

Buy	EUR 9.00 (EUR 8.30)	Value Indicators: EUR	Warburg ESG Risk Score: 2.1	Description: Ship owner and maritime investment manager
		DCF: 9.04	ESG Score (MSCI based): 3.0	
Price	EUR 4.95	FCF-Value Potential 24e: 10.54	Balance Sheet Score: 2.8	Key Figures (WRe): 2022e
Upside	82.0 %	Market Snapshot: EUR m	Market Liquidity Score: 0.5	
		Market cap: 160	Shareholders:	Beta: 1.4
		No. of shares (m): 32	Freefloat: 46.30 %	Price / Book: 1.5 x
		EV: 623	Döhle Group: 38.20 %	Equity Ratio: 62 %
		Freefloat MC: 74	JaJo Beteiligungsgesellschaft: 9.10 %	Net Fin. Debt / EBITDA: 0.1 x
		Ø Trad. Vol. (30d): 234.72 th	MS Cordula: 6.40 %	Net Debt / EBITDA: 0.2 x

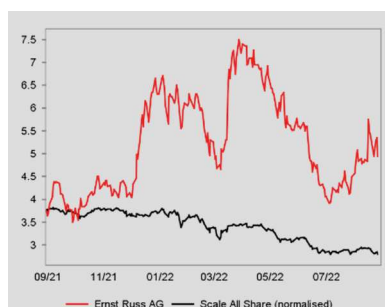
Upgraded guidance appears to be well within reach

Last week's publication of the Q2/H1 report confirmed the recently reported preliminary figures and guidance-upgrade. While quarterly revenues more than doubled yoy to EUR 47.3m, EBIT adj. increased almost fivefold to EUR 34.5m. The latter includes book gains of close to EUR ~18m related to the divestment of vessels and vessel holdings. Excluding these, we calculate underlying operating earnings of around EUR 17m, which is well above the preceding quarter (Q1/22: EUR ~8m ex book gains) mainly owing to charter contract renewals at much improved conditions and, to a smaller extent, to benefits from FX translation. In comparison to Q2/21, underlying operating earnings soared 130%, supported by a significant fleet expansion. Earnings per share quadrupled to EUR 0.51 and, thus, were broadly in line with WRe (0.53). On the back of higher earnings and divestments, the company's cash flow and balance sheet improved. Ernst Russ repaid debt of EUR 33m in H1 and current net debt stands at EUR 14m (pensions included), which translates into a gearing of only 7%, while the equity ratio comes to 65%. Hence, the company is in good financial shape should attractive buying opportunities arise.

The upgraded financial outlook implies EBIT adj. of at least EUR 34m in H2, i.e. the underlying earnings run-rate of the second quarter should be largely maintained for the rest of the year. Considering that the company's fleet is predominantly chartered out well into 2023 and, in some cases, even longer (until 2026) the new guidance appears to be well within reach and we have adjusted our estimates accordingly. For 2023 we predict another moderate progression in sales and underlying earnings (i.e. excluding the impact of book gains, which total EUR >26m this year) based on continued positive effects from contract renewals already realised. Looking beyond 2023, we assume a moderate contraction. Charter rates have started to ease lately, but are still well ahead of pre-pandemic levels. Nevertheless, the container shipping boom might be in its final hours given the constellation of weaker demand in the course of a macroeconomic slowdown as well as a pronounced vessel capacity inflow in 2023/24 as the orderbook-to-fleet ratio has nearly tripled to 28% over the past two years. With regards to the vessel segments below 5,099 TEU, in which Ernst Russ is predominantly active, the corresponding ratio is much lower at ~12% on average.

Our DCF-based price target is raised to EUR 9.00. The upgrade reflects higher forecasts that more than offset the impact of applying a further 75bps higher risk-free rate in our model in response to central bank tightening. Given the upside potential of ~80%, we reiterate our Buy recommendation.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -	
Sales	163	13.8 %	158	23.1 %	154	20.6 %	<ul style="list-style-type: none"> H1/22 results, successful contract renewals at higher rates and latest fleet additions ("Conmar Avenue" and "Faith") factored in. USD/EUR relation set at 1.05x
EBIT adj.	75	17.4 %	47	41.9 %	41	32.7 %	
EBT	75	10.8 %	47	40.8 %	41	32.4 %	
EPS	1.28	11.6 %	0.80	42.0 %	0.69	32.8 %	

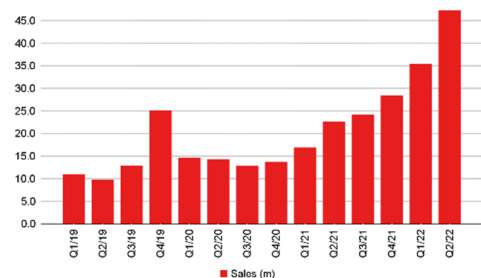


Rel. Performance vs Scale All	
1 month:	11.8 %
6 months:	11.6 %
Year to date:	3.1 %
Trailing 12 months:	63.8 %

Company events:	
15.11.22	Q3

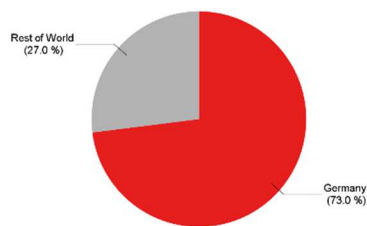
FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Sales	26.3 %	53	59	56	92	185	195	186
Change Sales yoy		19.7 %	11.6 %	-5.5 %	66.1 %	100.7 %	5.2 %	-4.7 %
EBITDA	32.8 %	15	10	13	36	115	97	84
Margin		27.7 %	16.5 %	22.6 %	39.0 %	62.2 %	49.8 %	45.3 %
EBIT adj.	20.6 %	4	4	3	31	88	67	54
EBIT	24.5 %	7	4	4	28	85	66	53
Margin		12.4 %	6.4 %	7.8 %	29.9 %	45.8 %	34.0 %	28.7 %
Net income	23.7 %	6	2	4	16	46	37	30
EPS	23.7 %	0.19	0.05	0.13	0.49	1.43	1.14	0.92
EPS adj.	23.7 %	0.19	0.05	0.13	0.49	1.43	1.14	0.92
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		0.01	-0.05	-0.42	1.05	1.92	2.06	1.68
FCF / Market cap		0.6 %	-6.6 %	-59.1 %	32.3 %	38.7 %	41.6 %	33.9 %
EV / Sales		3.3 x	3.4 x	3.6 x	3.1 x	3.4 x	2.5 x	2.2 x
EV / EBITDA		11.8 x	20.5 x	16.1 x	8.0 x	5.4 x	5.1 x	4.8 x
EV / EBIT		26.3 x	52.9 x	46.3 x	10.4 x	7.3 x	7.5 x	7.6 x
P / E		6.2 x	17.4 x	5.5 x	6.7 x	3.5 x	4.3 x	5.4 x
P / E adj.		6.2 x	17.4 x	5.5 x	6.7 x	3.5 x	4.3 x	5.4 x
FCF Potential Yield		8.2 %	-2.3 %	-3.4 %	11.7 %	13.3 %	13.6 %	13.4 %
Net Debt		8	46	53	54	19	-18	-48
ROCE (NOPAT)		12.0 %	2.1 %	3.1 %	16.5 %	43.0 %	33.6 %	27.1 %
Guidance:		Revenues: EUR 183-193m; EBIT adj.: EUR 85-90m						

Sales development
in EUR m



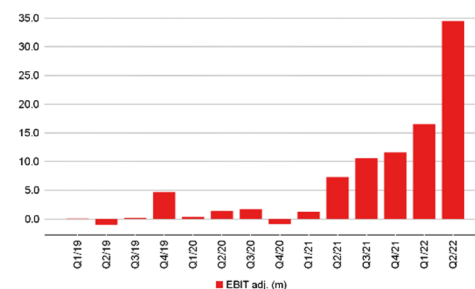
Source: Warburg Research

Sales by regions
2021; in %



Source: Warburg Research

EBIT adj. development
in EUR m



Source: Warburg Research

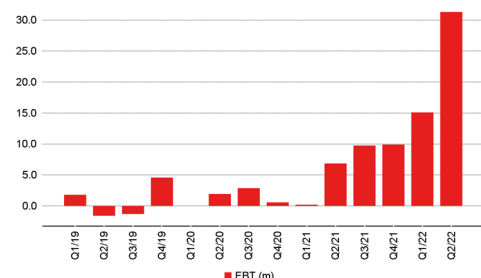
Company Background

- Ernst Russ invests in shipping projects for its own account and on behalf of third parties with the aim of generating stable income from charter proceeds in the long term.
- The scope of services includes the identification and purchase of suitable vessels, structuring of financing, development of a deployment strategy, selection of partners (technical management, crewing) and monitoring.
- The company's fleet currently comprises 29 fully-consolidated vessels as well as various minority holdings.
- To a small extent, the company is also still active in the management of closed-end funds on behalf of large trust companies and fund providers.

Competitive Quality

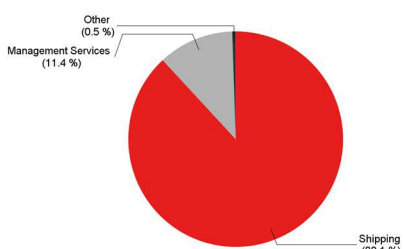
- Charter companies account for >50% of the overall container ship capacity. The supply side is highly fragmented with various small, but no dominant, players. Ernst Russ represents ~0.3% of the charter tonnage.
- Continuous fleet expansion further improves diversification with regards to ship classes, charter periods and remaining economic lifetime of the vessels, resulting in a superior risk profile versus single ship companies.
- Ernst Russ' good financial position and access to the capital market represent a clear competitive advantage over non-listed providers in terms of flexibility and financing costs of the assets deployed.
- Close ties to the Döhle group provide superior expertise and access to lucrative charter deals or vessel transactions.

EBT development
in EUR m



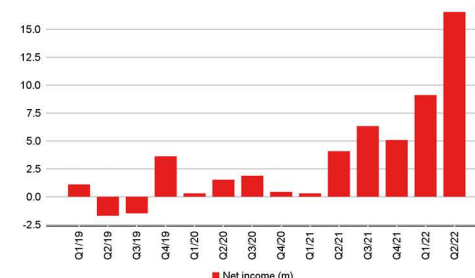
Source: Warburg Research

Sales by segments
2021; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	185	195	186	180	177	175	177	178	180	182	184	186	187	
Sales change	100.7 %	5.2 %	-4.7 %	-3.0 %	-2.0 %	-1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	2.0 %
EBIT	85	66	53	46	41	38	39	39	39	40	40	40	41	
EBIT-margin	45.8 %	34.0 %	28.7 %	25.7 %	23.4 %	21.9 %	21.9 %	21.9 %	21.9 %	21.8 %	21.8 %	21.8 %	21.8 %	
Tax rate (EBT)	0.1 %	0.2 %	0.2 %	0.3 %	0.4 %	0.4 %	0.5 %	0.6 %	0.7 %	0.7 %	0.8 %	0.9 %	0.9 %	
NOPAT	85	66	53	46	41	38	38	39	39	39	40	40	40	
Depreciation	30	31	31	31	31	30	30	30	30	30	29	29	29	
in % of Sales	16.4 %	15.8 %	16.6 %	17.1 %	17.4 %	17.4 %	17.1 %	16.8 %	16.5 %	16.2 %	15.9 %	15.6 %	15.4 %	
Changes in provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	
- Capex	34	31	31	31	31	31	30	30	30	30	30	29	29	
Capex in % of Sales	18.2 %	16.0 %	16.8 %	17.2 %	17.4 %	17.5 %	17.2 %	16.9 %	16.7 %	16.4 %	16.1 %	15.8 %	15.6 %	
- Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	81	66	53	46	41	38	38	39	39	39	40	40	40	40
PV of FCF	80	59	43	34	28	24	22	20	19	17	16	15	14	187
share of PVs	31.53 %			36.12 %										32.36 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	14.40 %	Financial Strength	1.10
Cost of debt (after tax)	4.0 %	Liquidity (share)	1.50
Market return	8.25 %	Cyclicality	1.40
Risk free rate	2.75 %	Transparency	1.40
		Others	1.35
WACC	9.28 %	Beta	1.35

Valuation (m)

Present values 2034e	391		
Terminal Value	187		
Financial liabilities	79		
Pension liabilities	2		
Hybrid capital	9		
Minority interest	240		
Market val. of investments	18		
Liquidity	26	No. of shares (m)	32.4
Equity Value	293	Value per share (EUR)	9.04

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.56	10.3 %	6.99	7.11	7.23	7.37	7.51	7.66	7.82	1.56	10.3 %	6.42	6.73	7.05	7.37	7.68	8.00	8.32
1.46	9.8 %	7.70	7.84	7.99	8.15	8.32	8.50	8.70	1.46	9.8 %	7.15	7.48	7.82	8.15	8.49	8.82	9.16
1.40	9.5 %	8.09	8.25	8.41	8.58	8.77	8.97	9.18	1.40	9.5 %	7.55	7.89	8.24	8.58	8.93	9.27	9.62
1.35	9.3 %	8.50	8.67	8.85	9.04	9.25	9.47	9.71	1.35	9.3 %	7.98	8.33	8.69	9.04	9.40	9.75	10.11
1.30	9.0 %	8.94	9.13	9.32	9.53	9.76	10.01	10.27	1.30	9.0 %	8.44	8.80	9.17	9.53	9.90	10.27	10.63
1.24	8.8 %	9.41	9.61	9.83	10.06	10.31	10.58	10.88	1.24	8.8 %	8.93	9.31	9.68	10.06	10.44	10.82	11.20
1.14	8.3 %	10.44	10.69	10.95	11.24	11.55	11.89	12.25	1.14	8.3 %	10.02	10.43	10.83	11.24	11.64	12.05	12.46

- Peak EBITDA modelled in for 2022, followed by a market normalisation and lower earnings
- Taxes mainly determined by the tonnage of the ships; cost of debt set at 4% (pre-tax)
- Hybrid capital = adjusting for M&A and divestments (cash out / in, consolidation)
- Market value of minorities = 45% of total
- Market value of investments = multiple of 12x on investment income 2024e

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2018	2019	2020	2021	2022e	2023e	2024e	
Net Income before minorities	6	2	5	26	83	66	54	
+ Depreciation + Amortisation	8	6	8	8	30	31	31	
- Net Interest Income	0	-1	-1	-2	-3	-2	-1	
- Maintenance Capex	0	13	21	3	34	31	31	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	14	-5	-7	33	83	68	54	
FCF Potential Yield (on market EV)	8.2 %	-2.3 %	-3.4 %	11.7 %	13.3 %	13.6 %	13.4 %	
WACC	9.28 %	9.28 %	9.28 %	9.28 %	9.28 %	9.28 %	9.28 %	
= Enterprise Value (EV)	172	199	202	286	623	497	405	
= Fair Enterprise Value	151	n.a.	n.a.	360	891	730	586	
- Net Debt (Cash)	53	53	53	53	17	-20	-50	
- Pension Liabilities	2	2	2	2	2	2	2	
- Other	0	0	0	0	0	0	0	
- Market value of minorities	126	126	126	126	443	355	293	
+ Market value of investments	0	0	0	0	0	0	0	
= Fair Market Capitalisation	n.a.	n.a.	n.a.	180	429	393	342	
Number of shares, average	32	32	32	32	32	32	32	
= Fair value per share (EUR)	n.a.	n.a.	n.a.	5.55	13.22	12.13	10.54	
premium (-) / discount (+) in %					167.4 %	145.2 %	113.1 %	
Sensitivity Fair value per Share (EUR)								
	10.28 %	n.a.	n.a.	n.a.	4.47	10.55	9.94	8.78
	9.78 %	n.a.	n.a.	n.a.	4.98	11.82	10.98	9.61
	9.53 %	n.a.	n.a.	n.a.	5.26	12.50	11.54	10.06
WACC	9.28 %	n.a.	n.a.	n.a.	5.55	13.22	12.13	10.54
	9.03 %	n.a.	n.a.	n.a.	5.86	13.98	12.75	11.04
	8.78 %	n.a.	n.a.	n.a.	6.19	14.79	13.41	11.57
	8.28 %	n.a.	n.a.	n.a.	6.90	16.54	14.84	12.72

- Tax obligation is primarily determined by the tonnage --> no tax shield on net interest expense is applied
- In light of increased vessel prices, we model capex > D&A to preserve the asset base
- Market value of minorities = multiple of 12x applied on the annual minority interest

Valuation	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	0.8 x	0.5 x	0.4 x	1.5 x	1.5 x	1.1 x	0.9 x
Book value per share ex intangibles	1.13	1.36	1.66	2.13	3.24	4.40	5.33
EV / Sales	3.3 x	3.4 x	3.6 x	3.1 x	3.4 x	2.5 x	2.2 x
EV / EBITDA	11.8 x	20.5 x	16.1 x	8.0 x	5.4 x	5.1 x	4.8 x
EV / EBIT	26.3 x	52.9 x	46.3 x	10.4 x	7.3 x	7.5 x	7.6 x
EV / EBIT adj.*	41.0 x	49.6 x	77.7 x	9.3 x	7.0 x	7.4 x	7.5 x
P / FCF	181.4 x	n.a.	n.a.	3.1 x	2.6 x	2.4 x	2.9 x
P / E	6.2 x	17.4 x	5.5 x	6.7 x	3.5 x	4.3 x	5.4 x
P / E adj.*	6.2 x	17.4 x	5.5 x	6.7 x	3.5 x	4.3 x	5.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	8.2 %	-2.3 %	-3.4 %	11.7 %	13.3 %	13.6 %	13.4 %

*Adjustments made for: One-off effects, scheduled goodwill amortisation

Consolidated profit & loss

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Sales	53	59	56	92	185	195	186
Change Sales yoy	19.7 %	11.6 %	-5.5 %	66.1 %	100.7 %	5.2 %	-4.7 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	0	0	0	0	0	0	0
Total Sales	53	59	56	92	185	195	186
Material expenses	23	32	38	49	74	75	77
Gross profit	30	26	18	43	111	120	109
<i>Gross profit margin</i>	<i>56.2 %</i>	<i>44.8 %</i>	<i>32.5 %</i>	<i>46.8 %</i>	<i>60.0 %</i>	<i>61.8 %</i>	<i>58.6 %</i>
Personnel expenses	15	10	7	5	9	10	10
Other operating income	19	7	10	8	31	5	5
Other operating expenses	19	13	8	10	18	19	20
Unfrequent items	0	0	0	0	0	0	0
EBITDA	15	10	13	36	115	97	84
<i>Margin</i>	<i>27.7 %</i>	<i>16.5 %</i>	<i>22.6 %</i>	<i>39.0 %</i>	<i>62.2 %</i>	<i>49.8 %</i>	<i>45.3 %</i>
Depreciation of fixed assets	1	3	5	8	30	30	30
EBITA	13	6	7	28	86	67	54
Amortisation of intangible assets	6	2	2	0	0	0	0
Goodwill amortisation	1	1	1	1	1	1	1
EBIT	7	4	4	28	85	66	53
<i>Margin</i>	<i>12.4 %</i>	<i>6.4 %</i>	<i>7.8 %</i>	<i>29.9 %</i>	<i>45.8 %</i>	<i>34.0 %</i>	<i>28.7 %</i>
EBIT adj.	4	4	3	31	88	67	54
Interest income	2	2	1	1	0	0	0
Interest expenses	2	3	3	4	3	2	1
Other financial income (loss)	-1	1	2	1	1	2	2
EBT	6	3	5	27	83	67	54
<i>Margin</i>	<i>11.6 %</i>	<i>5.9 %</i>	<i>9.7 %</i>	<i>28.9 %</i>	<i>45.0 %</i>	<i>34.2 %</i>	<i>29.3 %</i>
Total taxes	0	2	1	0	0	0	0
Net income from continuing operations	6	2	5	26	83	66	54
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	6	2	5	26	83	66	54
Minority interest	0	0	1	11	37	30	24
Net income	6	2	4	16	46	37	30
<i>Margin</i>	<i>11.8 %</i>	<i>2.6 %</i>	<i>7.4 %</i>	<i>17.1 %</i>	<i>25.0 %</i>	<i>18.9 %</i>	<i>16.1 %</i>
Number of shares, average	32	32	32	32	32	32	32
EPS	0.19	0.05	0.13	0.49	1.43	1.14	0.92
EPS adj.	0.19	0.05	0.13	0.49	1.43	1.14	0.92

*Adjustments made for: One-off effects, scheduled goodwill amortisation

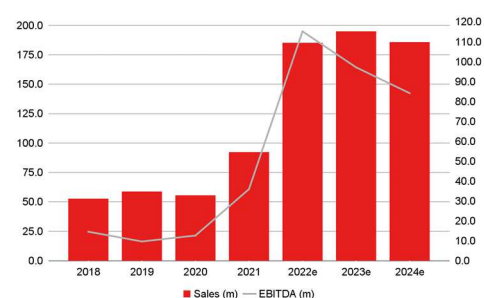
Guidance: Revenues: EUR 183-193m; EBIT adj.: EUR 85-90m

Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	72.3 %	83.5 %	77.4 %	61.0 %	37.8 %	50.2 %	54.7 %
Operating Leverage	0.9 x	-3.7 x	-3.0 x	8.1 x	2.1 x	-4.2 x	4.2 x
EBITDA / Interest expenses	9.7 x	3.5 x	4.3 x	10.2 x	36.0 x	48.5 x	93.6 x
Tax rate (EBT)	-4.2 %	51.0 %	11.9 %	1.6 %	0.1 %	0.2 %	0.2 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	319,424	570,806	882,016	2,197,262	n.a.	n.a.	n.a.

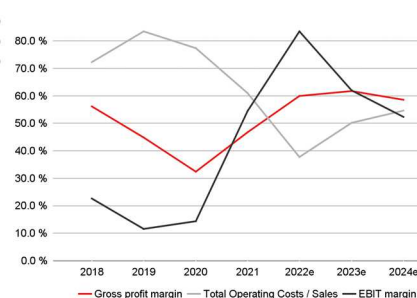
Sales, EBITDA

in EUR m

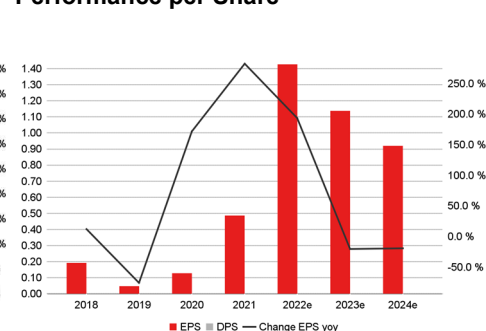


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

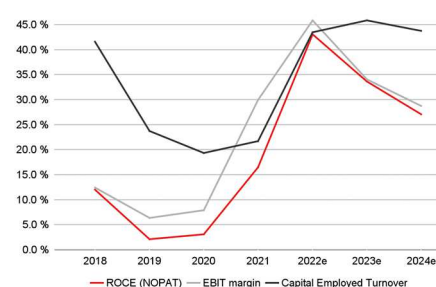
Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Assets							
Goodwill and other intangible assets	13	7	4	3	3	2	2
thereof other intangible assets	8	3	1	1	1	1	1
thereof Goodwill	5	4	3	2	2	1	0
Property, plant and equipment	22	104	120	210	209	210	211
Financial assets	24	13	8	7	7	7	7
Other long-term assets	1	1	1	1	1	1	1
Fixed assets	61	125	132	221	219	220	220
Inventories	7	1	1	1	3	3	3
Accounts receivable	6	3	2	3	6	6	6
Liquid assets	16	10	9	26	48	55	60
Other short-term assets	13	10	19	12	12	13	13
Current assets	42	24	31	43	69	77	82
Total Assets	103	149	163	264	288	297	302
Liabilities and shareholders' equity							
Subscribed capital	32	32	32	32	32	32	32
Capital reserve	7	7	7	7	7	7	7
Retained earnings	11	12	18	33	69	106	135
Other equity components	0	0	0	0	0	0	0
Shareholders' equity	50	51	57	72	108	145	175
Minority interest	1	17	23	71	71	71	71
Total equity	51	69	80	143	178	215	245
Provisions	16	9	6	9	10	10	10
thereof provisions for pensions and similar obligations	2	2	2	2	2	2	2
Financial liabilities (total)	22	54	61	79	65	35	10
Short-term financial liabilities	9	7	8	36	5	5	0
Accounts payable	2	3	3	5	7	7	7
Other liabilities	10	13	12	26	25	25	26
Liabilities	52	80	83	121	110	81	57
Total liabilities and shareholders' equity	103	149	163	264	288	297	302

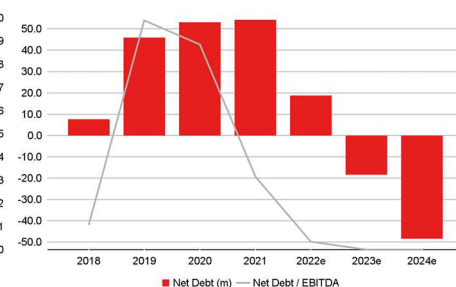
Financial Ratios

	2018	2019	2020	2021	2022e	2023e	2024e
Efficiency of Capital Employment							
Operating Assets Turnover	1.7 x	0.6 x	0.5 x	0.4 x	0.9 x	0.9 x	0.9 x
Capital Employed Turnover	0.9 x	0.5 x	0.4 x	0.5 x	0.9 x	1.0 x	0.9 x
ROA	10.2 %	1.2 %	3.1 %	7.1 %	21.1 %	16.8 %	13.5 %
Return on Capital							
ROCE (NOPAT)	12.0 %	2.1 %	3.1 %	16.5 %	43.0 %	33.6 %	27.1 %
ROE	13.3 %	3.0 %	7.6 %	24.3 %	51.4 %	29.2 %	18.7 %
Adj. ROE	13.3 %	3.0 %	7.6 %	24.3 %	51.4 %	29.2 %	18.7 %
Balance sheet quality							
Net Debt	8	46	53	54	19	-18	-48
Net Financial Debt	6	44	52	53	17	-20	-50
Net Gearing	14.9 %	66.8 %	66.3 %	38.0 %	10.5 %	-8.5 %	-19.7 %
Net Fin. Debt / EBITDA	40.0 %	455.7 %	410.9 %	146.6 %	15.0 %	n.a.	n.a.
Book Value / Share	1.5	1.6	1.8	2.2	3.3	4.5	5.4
Book value per share ex intangibles	1.1	1.4	1.7	2.1	3.2	4.4	5.3

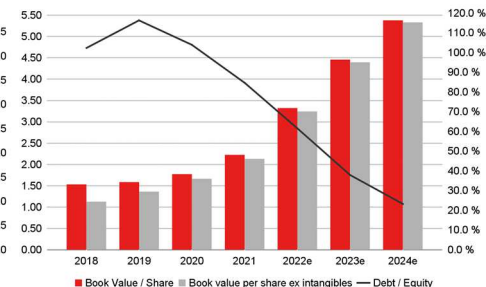
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

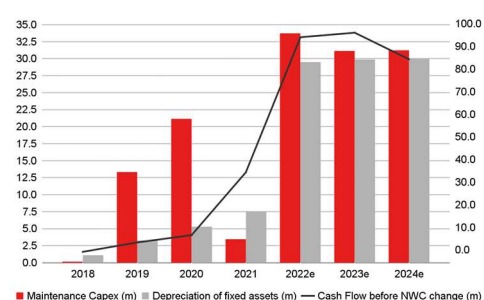
In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	2	0	2	24	81	65	53
Depreciation of fixed assets	1	3	5	8	30	30	30
Amortisation of goodwill	1	1	1	1	1	1	1
Amortisation of intangible assets	6	2	2	0	0	0	0
Increase/decrease in long-term provisions	-3	-7	-3	3	0	0	0
Other non-cash income and expenses	-8	5	-1	-1	-18	0	0
Cash Flow before NWC change	-1	3	7	34	94	96	84
Increase / decrease in inventory	5	6	0	0	-1	0	0
Increase / decrease in accounts receivable	2	3	1	-1	-3	0	0
Increase / decrease in accounts payable	-1	1	0	1	3	0	0
Increase / decrease in other working capital positions	-8	-3	-2	3	2	0	0
Increase / decrease in working capital (total)	-1	7	-1	2	0	0	0
Net cash provided by operating activities [1]	-2	10	5	37	94	96	84
Investments in intangible assets	0	0	0	0	0	0	0
Investments in property, plant and equipment	0	-13	-21	-3	-33	-31	-31
Payments for acquisitions	-1	-8	1	-33	-30	0	0
Financial investments	2	4	-3	8	5	0	0
Income from asset disposals	2	2	2	1	37	2	2
Net cash provided by investing activities [2]	3	-16	-21	-28	-21	-29	-30
Change in financial liabilities	-4	32	6	18	-14	-30	-25
Dividends paid	0	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	2	-32	8	-9	-37	-30	-24
Net cash provided by financing activities [3]	-2	0	15	10	-51	-60	-49
Change in liquid funds [1]+[2]+[3]	-2	-6	-1	19	21	7	5
Effects of exchange-rate changes on cash	0	0	0	-1	0	0	0
Cash and cash equivalent at end of period	16	10	9	26	48	55	60

Financial Ratios

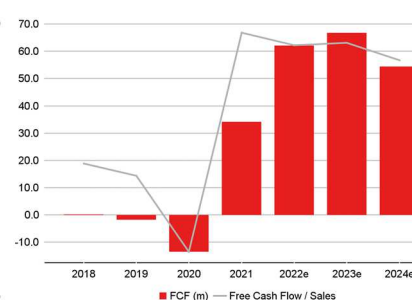
	2018	2019	2020	2021	2022e	2023e	2024e
Cash Flow							
FCF	0	-2	-13	34	62	67	54
Free Cash Flow / Sales	0.4 %	-3.0 %	-24.3 %	37.0 %	33.5 %	34.3 %	29.3 %
Free Cash Flow Potential	14	-5	-7	33	83	68	54
Free Cash Flow / Net Profit	3.4 %	-115.6 %	-326.6 %	216.6 %	134.2 %	181.0 %	182.4 %
Interest Received / Avg. Cash	10.0 %	12.6 %	15.3 %	7.1 %	0.9 %	0.7 %	0.6 %
Interest Paid / Avg. Debt	6.2 %	7.1 %	5.0 %	5.0 %	4.4 %	4.0 %	4.0 %
Management of Funds							
Investment ratio	0.3 %	22.7 %	38.1 %	3.7 %	18.2 %	16.0 %	16.8 %
Maint. Capex / Sales	0.3 %	22.7 %	38.1 %	3.7 %	18.2 %	16.0 %	16.8 %
Capex / Dep	1.8 %	223.9 %	258.6 %	41.3 %	111.2 %	101.3 %	101.3 %
Avg. Working Capital / Sales	23.2 %	7.7 %	-0.9 %	-1.6 %	-0.9 %	-0.8 %	-0.9 %
Trade Debtors / Trade Creditors	329.8 %	83.8 %	60.4 %	65.9 %	84.4 %	84.4 %	84.4 %
Inventory Turnover	3.3 x	26.8 x	39.3 x	34.8 x	26.2 x	25.0 x	27.1 x
Receivables collection period (days)	39	16	13	12	12	12	12
Payables payment period (days)	27	35	32	34	35	37	34
Cash conversion cycle (Days)	92	-12	-17	-24	-26	-27	-24

CAPEX and Cash Flow

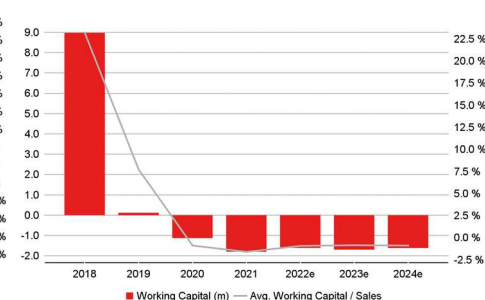
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Ernst Russ	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A161077.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	161	75
Hold	46	21
Sell	4	2
Rating suspended	4	2
Total	215	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	48	83
Hold	8	14
Sell	0	0
Rating suspended	2	3
Total	58	100

PRICE AND RATING HISTORY ERNST RUSS AS OF 29.08.2022



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Dr. Christian Ehmann +49 40 309537-167
BioTech, Life Science cehmann@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Thor Höfs +49 40 309537-255
Software, IT thoefs@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 69 5050-7400
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lea Bogdanova +49 69 5050-7411
United Kingdom, Ireland lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 40 3282-2695
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
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Refinitiv www.refinitiv.com
Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com