



Research Report (Anno)



BUY

12.08.2009

Important Information: Please pay regard to disclaimer/risk information as well as potential conflicts of interests according to §34b WpHG from page 13 on

12.08.2009

Impreglon AG^{(5)*}

BUY

Price Target: € 13.02

Price: € 8.85
10.8.2009, 9.37 h,
Xetra

**Previous Rating
Price Target:**
BUY/ € 19.58,
11.8.2008

Market Segment:
Entry Standard

Accounting Standard:
IFRS

Analysts:

Philipp Leipold
leipold@gbc-ag.de

Sylvia Schmidt
schmidt@gbc-ag.de

IR-Contact:

Impreglon AG
Ulf Reinhardt
Hohenhorststraße 1
D-21337 Lüneburg

Phone.: +4131-88210
Fax: +4131-882250

investorrelations
@impreglon.de
www.impreglon.de

Company Profile:

CEO: Henning J. Claassen

Sector: Surface Technology

Headquarters: Lüneburg, D

Foundation: 1983

WKN: A0BLCV

ISIN: DE000A0BLCV5

Symbol: I3M

Number of shares: 5.206 Mio.

Market cap: 46.07 Mio. €

Free float: 50.9 %

52 W High: € 16.80

52 W Low: € 8.25

Average daily volume: € 34,286

* Quelle DeutscheBörse (Frankfurt Parkett und Xetra, 100 Tage)



in € m	FY 2007	FY 2008	FY 2009e	FY 2010e
Sales	37.43	46.34	36.20	41.00
EBITDA	7.59	7.58	5.20	6.87
EBIT	4.58	1.52	0.60	2.37
Net profit	2.82	0.20	-0.60	0.99
in €				
EPS	0.58	0.04	-0.12	0.20
Dividend	0.30	0.00	0.00	0.10
in %				
EBITDA-margin	20.3	16.4	14.4	16.8
EBIT-margin	12.3	3.3	1.7	5.8
Dividend yield	3.4	0.0	0.0	1.1
Figures				
EV/ Sales	1.46	1.44	1.85	1.64
EV / EBITDA	7.19	8.88	12.90	9.76
Price-earnings-ratio	15.27	220.93	neg.	44.38
Price-book-ratio		1.56		

Highlights:

- High sales growth and clearly positive EBITDA in 2008, operating business was influenced by economic downturn since end of Q3 2008
- In spite of 30 % sales decline in the first half year 2009 EBITDA margin was above 10 %
- Noticeable cost adjustments due to lower demand
- In the second half year 2009 increasing sales and profits expected

Company

Profile

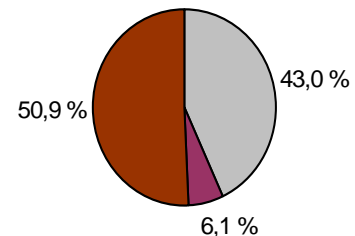
Impreglon AG, based in Lüneburg, Germany, is a specialist in surface technology and owns several patents for coatings made of plastic, metal and ceramic. Business activity is divided into the three segments OEMs, Automotive and After Market. In addition to its operating business, Impreglon generates sales from licences of associated companies in Europe, Japan and USA. The company which has been existing for more than 20 years is a medium-sized business being active worldwide with sales amounting to € 46.3 m in 2008. Impreglon has currently more than 400 staff members on 16 international production facilities in more than 10 countries.

Currently, more than 1,000 companies belong to Impreglon's customer base. Impreglon is specialized in coatings for mechanical parts as well as serial parts for the automotive industry. Impreglon's customers are from different industries like medical, packaging, food and printing. Well-known international companies as for example Thyssen Krupp, Nestlé, AEG, Bahlsen, BMW, BASF and ContiTech are among Impreglon's customers.

Shareholder Structure

Shareholders	in %
Claassen Holding & Management Services GmbH & Co. KG	43.0
Impreglon AG	6.1
Free Float	50.9

Shareholder Structure



Source: Impreglon, GBC

Upcoming Company Events

Event	Date
Annual general meeting	August 24th, 2009

Business Development - FY 2008

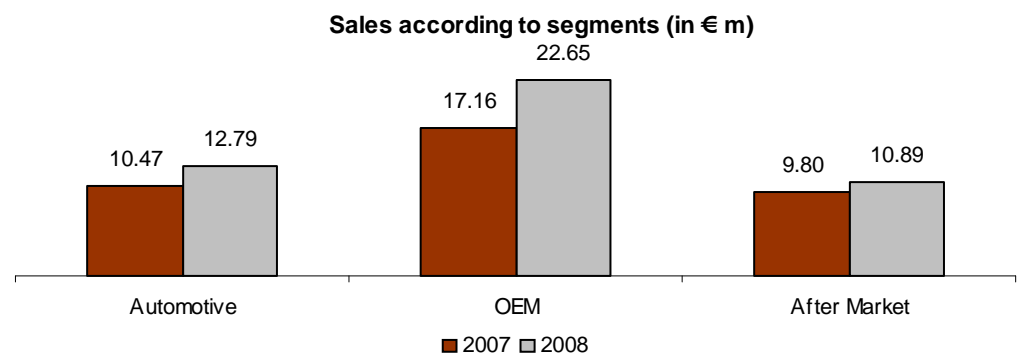
in € m	2007	2008	Change
Sales	37.43	46.34	+23.8 %
EBITDA	7.59	7.56	-0.4 %
EBIT	4.58	1.52	-66.7 %
EBT	4.26	0.57	-86.6 %
Net profit	2.82	0.20	-93.0 %
EPS in €	0.66	0.03	-95.5 %

Source: Impreglon, GBC

Sales Development

In the past financial year 2008 the Impreglon AG generated sales amounting to € 46.34 m which is 23.8 % higher than in the year before (€ 37.43 m). Thus sales in the second half year 2008 were almost as high as in the first half year 2008. It must be considered, though, that 2008 sales growth was not organic but due to effects from consolidations which derive from acquisitions during the financial years 2007 and 2008. The Maschinenbau Jessenitz GmbH which was acquired in May 2008 made a sales contribution of € 3.8 m. Te Strake as well as Starnberger were acquired already in June 2007 and May 2007. The Impreglon group was not able to escape the economic downturn, especially in Q4 2008. Low incoming orders at the production sites of some subsidiaries lead to low utilization. After adjusting consolidation effects regarding acquisitions, sales were 8 % below the level of 2007.

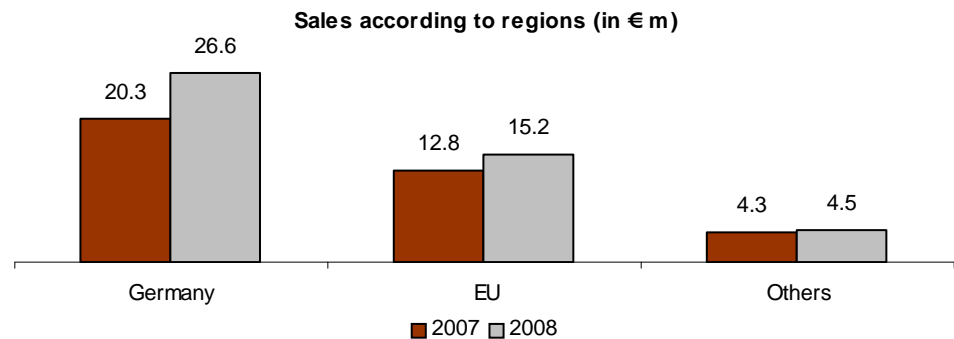
After switching to IFRS which explains the relatively late release of the annual report at the beginning of July 2009 in connection with the large basis of consolidation, there was now the first reporting by market segment. Accordingly, business activity of the Impreglon AG is now divided into the three segments **Automotive**, **Original Equipment Manufactures (OEM)** as well as **After Market**. The following graph shows sales according to the three segments for 2007 and 2008.



Source: Impreglon, GBC

The segment OEM which is mainly providing customized coatings for the machinery sector generated sales amounting to € 22.65 m (previous year: € 17.16 m) of the three segments. Sales of Automotive and After Market came up to € 12.79 m (previous year: € 10.47 m) and € 1089 m (previous year: € 9.80m). TE Strake recorded a strong sales decrease in 2008 as the plants in Obrigheim and Deurne only serve customers from the automotive industry. But also the decrease in demand in the whole machinery sector in general in the last months of the past financial year already had negative effects on business in the segment OEM. The segment After Market produces coatings for production companies.

In the past financial year 2008 Impreglon AG generated 57.45 % (previous year: 54.28 %) of sales on group level in **Germany**. Thus Germany continues to be the strongest market regarding sales. The following graph shows Impreglon Group's sales for the financial years 2007 and 2008 according to regions.



Source: Impreglon, GBC

The region **Others** largely comprises sales of the American subsidiary Impreglon Inc. The **European Union** was in 2008 the second largest sales market for the Impreglon group with sales of € 15.2 m (previous year: € 12.8 m). As a result of the high dependence on the automotive industry the production sites in France and Hungary recorded a significant sales decrease in 2008. The sales decline of the French plant in Pulversheim could be diminished due to the relocation of production from Switzerland to France.

Profit Development

The gross profit margin could be increased from 74.17 % in 2007 to 74.97 % in the past financial year 2008. The absolute gross profit in 2008 came up to € 35.04 m after € 27.70 m in the year before. Other operating income (€ 1.55 m) was slightly higher than in the same period the year before (€ 1.17 m). The company has not capitalized development cost which we see as positive.

The rise in personnel expenses from € 11.35 m in 2007 to € 16.65 m in 2008 is mainly a result of a significant higher number of staff members. This was due to the consolidation of acquired companies. Other operating expenses grew also from € 8.76 m in 2007 to € 10.83 m in the FY 2008 and include about € 0.17 m for the switch to IFRS. However, the increase of operating expenses also was not as high as the sales increase. Thus the cost ratio

reduced slightly from 23.47 % in 2007 to 23.17 % in 2008.

Earnings before interest, taxes and depreciation (EBITDA) amounted to € 7.56 m in the past financial year 2008 and was thus almost on the level of the year before (€ 7.59 m). The EBITDA margin thus declined from 20.31 % in 2007 to 16.17 % but is still on a high level. Depreciation and amortization in the past financial year 2008 were much higher (€ 6.04 m) than in the year before (€ 3.01 m). Reason for that is apart from the high investment of more than € 16 m in tangible fixed assets in the years 2007 and 2008 the PPA depreciation out of the acquisitions of about € 1.1 m in 2008 as well as an adjustment of € 1.28 m on the TE Strake goodwill.

Consequently, Earnings before interest and taxes (EBIT) for financial year 2008 came up to € 1.52 m in comparison to € 4.58 m in the same period one year before. Due to the increased net debt of the group, the financial income decreased from € -0.34 m in 2007 to € -0.95 m in 2008. Considering taxes, the 2008 net profit was at € 0.20 m (previous year: € 2.82 m) which corresponds to earnings per share of € 0.03 m (previous year: € 0.66 m). As the Impreglon AG has a 100 % stake in all subsidiaries, except Impreglon Sverige (share: 20 %), there are not minority interests anymore.

It has to be mentioned that due to the strong economic slump, our estimates for the past financial year 2008 could not be achieved.

Balance Sheet

Equity of the Impreglon AG amounted to € 28.14 m as of December 31, 2008 which is a sound equity ratio of 43.3 %. Due to the capital increase in January 2008, the share capital increased to € 5.206 m. Moreover, in the course of the year the company acquired 244,736 own shares for € 3.34 m which has to be deducted from the equity according to IFRS rules. The asset side of the balance sheet is dominated by tangible fixed assets which represent with € 35.01 m about 53 % of total assets. In the past financial year 2008 larger investments in the expansion of production capacities were made at the sites in Lüneburg (€ 1.0 m), France (€ 1.5 m) and Great Britain (€ 0.7 m) as well as in the new plant of the subsidiary TE Strake in Obrigheim (€ 5.5 m).

Furthermore, intangible assets at the end of financial year 2008 came up to € 12.63 m of which € 8.73 m account for goodwill. The subsidiaries Jessenitz Maschinenbau GmbH (€ 3.45 m) as well as TE Strake (GmbH as well as B. V.) (€ 2.26 m) have the highest goodwills. As a result of the weaker operating result in 2008 there was an amortization on goodwill of € 1.28 m.

Net debt of the Impreglon AG as of December 31, 2008 amounted to € 20.88 m (December 31, 2007: € 8.65 m). The net debt increase is mainly a consequence of high investments in the expansion of the production sites as well as the acquisitions. The share repurchase in the past year is not considered in the net debt, however. On the balance sheet date, December 31, 2008, the Impreglon AG holds 244,736 own shares. In the past the company often used its own shares as currency regarding acquisitions.

In the long run financing of the group is secured at attractive conditions. Interest rates range from 3.80 % to 5.74 %. There are no further liabilities from acquisitions at the end of 2008. Due to increased business activity, the net working capital rose slightly from € 0.83 as of December 31, 2007 to € 3.18 m as of December 31, 2008.

Development 1. Half year 2009 - Outlook and Forecast

in € m	1. FY 2008	1. FY 2009	Change
Sales	23.25	16.53	-29.7 %
EBITDA	4.99	1.81	-63.8 %
EBIT	2.77	-0.54	-116.4 %
Net Profit	1.84	-1.41	-176.7 %
EPS in €	0.35	-0.27	-176.7 %

Source: Impreglon, GBC

The Impreglon group was also affected by the economic downturn and the slump in industrial production in the first half year 2009 which can be seen in the sales development. In the first six months of the current financial year sales on group level dropped by almost 30 % to € 16.53 m in comparison to € 23.25 m the year before. All twelve coating sites recorded declining sales. Production sites which are strongly dependent on the automotive industry like the plants in Hungary, France and TE Strake were especially affected.

In order to compensate lower sales Impreglon already started early to take cost reduction measures. In spite of a significant sales decline in the first half year 2009 the EBITDA margin was double-digit. This shows the first effects of the cost reduction measures. After the first six months 2009 EBITDA amounted to € 1.81 m which is an EBITDA margin of 10.94 %. Against the background of a considerable drop in sales regarding the subsidiaries we see the current margin as remarkable. Due to depreciation of € 2.26 m (previous year: € 2.22 m) and the financial result of € -0.68 m (previous year: -0.39 m) the half year 2009 net profit was negative, however, and came up to € -1.41 m (previous year: € 1.84 m).

On the extraordinary general meeting in April 2009 Impreglon provided the requirements for the emission of convertible participation certificates. The subscription period for the participation certificate started in June 2009. So far the company generated about € 1.6 m in liquid funds by issuing the participation certificates. Moreover, we assume that Impreglon will make further acquisitions in the current financial year. In our opinion, the geographic focus might be on Eastern Europe and the United States. As with previous takeovers, financing should be a combination of liquid funds and an emission of shares. Concerning this the company disposes of authorizes capital of about € 10 m.

On group level we expect sales of € 36.2 m for the entire year 2009. At the same time we assume that due to higher incoming orders, sales will go up again in the second half year 2009 in comparison to the first half year. Especially for production sites which are highly dependent on the automotive industry we expect rising sales. Stock reduction regarding important customers in the automotive industry should have reached an advanced stage in our opinion. With exception of the Hungarian subsidiary which should grow double-digit in 2009 as well, all production sites are expected to face partially clear sales declines for the entire year 2009.

We see the EBITDA for the current financial year 2009 at € 5.20 m which corresponds to an EBITDA margin of 14.36 %. The capacity and cost adjustment measures which are meanwhile accomplished should lead to

significantly lower fixed costs. Along with anticipated surging sales in comparison to the first half year 2009, we expect the EBITDA margin to rise above 17 % again in the second half year 2009. Depreciation is expected to be at € 4.60 m.

For the entire year 2009 we see a positive EBIT amounting to € 0.60 m. As a result of released Working Capital as well as low investments due to the largely expanded production capacities in the past years, the 2009 free Cash Flow should be clearly positive and lead to a reduction of net debt.

Valuation

DCF-Valuation

Determination of Cost of Capital

The weighted average cost of capital (WACC) of the Impreglon AG is calculated from the equity cost and cost of debt. In order to calculate the capital cost, the risk premium, the beta as well as the risk-free interest rate are to be determined.

As risk free rate, we take the interest rate of the German 10-year Treasury bill. This is currently at 3.25 % (previously: 4.50 %).

Our calculation of the market premium is based on the historical risk premium of 5.5 % which is backed upon historical analysis. The market premium reflects the extra return that the overall stock market or a particular stock must provide over the rate on Treasury bills to compensate for market risk.

According to our internal estimates we calculated a beta of 1.30. In this context we assume a slightly above average market exposure.

Regarding the assumptions implied, we calculate equity cost of 10.4 % (10-year interest rate plus beta multiplied with risk premium). Implying a long-term debt financing rate of 20 %, the weighted cost of average (WACC) will be at 9.2 % (previously: 9.6 %).

Cost of Capital	in %
Cost of equity	10.4
Weight	80.0
Cost of debt	6.0
Weight	20.0
Taxshield	25.0
WACC	9.2

Impreglon AG - Discounted Cashflow (DCF) Valuation

Value driver of DCF model following to the estimate phase:

consistency - phase		final - phase	
Sales growth	8.0%	Perpetual sales growth	2.5%
EBITDA-margin	20.8%	Perpetual EBITA margin	15.6%
Depreciation of operating assets	10.0%	Effective tax rate final value	28.0%
Working capital to sales	1.0%		

three step DCF model:

Phase in EUR m	estimate		consistency						cont. Value
	FY 2009e	FY 2010e	FY 2011e	FY 2012e	FY 2013e	FY 2014e	FY 2015e	FY 2016e	
Sales (US)	36.20	41.00	44.28	47.82	51.65	55.78	60.24	65.06	
Sales Change	-22.5%	13.3%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	2.5%
Sales to operating assets	0.98	1.15	1.27	1.39	1.52	1.64	1.77	1.91	
EBITDA	5.20	6.87	9.21	9.95	10.74	11.60	12.53	13.53	
EBITDA margin	14.4%	16.8%	20.8%	20.8%	20.8%	20.8%	20.8%	20.8%	
EBITA	0.60	2.37	5.63	6.45	7.29	8.20	9.13	10.13	
EBITA marge	1.7%	5.8%	12.7%	13.5%	14.1%	14.7%	15.2%	15.6%	15.6%
Taxes on EBITA to EBITA	0.00	-0.66	-1.58	-1.81	-2.04	-2.30	-2.56	-2.84	
	0.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
EBI (NOPLAT)	0.60	1.71	4.05	4.64	5.25	5.91	6.57	7.30	
ROCE	1.4%	4.5%	11.0%	13.1%	15.0%	17.1%	19.0%	21.1%	21.6%
Working Capital (WC)	1.00	1.00	0.44	0.48	0.52	0.56	0.60	0.65	
WC to Sales	2.8%	2.4%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Investment in WC	2.18	0.00	0.56	-0.04	-0.04	-0.04	-0.04	-0.05	
Operating assets (OA)	37.00	35.80	35.00	34.50	34.00	34.00	34.00	34.00	
Depreciation of OA	-4.60	-4.50	-3.58	-3.50	-3.45	-3.40	-3.40	-3.40	
Depreciation of OA	12.4%	12.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Investment in OA	-2.69	-3.30	-2.78	-3.00	-2.95	-3.40	-3.40	-3.40	
Invested capital	38.00	36.80	35.44	34.98	34.52	34.56	34.60	34.65	
EBITDA	5.20	6.87	9.21	9.95	10.74	11.60	12.53	13.53	
Taxes on EBITA	0.00	-0.66	-1.58	-1.81	-2.04	-2.30	-2.56	-2.84	
Total invest	-0.51	-3.30	-2.22	-3.04	-2.99	-3.44	-3.44	-3.45	
Investment in OA	-2.69	-3.30	-2.78	-3.00	-2.95	-3.40	-3.40	-3.40	
Investment in WC	2.18	0.00	0.56	-0.04	-0.04	-0.04	-0.04	-0.05	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cashflows	4.69	2.91	5.41	5.11	5.71	5.86	6.53	7.25	98.59
Value operating business (due date)	79.91	84.35							
Discounted value of explicit FCFs	26.68	26.22							
Discounted Value of Continuing Value	53.23	58.13							
Net debt	21.69	19.78							
Cash value of all options	0.00	0.00							
Equity value	58.22	64.57							
Minorities	0.00	0.00							
Value share capital	58.22	64.57							
Outstanding shares in m	4.961	4.961							
Fair value in EUR	11.73	13.02							

Valuation of cost of capital	
Riskfree rate	3.3%
Market risk premium	5.5%
Beta	1.30
Cost of capital	10.4%
Weight	80.0%
Cost of debt	6.0%
Weight	20.0%
Taxshield	25.0%
WACC	9.2%

Sensitivity analysis - Fair value per share in EUR

ROCE	WACC								
	7.2%	7.7%	8.2%	8.7%	9.2%	9.7%	10.2%	10.7%	11.2%
13.6%	12.13	10.82	9.75	8.86	8.10	7.46	6.90	6.42	6.00
15.6%	14.09	12.54	11.27	10.22	9.33	8.57	7.92	7.35	6.85
17.6%	16.04	14.26	12.80	11.58	10.56	9.68	8.93	8.27	7.70
19.6%	18.00	15.98	14.33	12.95	11.79	10.80	9.94	9.20	8.54
21.6%	19.96	17.70	15.85	14.31	13.02	11.91	10.95	10.12	9.39
23.6%	21.91	19.42	17.38	15.68	14.24	13.02	11.96	11.05	10.24
25.6%	23.87	21.14	18.90	17.04	15.47	14.13	12.98	11.97	11.09
27.6%	25.82	22.86	20.43	18.41	16.70	15.24	13.99	12.90	11.94
29.6%	27.78	24.58	21.95	19.77	17.93	16.36	15.00	13.82	12.79

Conclusion

Despite a sales drop of almost 30 % in the first half year 2009, Impreglon was able to generate a clear positive operating profit as well as an EBITDA margin of more than 10 %. The continuing high level of profitability shows that the cost reduction measures already have had first effects. There have been strong cost cuts regarding TE Strake, Starnberger as well as the French subsidiary. In the past the Impreglon AG was successful in reaching EBITDA margins beyond 15 %.

For the current financial year 2009 we expect sales amounting to € 36.2 m. At the same time we assume rising sales in the second half year in comparison to the first six months 2009. We are optimistic that the stock reduction concerning important customers from the automotive industry is largely accomplished. This should lead to increasing incoming orders in the second half year 2009. Already in June and July the Impreglon AG was able to receive increasing incoming orders.

As far as costs are concerned, Impreglon reacted to lower sales with considerable adjustment measures. Due to lower fixed costs as well as a gross profit margin of about 75 %, slightly rising sales should be reflected in an above average high operating profit. We estimate an EBITDA margin of 14.4 % for the entire year 2009, respectively 17.3 % for the second half year 2009. Against the background of the economic downturn we think this is remarkable.

Moreover, we assume that the Impreglon AG will make acquisitions in the field of surface technology in the current financial year 2009 as well. Geographic focus, in our opinion, should be on Eastern Europe and the United States. Due to the received liquid funds deriving from the issuing of the convertible participation certificate, the available authorized capital as well as the expected positive free Cash Flow in 2009, the company has sufficient funds for that.

Based on our DCF model we have calculated a fair value on basis of 2010 amounting to € 13.02 (previously: € 19.58) for the Impreglon AG. The fair value adjustment is the consequence of the dramatically changed economic situation worldwide since August 2008. With current prices of below 9 €, we recommend the Impreglon share as a "Buy". We see a current price potential of more than 40 %.

Annex

§1 Disclaimer

This document only serves information purposes. GBC considers all sources of information and data of this research report as reliable. In order to ensure correctness of facts and opinions, analysts took greatest care. Nevertheless, any liability and guarantee regarding correctness will not be assumed – neither expressed nor implied. Moreover, all information is subject to incompleteness and aggregation. Neither GBC nor its analysts assume liability as to damages due to application of this document or its content or in some other way.

Furthermore, we point out that this document does neither represent an invitation to subscribe nor to purchase any security paper and is not to interpret as such. It is not allowed to use it or part of it as basis of a binding contract, whatsoever or as reliable source. A decision associated with a presumable sales offer for security papers of the company discussed in this publication should exclusively made on basis of information deriving from brochures or quotations, released in association with such offer.

GBC does not assume guarantee that the suggested yield or the stipulated price targets will be reached. Changes in the relevant assumptions on which this document is based, might have material effect on the intended yields. Income from investments is subject to fluctuation. Investment decisions require advise by an investment consultant. Thus the present document cannot undertake advisory function.

Distribution beyond Bundesrepublik Deutschland:

In case this publication is distributed in the UK, access to it is reserved only to authorized or exempt persons in terms of Financial Services Act 1986 or a person in line with definition § 9 (3) of Financial Services Act 1986 (Investment Advertisement) (Exemptions) decree 1988 (in amended version) and may not be transferred to other persons or groups not directly nor indirectly.

Neither this document nor a copy may be transferred or distributed to the United States of America or its territories or possessions. Distribution of this document in Canada, Japan or other jurisdictions can be restricted by law. In this regard, a person coming into possession of this publication should inform about possible restrictions und observe them. Any failure of observing these restrictions may be an infringement of US American, Canadian or Japanese securities law or laws of another jurisdiction.

By accepting this document you agree too any disclaimer and the above mentioned restrictions.

You also can find the disclaimer on following website:

<http://www.gbc-ag.de/index.php/publisher/articleview/frmCatId/17/frmArticleID/47/>

§ 2 Disclosure according to §34b Abs. 1 WpHG and FinAnV

You also find the disclosure according to §34b WpHG: <http://www.gbc-research.de/index.php/publisher/articleview/frmCatId/17/frmArticleID/98/>

2 (I) Update:

Currently, a date regarding a concrete update of the present research report (s) has not been set yet. GBC reserves the right to make an update of the research report without notice.

§ 2 (II) Rating:

GBC AG has applied a 3 step absolute Share-Rating-System since 2006-07-01. Since 2006-07-01 Ratings refer to a time horizon of at least 6 to a maximum of 18 months. Prior to this Ratings referred to a time horizon of up to 12 months. Investment advise at time of release is in line with the below described Rating with reference to the expected yields. Temporary price variance beyond these ranges do not automatically lead to a different Rating, but give cause to update the original advise. The corresponding Ratings are as followed:

BUY	The expected yield, based on the calculated price target, incl. dividend payment within the corresponding time horizon is $\geq + 10 \%$.
HOLD	The expected yield, based on the calculated price target, incl. dividend payment within the corresponding time horizon is $> - 10 \%$ and $< + 10 \%$.
SELL	The expected yield, based on the calculated price target, incl. dividend payment within the corresponding time horizon is $\leq - 10 \%$.

Price targets of GBC are assessed by fair value per share, which is calculated on the basis of generally accepted and widely used methods of fundamental analysis, as the DCF-model, the Peer-Group comparison and/or the Sum-of the-Parts valuation. This is done by the implication of fundamental factors as stock splits, capital reductions, capital increases, M&A activities, share repurchase, etc.

§ 2 (III) Historical Advise:

Historical advise of GBC regarding the present research report(s) can be seen at the website

<http://www.gbc-ag.de/index.php/publisher/articleview/frmCatId/17/frmArticleID/98>

§ 2 (IV) Basis of information:

Publicly available information about the issuer (as far as available, the three latest released annual and quarterly report, ad-hoc-messages, press releases, security prospectus, company presentations, etc.) are used for the present research report(s). GBC considers these sources reliable. Furthermore, for detailed facts regarding business development there have been conversations with the management of the concerning company(ies).

§ 2 (V) 1. Conflict of interest according to §34b Abs. 1 WpHG and FinAnV:

GBC AG as well as the responsible analyst herewith declare that there exists following conflicts of interest regarding the company(ies) listed below. Thus they meet their obligations according to §34b WpHG. The exact explanation of potential conflicts of interest is stipulated in the catalogue of potential conflicts of interest under § 2 (V) 2..

Potential conflicts of interest regarding the discussed security papers or financial instruments in the analysis may arise: (5)**§ 2 (V) 2. Catalogue of potential conflicts of interest:**

- (1) GBC or any associated legal entity is holding shares or other financial instruments in the company at time of release.
- (2) This company has a stake of more than 3% in GBC or an associated legal entity.
- (3) GBC or an associated legal entity is Market Maker or Designated Sponsor in the financial instruments of this company.
- (4) GBC or an associated legal entity was in charge or involved in the public issue of financial instruments regarding this company in the last 12 months.
- (5) GBC or an associated legal entity made an agreement on the making of research reports in return for payment with this company in the last 12 months. In the context of this agreement the analysis (without valuation) was made available to the issuer.
- (6) GBC or an associated legal entity made an agreement on the making of research reports in return for payment with a third party in the last 12 months. In the context of this agreement the analysis (without valuation) was made available to the issuer.
- (7) The responsible analyst holds a share or other financial instruments in the company at date of release.
- (8) The responsible analyst of this company is member of the management board or of the supervisory board of the same company.
- (9) The responsible analyst received or purchased shares in the analysed company prior to the public issue before date of release.

§ 2 (V) 3. Compliance:

GBC has made intern arrangements to prevent conflicts of interest. In case of existence, conflicts of interest are disclosed. Responsible Compliance Officer is Markus Lindermayr at the moment. Questions and suggestions to lindermayr@gbc-ag.de.

§ 2 (VI) Responsible for this Research Report:

Responsible company for this research report is GBC AG, based in Augsburg.

GBC AG is registered as Research Institute at the Federal Institute for Financial Services – Controlling Body: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Lurgiallee 12, 60439 Frankfurt

GBC AG is represented by its members of the management board Manuel Hölzle, Jörg Grunwald and Christoph Schnabel.

Responsible analyst for this research reports are:

Philipp Leipold, Dipl. Volkswirt, Financial Analyst

Sylvia Schmidt, Dipl. Betriebswirtin (FH), Financial Analyst

Translation, editing and revision of English Version:

Marion Baier, Dipl.Kffr.

§ 3 Copyrights

The Copyright of this document remains with GBC AG. The content of this document may only be used for information purposes. It may not be reproduced or given to any other person. Use of this document beyond copyright law requires in any case acceptance of GBC or a corresponding company in case there has been an assignment of rights of use and publication.

GBC AG
Halderstraße 27
D 86150 Augsburg

Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30

Internet: <http://www.gbc-ag.de>
E-Mail: compliance@gbc-ag.de



GBC AG®
- RESEARCH & INVESTMENT ANALYSEN -

GBC AG
Halderstraße 27
86150 Augsburg
Internet: <http://www.gbc-ag.de>
Fax: ++49 (0)821/241133-30
Tel.: ++49 (0)821/241133-0
Email: office@gbc-ag.de

Analysts of this Research Report:

Philipp Leipold, Dipl. Volkswirt, Financial Analyst
Sylvia Schmidt, Dipl. Betriebswirtin (FH), Financial Analyst

Translation, editing and revision of English Version:

Marion Baier, Dipl.Kffr.