

## Internal and organisational precautions to avoid conflicts of interest

---

The compliance organisation of Berenberg Bank group has laid the requisite foundations for managing and controlling the flow of information within the group.

**Compliance concept**

The establishment of areas of confidentiality (Chinese walls) and the corresponding regulations with a view to the treatment of confidential and sensitive information inside and outside of these areas of confidentiality have made it possible to avoid or accordingly disclose possible conflicts of interest. Further, specific restrictions have been imposed on the employees of Berenberg Bank group with regard to their own securities transactions.

**Areas of  
confidentiality**

**Employee  
transactions**

Observance of the compliance concept is overseen by the Compliance office of Berenberg Bank.

**Compliance office**

---

## Summary of the basis of valuation

---

The determination of the fair value per share, i.e. the price target and the resultant rating, is done according to the **cash flow return on enterprise value (CFRoEV) method** and on the basis of the **discounted cash flow (DCF)** model. Furthermore, a **peer group comparison** is carried out.

The CFRoEV method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return on this investment exceeds their opportunity costs. For this purpose, a company-specific hurdle rate is calculated after tax on the basis of certain criteria. The operating cash flow is calculated as EBIT plus depreciation less maintenance capex.

**CFRoEV method**

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC) which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to get the equity value.

**DCF model**

---

## Result of the analysis – explanation of the rating systematics

---

Berenberg's equity research department uses the following three-step rating key for the companies analysed by the department:

**Buy:** Sustainable upside potential of more than 10% within 12 months

**Sell:** Sustainable downside potential of more than 10% within 12 months.

**Hold:** Upside/downside potential limited.  
No immediate catalyst visible.

NB Berenberg Bank does not make recommendations on the basis of performance expected "relative" to the market.

---

## Sensitivity of the result of the analysis/risk classification

---

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis.

The price target indicated in the financial analysis and also the recommendation (cf. Explanation of the rating systematics) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

A company-specific risk classification encompassing market and sector risks is part of every base study. The respective changes (recommendation and/or price target) of the previous 12 months are included in every financial analysis as an additional point of reference.

All financial analyses (long notes and updates) are available to our clients via the research login on our website under [www.berenberg.de](http://www.berenberg.de).

---

## Update (frequency)

---

Whether and in what intervals of time an update is published is not fixed beforehand.	<b>No fixed intervals</b>
The companies analysed by Berenberg Bank are divided into two categories, i.e. companies with a so-called full coverage and companies with a so-called screening coverage.	
The companies with a full coverage are continuously followed by an analyst. The analysts comment on every company information, i.e. the regular company reports and any information outside the financial calendar, and update their publications as and when required.	<b>Full coverage</b>  <b>or</b>
The companies with a screening coverage are updated by the analyst only in irregular intervals as and when required.	<b>Screening coverage</b>
The indication which category the company analysed comes under can be found in every financial analysis behind the company name.	<b>Indication in financial analysis</b>

---

## Sources of information

---

The information on which the financial analysis is based has been obtained from sources which are believed to be reliable.

Professional information systems such as, for instance, Reuters, Bloomberg and the like as well as the relevant specialised press serve to supply current and historical information and news as well as share price movements of markets, industries, sectors and companies.

Annual reports, quarterly reports, ad-hoc announcements, company presentations as well as press releases (so-called company news) and the like serve as the source of information of news and data on the issuers that are the topic of a financial analysis.

## Analyst remuneration

---

The financial analysis and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the financial analysis.