insulation boards is EUR 925 million (CAD 1,325 million), which corresponds to a purchase price of 11.9x EBITDA 2022 before synergies. Taking into account the synergies expected by the management, the price is 8.2x. The transaction is expected to close by year-end 2023. This will be another acquisition to expand the business in Canada, where Saint-Gobain has achieved strong growth in recent years (CAGR 2018-2022: 25%). The Group recently achieved attractive margins in this market (EBITDA margin 2022 18% vs. total Group 10.4%), with BCP being even more profitable with EBITDA of CAD 111 million and a margin of 25%.

In 2019, the Group launched a strategic review with the "Transform & Grow" program, which was continued in 2021 with the strategic plan "Grow & Impact". The execution continues to be promising. The goal of an optimized business model is being further implemented with the help of an active portfolio management, e.g. 44 acquisitions with sales of 1.9 billion were completed in 2022. Since 2018, one third of the sales have been reallocated to areas with stronger growth and higher margins. This has led to improved pricing power, which is particularly advantageous in an inflationary environment. As a result, the operating margin increased significantly from 7.3% in the first half of 2018 to now 11.3% in the first half of 2023 (compound annual growth rate (CAGR): 13%). One consequence of the restructuring is a rather mixed balance sheet structure. At year-end 2022, goodwill accounted for 23% of total assets (EUR 12.9 billion), with gearing of 0.6x. Compared with the overall sector, these were merely average values.

For 2023, management expects the trend of declining new construction business and a robust renovation market to continue. In the second half, an operating margin of 9 - 11% is expected, compared to 11.3% in the first half of the year. For this reason, the group is raising its guidance for the full year to a double-digit margin (previously 9 - 11%, which is in line with the medium-term target according to "Grow & Impact" until 2025). If the goal is achieved, Saint-Gobain would report a double-digit figure for the third consecutive year, despite the aforementioned moderate market slowdown. In the medium and long term, the Group should continue to benefit from modernization initiatives to improve the energy efficiency of buildings as well as related government subsidy measures.

Author: Mathias Kimmes (Analyst)

LeanVal RESEARCH

Valeo SA (Buy; EUR 24.00)

ISIN: FR0013176526
Country: France
Sector: Consumer Cyclical
Industry: Automobiles and parts
Market Cap: EUR 4.7 billion

Valeo SA is a French supplier of original equipment (OE) for the automotive industry and is divided into four segments: Comfort & Driving Assistance (CDA) (revenue share FY22: 21%), Powertrain (29%), Thermal (23%), and Visibility (27%). The CDA division provides advanced driving assistance technologies (ADAS), detection systems, human-machine interfaces, and connectivity solutions. The Powertrain segment develops and produces electrified powertrains. The Thermal unit designs and manufactures solutions for optimizing vehicle thermal energy and in-vehicle comfort. Lastly, the Visibility business is involved with the design and production of smart exterior and interior lighting and signaling systems along with wiper and sensor cleaning systems. Valeo is active in the Americas, Asia, Europe, and Africa.

First-half results saw sales increase 19% to EUR 11.2bn, of which original equipment sales increased 22% to EUR 9.5bn, and strong growth in aftermarket like-for-like sales saw an improvement of 5% to EUR 1.2bn. The performance increase is reflected in the Powertrain Systems segment, improving sales by 40% to EUR 3.6bn driven by growth in the high-voltage electrical powertrain business increasing 108%. Furthermore, solid momentum in the CDA division experienced a 19% sales increase to EUR 2.3bn. From this, ADAS original equipment sales increased by 26% due to increased order size and a partnership with Renault to develop the next-generation electrical/electronic architecture of vehicles. Consequently, resulting from improved sales, a successful cost reduction program, recovery in Valeo's high-voltage electric powertrain business, and concluding price negotiations with suppliers and distributors relating to inflation, the group's operating profit (EBIT) improved by 41% to EUR 363mn with a margin of 3.2% (H1/22: 2.7%). EBITDA increased 17% to EUR 1.3bn with a margin of 11.6% compared to 11.8% a year earlier.

Price chart Valeo SA (in EUR)

Source: LeanVal Research (Closing price 10/08/2023)

Since the downturn in business in FY20 caused by the covid pandemic and the early beginning of supply chain constraints for electronic components (in particular semi-conductors), Valeo has seen a CAGR in sales of 10% reaching EUR 20bn in FY22 (+3% vs FY19). Similarly, original equipment (averaged 84% of revenue since 2018) also saw a CAGR of 10% reaching EUR 16.7bn in FY22 (+2.4% vs FY19). Sales increases can be attributed to recovery in global automotive production, increases in the amount of content per vehicle, notably in ADAS, and price increases to compensate for cost inflation. Subsequently, EBIT has continued to recover, reaching EUR 750mn (+64% vs FY21) with a margin of 3.7% compared to 2.6%. However, the impact of high inflation regarding electronic components, raw materials, energy, transportation, and wages sees EBIT down 6% when compared to FY19. One potential area of concern for the company is the value of intangible assets averaging 27% of total assets since 2018. Additionally, spending on the acquisition of intangible assets averaged EUR 700mn while net debt saw a CAGR of 13% since 2018 (predominantly resulting from the continued acquisition/investment in various companies). Potential impairment charges would reduce the group's valuation. This is further evidenced by Valeo's poor equity to intangibles ratio of 0.8 (sector average 2.4) and net debt to adjusted EBIT ratio of 6.2x (sector average 2.4x).

Based on solid first-half results and continued momentum expected for the second half of the year, the group has reaffirmed its guidance for the full year and sees sales reaching EUR 22bn to EUR 23bn with an operating margin between 3.2%-4% and an EBITDA margin between 11.5%-12.3%. Additionally, Valeo is also expecting to generate free cash flow of more than EUR 320mn. Lastly, the group's medium-term targets (for 2025) see sales reaching EUR 27.5bn (+38% vs FY22), an EBIT margin improving to roughly 6.5% (+3.3 percentage points vs FY22), an EBITDA margin of 14.5% (+2.5 percentage points vs FY22) and free cash flow between EUR 0.8bn and EUR 1bn. Based on a relative and absolute valuation, Valeo appears attractive, particularly from the Value ratios Adj. P/Book (T+1) of 1.2 (sector average 2.3) and FCF yield (T+1) of 7.4% (sector average 4.8%).

Author: Philip Wentlandt (Analyst)

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

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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, Stabilty, 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 Valuation	Absolute Valuation	Current Price	Price Target	Analyst
10/08/23	BIC SA	Attractive	Buy	EUR 57.50	EUR 71.00	Lars Dreßen (Analyst)
15/08/22	BIC SA	Attractive	Buy	EUR 57.55	EUR 70.00 (initial coverage)	Lars Dreßen (Analyst)
10/08/23	H. Lundbeck A/S B	Attractive	Buy	DKK 32.04	DKK 39.00 (initial coverage)	Dario Maugeri (Analyst)
10/08/23	Norsk Hydro ASA	Attractive	Buy	NOK 64.58	NOK 80.00	Philip Wentlandt (Analyst)
12/10/22	Norsk Hydro ASA	Attractive	Buy	NOK 60.42	NOK 72.00	Philip Wentlandt (Analyst)
10/08/23	Saint-Gobain SA	Attractive	Buy	EUR 60.89	EUR 73.00	Mathias Kimmes (Analyst)
10/08/23	Valeo SA	Attractive	Buy	EUR 19.33	EUR 24.00 (initial coverage)	Philip Wentlandt (Analyst)

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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,
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Disclaimer

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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: