Research Report (Update)

KPS AG

Acquisition costs put a strain on the current financial year
-
Long-term forecast remains positive

Target price: € 12.50
(previously: € 16.60)

Rating: Buy

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning. as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 13

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information. see the disclosure under "I. Research under MiFID II"

Date of completion: 05/07/2018 **Date of first publication: 06/07/2018**

GBC AG Investment Research

KPS AG*5a;6a;7;11

Rating: Buy
Target price: 12.50 €

Current price: 7.19 € / ETR
04.07.2018-closing price

Currency: EUR

Key data:

ISIN: DE000A1A6V48
WKN: A1A6V4
Symbol: KSC

Number of shares³: 37.41
Market Cap³: 257.77
Enterprise Value³: 283.08
³in million. / in mEUR

Free float: 36.7%

Transparency level:
Prime Standard

Market segment:
Regulated Market

Accounting standard:
IFRS

Financial year: 30/9

Designated Sponsor:
Oddo Seydler Bank AG

Analysts:

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* List of possible conflicts of interest on page 15

Company profile

Sector: Services

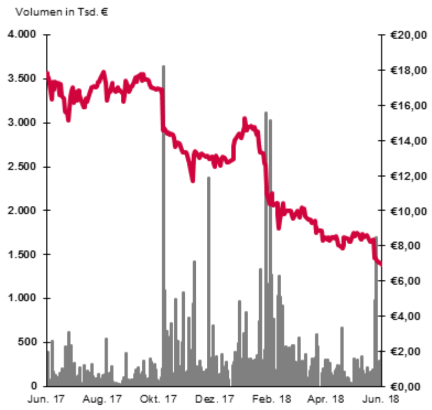
Focus: consulting for business transformation and process optimisation

Employees: 459 as of: 31/03/2018

Established: 2000

Registered office: Munich

Board of Management: Leonardo Musso



KPS is the leading transportation partner in Europe for companies seeking to radically realign their business model towards customers rapidly and implement innovative. digital processes and technologies. KPS provides a full range of services from strategic consulting on industry-specific process chains to the implementation of state-of-the-art technologies. The KPS team provides companies with end-to-end consultancy. integrating enterprise resource planning. B2B and B2C e-commerce with marketing and sales processes. Particularly in a digital world which focuses on the customer. the ability to implement projects quickly is a significant competitive advantage. The KPS Rapid-Transformation® method accelerates projects by up to 50% and the experience and industry expertise of KPS's consultants ensures the success of every project. With around 1000 consultants in 12 countries. KPS is constantly expanding its market position globally through trailblazing projects aimed at achieving digital and technological transformation.

P&L in mEUR. financial year-end	31.12.2016	31.12.2017	31.12.2018e	31.12.2019e
Sales	144.93	160.30	170.00	185.08
EBITDA	23.26	26.41	20.76	30.69
EBIT	22.26	24.76	16.26	26.29
Net income	19.28	19.80	12.12	19.34
Key figures in EUR				
Earnings per share	0.52	0.53	0.32	0.52
Dividend per share	0.33	0.35	0.35	0.37
Key Figures				
EV/Sales	1.95	1.76	1.66	1.53
EV/EBITDA	12.14	10.69	13.60	9.20
EV/EBIT	12.68	11.40	17.36	10.74
P/E	13.33	12.98	21.20	13.29
P/B		4.24		

Financial Calendar
10/08/2018: 9M-report 2015/16

** Last research by GBC:
Date: publication/target price in EUR/rating
20/02/2018: RS / 16.60 / KAUFEN
28/08/2017: RS / 18.00 / KAUFEN
18/08/2017: RS / 18.00 / KAUFEN

** The research studies indicated above may be viewed at www.gbc-ag.de. or requested at GBC AG. Halderstr. 27. D86150 Augsburg

EXECUTIVE SUMMARY

- In the first half of 17/18, the company's revenue increased by 6.7% to EUR 88.37 million (previous year: EUR 82.83 million). One reason for the increase in revenue was an extensive software deal with a sales volume of between EUR 7 and 8 million. In addition, the acquisitions of ICE Consultants Europe, Infront Consulting & Management and Envoy Digital made a valuable revenue contribution of EUR 7.17 million. Overall, the company continues to benefit from the megatrend of digitisation and has clear competitive edges with the pronounced industry focus on trade and logistics, as well as with the rapid transformation method.

- In the first half of 2017/18 the company's EBIT were EUR 7.51 million (previous year: EUR 12.49 million). This resulted in an adjustment of the EBIT-guidance for the full year, which was originally between EUR 23 and 26 million, and being adjusted to between EUR 16 and 20 million. This development occurred from project start-up costs and higher depreciations due to acquisitions. As part of the purchase price allocation of ICE Consultants Europe, Infront Consulting & Management, and Envoy Digital, intangible assets were recognised on the balance sheet. The intangible assets relate primarily to customer relationships and orders on hand. This resulted in higher M&A-related depreciations of EUR 1.45 million. Personnel expenses also increased by 19.7% to EUR 30.85 million (previous year: EUR 25.77 million). In our opinion, the build-up of an extensive workforce is extremely positive, since operating growth in the area of transformation consultancy is only possible through staff. For example, the company can gradually replace freelancers with in-house staff and potentially make cost savings. In addition, the company has gained good access to the Spanish labour market with the ICE acquisition. Wages are lower in Spain than in Germany, which is expected to lead to a long-term margin improvement for KPS.

- Against the backdrop of the semi-annual figures, we adjusted our sales forecast to EUR 170.00 million for FY 2017/18 and to EUR 185.08 million for FY 2018/19. Historically, the company has been able to achieve double-digit growth levels and has generally exceeded the guidance. The company remains in an attractive growth market with the megatrend of digitisation, and, with the industry focus on trade and logistics as well as the rapid transformation method, it should possess valuable competitive edges. At the same time, the company is pressing ahead with the geographical expansion in Europe and the USA. We assume that the company will return to historical growth levels in the medium to long term.

- With the adjustment of the EBIT guidance, we have adjusted our EBIT forecast to EUR 16.26 million for FY 17/18 and EUR 26.29 million for FY 18/19. In the short term, we are expecting the PPA depreciations and the higher project start-up costs to place a burden on earnings. In the medium to long term, the historical EBIT margins of over 15% are expected to be reached. We assume that with the switch from freelancers to in-house employees, earnings improvements should be possible, and the industrialisation of the consulting approach should help in this respect.

- **On the basis of our DCF model, we have calculated a fair value of EUR 12.50 per share (previously: EUR 16.60). The target price adjustment is based on the adjusted forecasts for the next two years and an increase in the beta factor. Due to the comparatively high dependence on major customers, we are now assuming higher cost of equity. Nevertheless, we retain our long-term revenue and margin estimates and assume that KPS is well positioned in terms of operations.**

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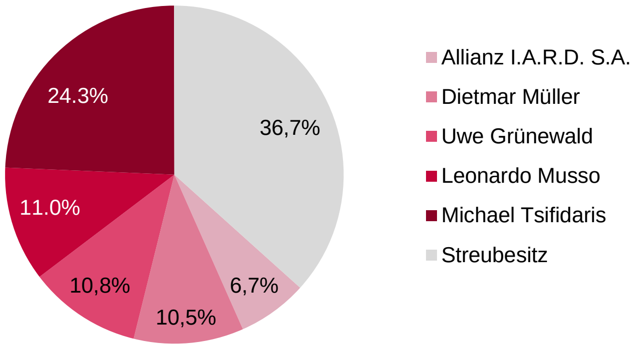
COMPANY

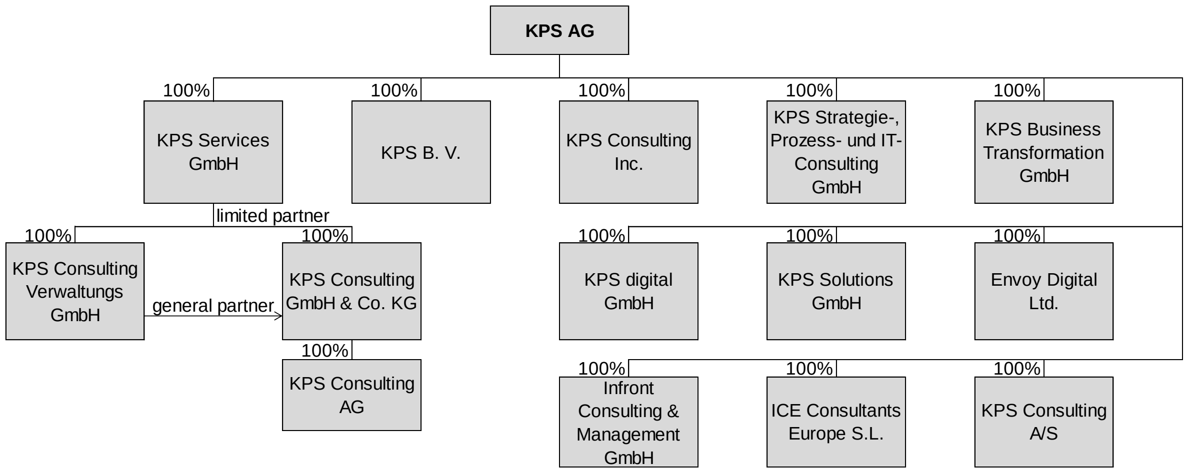
Shareholder structure

Michael Tsifidaris	24.3%
Leonardo Musso	11.0%
Uwe Grünewald	10.8%
Dietmar Müller	10.5%
Allianz I.A.R.D. S.A.	6.7%
Free float	36.7%
Total	100.0%

Source: KPS AG



Group structure



Source: KPS AG

Important Customers

The KPS AG´s customer base encompasses a range of renowned companies. The focus is on the retail and consumer goods sectors. In the following selected references are displayed:

Source: KPS AG

Business Development HY1 2017/18

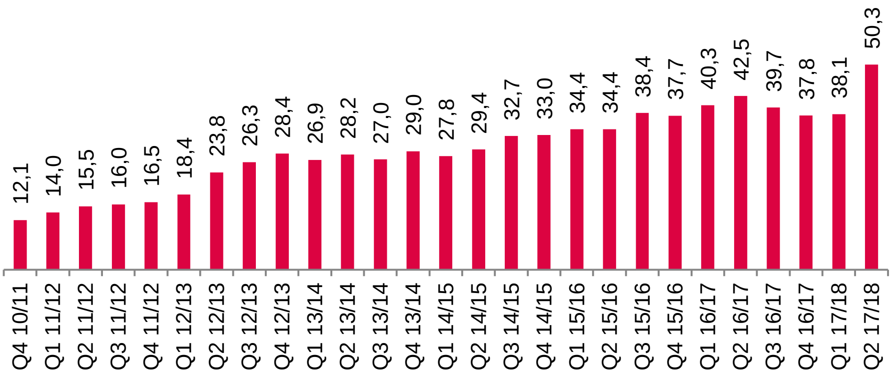
In €m	1. HJ 2016/17	Δ in %	1. HJ 2017/18
Revenue	82.83	6.7%	88.37
EBITDA	13.11	-28.6%	9.37
EBITDA-Margin	*15.8%*		*10.6%*
EBIT	12.49	-39.9%	7.51
EBIT-Margin	*15.1%*		*8.5%*
Net profit	10.30	-46.8%	5.48
EPS in €	0.28	-47.0%	0.15

Source: KPS, GBC

Revenue performance

In the first half of 17/18, the company's revenue increased by 6.7% to EUR 88.37 million (previous year: EUR 82.83 million). The key to the development was the second quarter in particular, with EUR 50.3 million in revenue in comparison to EUR 38.1 million in the first quarter. Thus a quarterly sales record was set once again.

Quarterly sales development (in €m)



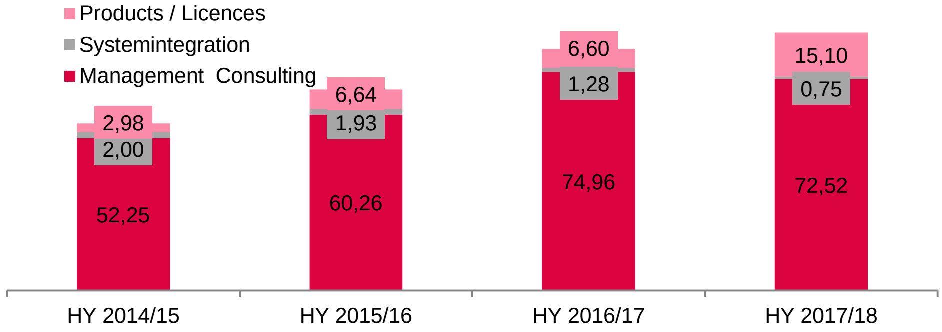
Source: KPS, GBC

One reason for this significant increase in revenue was the sale revenues from a major software deal, which amounted to approx. EUR 7 to 8 million. Such large-scale software deals are rather unusual for KPS and we assume that this is a positive one-off effect. Nevertheless, the company benefits in this regard from certification as a distribution partner of renowned manufacturers such as SAP, IBM and SAPERION.

In addition, the recently acquired ICE Consultants Europe, Infront Consulting & Management, and Envoy Digital combined also made a positive contribution to revenue growth to the tune of EUR 7.17 million. In the previous year (first HY 16/17), the acquisitions of Saphira Consulting and KPS B.V. added to the rise in revenue with a contribution of EUR 5.22 million. Thus, adjusted for the acquisitions and newly established customers, an increase in revenue of 4.6% to EUR 81.20 million was achieved (previous year: EUR 77.61 million).

Overall, the company continues to benefit from the megatrend of digitisation and, with the pronounced industry focus on trade and logistics, it has a clear competitive edge. KPS is known in particular for the rapid transformation method, which can be used to implement digitisation projects in a significantly faster and more agile manner. Thus the average project term was reduced to between 18 and 24 months. These project terms are also reflected in the quarterly development of revenues. This results in a wave-type shape, which is not bound to certain quarters, as individual projects are launched and billed at irregular intervals. At the same time, it is very difficult to forecast future projects as customer and project acquisition is usually only possible at Board level and can only be planned to a limited extent due to the extensive project sizes.

Revenue by segment (in €m)



Source: KPS, GBC

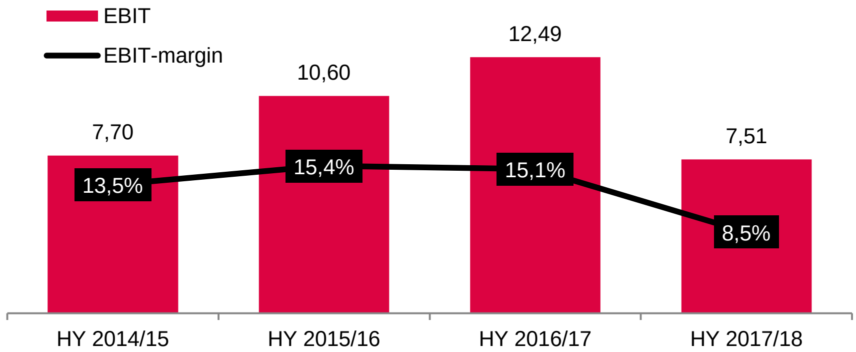
In the first half of 2017/18, transformation consultancy remains the primary revenue driver at segment level, contributing EUR 72.52 million (previous year: EUR 74.96 million). The products and licences segment achieved a substantial increase in sales from EUR 6.60 million in H1 16/17 to EUR 15.10 million in H1 17/18, with the extensive software deal accounting for EUR 7 to 8 million. The system integration segment performed in line with expectations, posting EUR 0.75 million (previous year: EUR 1.28 million), as existing orders from support contracts were taken over and are now gradually running out.

The positive revenue increase was achieved despite significant project delays, the bottoming out in the 'revenue wave formation' and the decrease in revenues from a major customer. As part of the semi-annual report, the revenue guidance of EUR 160 to 170 million was also confirmed, and we assume that the company's operational progress will continue.

Earnings performance

KPS produced an EBIT of EUR 7.51 million in the first half of 17/18 (previous year: EUR 12.49 million). As a result, the company adjusted its EBIT guidance, previously EUR 23 to 26 million, to the current level of EUR 16 to 20 million. This development resulted from the high start-up costs of four major projects. These higher costs were reflected in particular in the first quarter of 2017/18 and also put a burden on the second quarter of 2017/18. Thus, the EBIT increased by 42.3% to EUR 4.41 million in the second quarter in comparison to EUR 3.1 million in the first quarter.

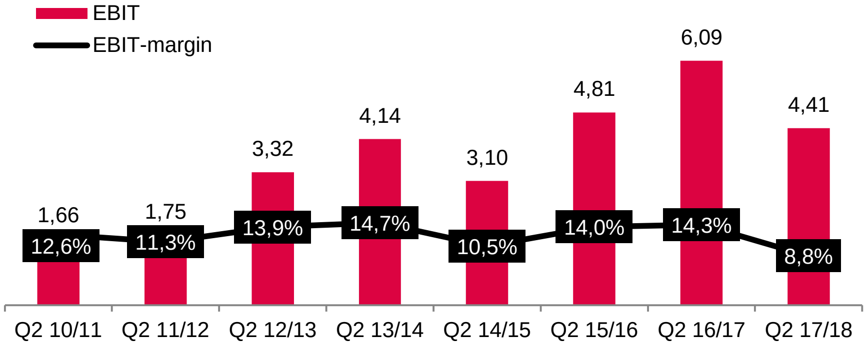
Development of the EBIT (in €m) and the EBIT-margin (in %)



Source: KPS, GBC

On a quarterly basis, the margin in the second quarter dropped to 8.8% (previous year: 14.3%). Nevertheless, in the long-term comparison, quarterly fluctuations in margins and earnings are quite common. Consequently, a margin of 10.5% was achieved in the second quarter of 14/15, which increased to 15.1% when considering 14/15 as a whole. As with the development of revenue, this resulted from the project terms of 18 to 24 months, which are acquired and billed at irregular intervals.

Earnings performance in Q2 (in €m)



Source: KPS, GBC

In the first half of 17/18, the three acquisitions resulted in PPA depreciations of EUR 1.45 million. These were reported separately by the company, as they are not based on the operating business, but rather primarily on the newly evaluated intangible assets from the acquisitions. The PPA depreciations were jointly responsible for the forecast adjustment and should, in our opinion, amount to EUR 3.50 million when considering the year as a whole.

Furthermore, the acquisitions made already ultimately added significant value and provided an EBIT contribution of EUR 1.40 million (in relation to ICE, Infront, and Envoy).

The higher costs in the first half of 17/18 also resulted largely from the increase in personnel expenses, which increased by 19.7% to EUR 30.85 million (previous year: EUR 25.77 million). This was based on the expansion of the employee base, both organically and through acquisitions. Thus, as at 31/03/2018, the total number of employees stood at 614. At the same point in the previous year, this number was still 459. This development should also be regarded as positive, as operating growth in transformation consultancy is almost exclusively possible through the number of consultants. In addition, the market for highly qualified personnel in this area is extremely competitive. Traditionally, due to the high order level, several external freelancers were appointed, which is reflected in the cost of materials. On one hand, freelancers offer greater flexibility, but on the other hand freelancers are generally more costly than in-house employees. KPS is therefore stepping up its efforts to increase the proportion of in-house employees. In addition, the company has gained good access to the Spanish labour market with the ICE Consulting acquisition. In Spain, average wages are lower than in Germany, and the costs are expected to reduce in the long term as a result of this.

We assume that the current performance is largely due to the short to medium-term burdens on earnings, and that the high EBIT margins of over 15% can be achieved in the medium to long term.

Balance sheet and financial situation

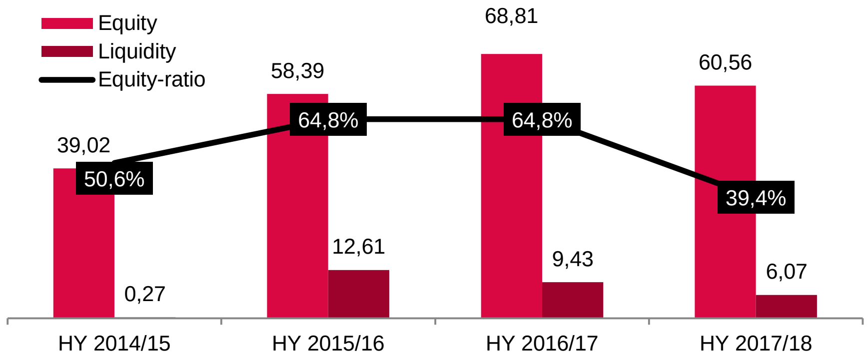
in €m	30/09/16	30/09/17	31/03/18
Equity	58.39	66.19	60.56
Equity Ratio (in %)	61.4%	64.3%	39.4%
Fixed assets	33.64	43.28	82.72
Working capital	1.70	12.26	15.63
Net Debt	-12.61	-6.67	25.32
Operating cash flow	20.29	16.79	0.82
Investment cash flow	-3.96	-12.39	-21.57
Finance cash flow	-10.21	-12.34	-13.09

Source: KPS, GBC

The equity ratio fell significantly due to the acquisitions and stood at 39.4% (31/03/17: 64.8%). The equity capital decreased to EUR 60.56 million (31/03/17: EUR 68.81 million).

This resulted from the acquisitions and the related build-up of bank liabilities in the amount of EUR -25.30 million to finance the acquisitions of ICE Consultants Europe, Infront Consulting & Management and Envoy Digital. Thus the net debt increased to EUR 25.32 million from EUR -6.67 million (30/09/17). Overall, in the financial year 17/18, there was a net outflow of EUR 20.91 million. In the KPS balance sheet, the operating assets also increased to EUR 82.72 million (31/03/17) from EUR 43.28 million (30/09/17), due to significant goodwill inflows as a result of the three acquisitions totalling EUR 32.83 million.

Development of relevant balance sheet items (in €m)



Source: KPS, GBC

Traditionally, KPS has reduced the financial liabilities comparatively quickly through the strong operating cash flow. We expect that this will also be the case in the coming years and the target debt ratio of interest-bearing liabilities should still amount to 0%.

Estimates and model assumptions

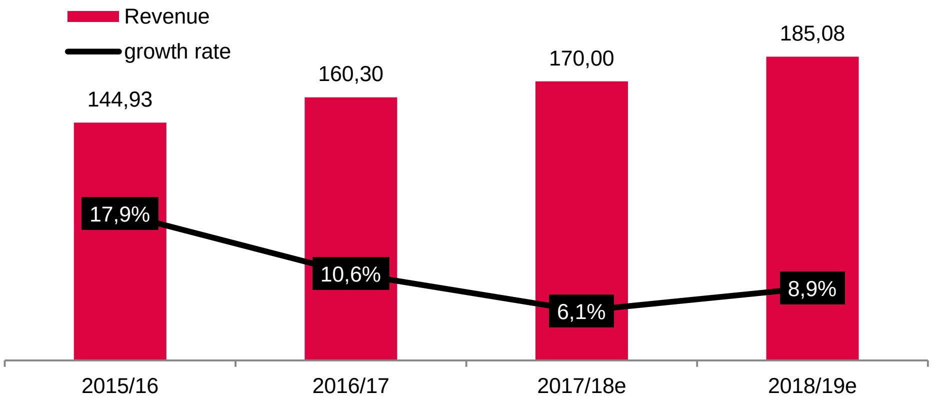
P&L (in €m)	FY 2016/17	previously FY 17/18e	adjusted FY 2017/18e	previously FY 18/19e	adjusted FY 2018/19e
Revenue	160.30	164.55	170.00	180.08	185.08
EBITDA	26.41	26.45	20.76	30.01	30.69
EBITDA-Margin	*16.5%*	*16.1%*	*12.2%*	*16.7%*	*16.6%*
EBIT	24.76	24.95	16.26	28.51	26.29
EBIT-Margin	*15.4%*	*15.2%*	*9.6%*	*15.8%*	*14.2%*
Net profit	19.80	18.64	12.12	20.99	19.34
EPS in €	0.53	0.50	0.32	0.56	0.52

Source: GBC

Revenue forecasts

The company confirmed the revenue guidance of EUR 160 to 170 million in the semi-annual report. Against the backdrop of the semi-annual revenue of EUR 88.37 million, we are increasing our revenue guidance from EUR 164.55 million to EUR 170.00 million for the financial year 2017/18. At the same time, we are now expecting revenue of EUR 185.08 million (previously: EUR 180.08 million) in financial year 2018/19.

Expected development of revenue (in €m)



Source: GBC

The comparatively low expected revenue growth for the current financial year 17/18 was based on declining project sales from a major customer and a bottoming out in the revenue wave (see also the Research Report from 26/02/2018). Historically, the company has reported double-digit growth rates, which usually still exceed the guidance. Due to this shift effect, we are assuming that stronger growth of 8.9% will be achieved again in 2018/19 and in the medium term, this will return to the historical double-digit levels.

Currently, with the digital transformation, the company is positioned in a very dynamic growth market with the megatrend of digitisation. For example, new customers have already been acquired and four further major projects were launched in the first half of 2017/18.

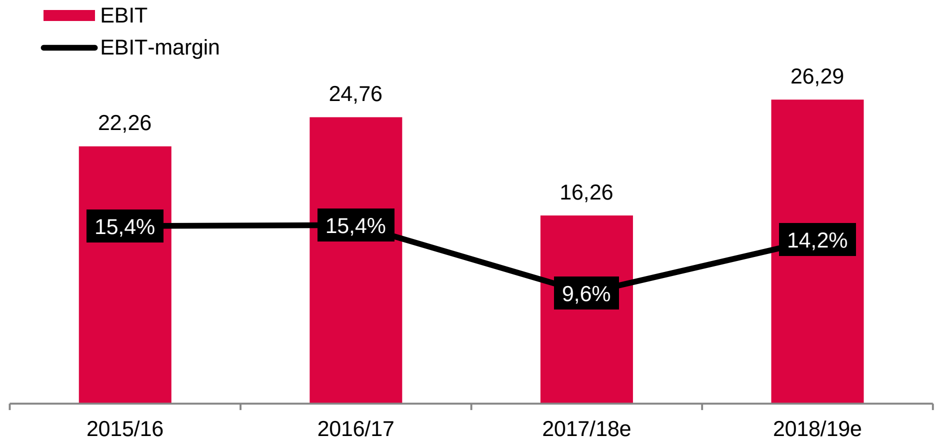
With the focus on trade and logistics, KPS is one of the leading consultancy firms in the field of digital transformation in Germany. In future, the knowledge acquired from the field of trade and logistics is also expected to be gradually transferred to other sectors. In addition, the company is increasingly expanding towards Europe, and also to some extent in the USA. With the acquisition of Envoy Digital, a first branch was acquired in the United Kingdom. The British consultancy firm should also provide linguistic and cultural

parallels to the market in the USA, which should create additional synergies. Furthermore, the Nordic market was increasingly opened up through Saphira Consulting.
With the rapid transformation method, the company also has a clear competitive edge and should also continue to acquire major projects. We assume that the KPS growth story is still intact and maintain 11.0% sales growth in the medium term based on our valuation model.

Profit forecasts

With the semi-annual report, the company revised the EBIT guidance for the financial year 2017/18 from its original level of EUR 23 to 26 million to the current level of EUR 16 to 20 million. This development resulted from significantly higher personnel costs and PPA depreciations due to acquisitions. For example, the purchase price must be distributed over the acquired assets and liabilities after an acquisition. This includes the valuation and identification of new intangible assets to be recognised. This generally also results in revaluations of the orders on hand and the contractual relationships. In total, other intangible assets in the amount of EUR 6.49 million were recognised from Envoy, ICE and Infront together. These must also be written off based on their fair value. In the first half of the year, M&A-based depreciations of EUR 1.45 million were incurred for the first time. Considering the year as a whole, we expect M&A-based depreciations to amount to EUR 3.50 million.

Expected development of EBIT (in €m) and EBIT margin (in %)



Source: GBC

Furthermore, we expect that further margin improvements can be achieved with the industrialisation of the consulting approach. For example, a process factory was founded in Dortmund with a view to developing standardised modules. These modules can be used repeatedly for different clients. In addition, fewer advisors would be required per project, which offers further margin potential.

Due to the PPA depreciations, delayed projects from major clients and the higher project start-up costs in the first half of the year, we are reducing our EBIT forecast for 2017/18 to EUR 16.26 million (previously: EUR 24.95 million) and EUR 26.29 million (previously: EUR 28.51 million) for 2018/19. Nevertheless, we expect that in terms of operations, the company is well-positioned to return to the historical margin levels of over 15% EBIT margin. Therefore, we have only adjusted our estimates for the next two years and are leaving our long-term estimates in the DCF model unchanged.

VALUATION

Model assumptions

We rated KPS AG using a three-stage DCF model. Starting with the concrete estimations for 2017/18 and 2018/19 in phase 1, in the second phase, from 2019/20 to 2024/25, our forecast uses value drivers. Here we expect a sales increase of 11.0 %. We have assumed an EBITDA margin target of 17.0%. We have taken into account tax rates of 25% due to revenue generated abroad. Additionally, a residual value is determined in the third phase by using the perpetual annuity by the end of the forecast horizon. As the final value, we assume a growth rate of 2.0%.

Determination of capital costs

The weighted average cost of capital (WACC) of KPS AG is calculated using equity costs and debt costs. The market premium, the company-specific beta, as well as the risk-free interest rate have to be determined in order to determine the equity cost.

The risk-free interest rate is derived in accordance with the recommendations of the expert committee for company valuations and business administration (FAUB) of the IDW (Institut der Wirtschaftsprüfer in Deutschland e.V.) from the current interest rate yield curves for risk-free bonds. The zero bond interest rates according to the Svensson method published by the German Federal Bank form the underlying basis. To smooth out short-term market fluctuations, we use the average yields over the previous three months and round up the result to 0.25 basis points.

The value of the currently used risk-free interest rate is 1.25%.

We set the historical market premium of 5.50% as a reasonable expectation of the market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to be more profitable than low-risk government bonds.

According to GBC estimates, we have determined a beta of 1.41 (previously 1.18).

Due to the high dependence on individual major customers, we assume a higher cyclical sensitivity and therefore increase the beta.

Based on these assumptions, equity costs are calculated to amount to 9.0 % (previously: 7.7%) (Beta multiplied by the risk premium plus the risk-free interest rate). Since we assume a sustainable weighting of the equity costs of 100 %, the resulting weighted average costs of capital (WACC) amount to 9.0 % (previously: 7,7%).

Evaluation result

The discounting of future cash flows is based on the entity approach. In our calculation, the result for the corresponding weighted average costs of capital (WACC) is 9.0%. The resulting fair value per share at the end of the 2019/20 financial year corresponds to the target price of € 12.50 (previously: € 12.50).

DCF-Modell

KPS AG - Discounted cash flow (DCF) model scenario

Value driver of the DCF - model according to estimate phase:

consistency - Phase	
Sales growth	11.0%
EBITDA-Margin	17.0%
Depreciation to fixed assets	6.6%
Working Capital to sales	8.3%

final - Phase	
Eternal growth rate	2.0%
Eternal EBITA - margin	17.0%
Eternal effective tax rate	25.0%

Three phases - Model:

phase	estimate		consistency						final
in €m	FY 18e	FY 19e	FY 20e	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e	Terminal Value
Sales	170.00	185.08	205.44	228.04	253.12	280.96	311.87	346.18	
Sales change	6.1%	8.9%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	2.0%
Sales to fixed assets	2.62	2.76	3.12	3.53	3.99	4.52	5.10	5.76	
EBITDA	20.76	30.69	34.92	38.77	43.03	47.76	53.02	58.85	
EBITDA-margin	12.2%	16.6%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
EBITA	16.26	26.29	30.54	34.45	38.80	43.61	48.94	54.85	
EBITA-Margin	9.6%	14.2%	14.9%	15.1%	15.3%	15.5%	15.7%	15.8%	17.0%
Taxes on EBITA	-4.07	-6.83	-7.63	-8.61	-9.70	-10.90	-12.24	-13.71	
Taxes to EBITA	25.0%	26.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
EBI (NOPLAT)	12.20	19.45	22.90	25.84	29.10	32.71	36.71	41.13	
Return on capital	22.0%	24.5%	27.9%	31.1%	34.8%	38.8%	42.9%	47.3%	50.7%
Working Capital (WC)	14.50	15.00	17.05	18.93	21.01	23.32	25.89	28.73	
WC to sales	8.5%	8.1%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	
Investment in WC	-2.24	-0.50	-2.05	-1.88	-2.08	-2.31	-2.57	-2.85	
Operating fixed assets (OAV)	64.88	67.00	65.91	64.59	63.36	62.21	61.14	60.13	
Depreciation on OAV	-4.50	-4.40	-4.39	-4.32	-4.23	-4.15	-4.07	-4.00	
Depreciation to OAV	6.9%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Investment in OAV	-26.10	-6.52	-3.30	-3.00	-3.00	-3.00	-3.00	-3.00	
Capital employed	79.38	82.00	82.96	83.52	84.37	85.53	87.02	88.87	
EBITDA	20.76	30.69	34.92	38.77	43.03	47.76	53.02	58.85	
Taxes on EBITA	-4.07	-6.83	-7.63	-8.61	-9.70	-10.90	-12.24	-13.71	
Total investment	-31.57	-10.25	-8.58	-8.11	-8.31	-7.03	-5.57	-5.85	
Investment in OAV	-26.10	-6.52	-3.30	-3.00	-3.00	-3.00	-3.00	-3.00	
Investment in WC	-2.24	-0.50	-2.05	-1.88	-2.08	-2.31	-2.57	-2.85	
Investment in Goodwill	-3.23	-3.23	-3.23	-3.23	-3.23	-1.72	0.00	0.00	
Free cash flows	-14.88	13.60	18.71	22.05	25.02	29.83	35.22	39.29	615.24

Value operating business (due date)	460.65	488.64
Net present value explicit free cash flows	124.70	122.36
Net present value of terminal value	335.94	366.27
Net debt	21.41	21.05
Value of equity	439.24	467.59
Minority interests	0.00	0.00
Value of share capital	439.24	467.59
Outstanding shares in m	37.41	37.41
Fair value per share in €	11.74	**12.50**

Cost of Capital:

Risk-free rate	1.3%
Market risk premium	5.5%
Beta	1.41
Cost of Equity	9.0%
Target weight	100.0%
Cost of Debt	2.5%
Target weight	0.0%
Taxshield	28.7%
WACC	**9.0%**

Return on Capital	WACC				
	8.0%	**8.5%**	**9.0%**	**9.5%**	**10.0%**
49.7%	14.52	13.32	12.30	11.42	10.66
50.2%	14.65	13.43	12.40	11.51	10.74
50.7%	14.77	13.54	**12.50**	11.60	10.82
51.2%	14.90	13.65	12.60	11.69	10.91
51.7%	15.02	13.77	12.70	11.78	10.99

ANNEX

I.
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SELL	The expected return, based on the calculated target price, incl. dividend payments within the <= - 10%.

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