

28 March 2023

Ernst Russ AG

Rating Buy
Share price (EUR) 5.27
Target price (EUR) 7.90

Bloomberg HXCK GR
Sector Transport/Logistics

Share data

Shares out (m) 32.4
Daily volume shs (m) 0.1
Free float (%) 46.30
Market cap (EUR m) 170
EV (EUR m) 67
DPS (EUR) 0.20
Dividend yield (%) 3.9
Payout ratio (%) 17.3

Performance

ytd (%) 14.1
12 months (%) -18.6
12 months rel. (%) -8.1
Index SDAX

Share price performance



Source: Bloomberg

Next triggers

8 May 2023 Q1/23 Report
10 May 2023 AGM

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Well funded maritime sector player

Ernst Russ is a ship owner and maritime investment manager and owns a fleet of 29 fully consolidated vessels which are mainly chartered out to container shipping companies. Ernst Russ has benefitted from the supply shortage in the shipping market, which has driven up charter rates significantly. On the back of a strong fleet and already fixed contracts with attractive terms we expect high profits and profitability in FY23e and beyond. High cash flows and recent deleveraging may enable the company to expand its fleet portfolio further at attractive conditions. The current valuation of Ernst Russ does not reflect the upcoming operational performance. Based on our DCF calculation, which is backed up by an international multiple-based peer group valuation, we initiate our coverage with a buy rating and a TP of EUR 7.90.

Normalization of the shipping market opens up new opportunities

As trade faltered, congestion eased and business and consumer confidence eroded, the containership charter market contracted significantly in H2 2022 from its peak in Q2 2022. Charter rates and asset values have normalized – a development which enables Ernst Russ to expand its fleet at comparatively low expense.

Record profits in FY22 despite weakening shipping markets

Ernst Russ released excellent results for FY22. As a result of the first-time consolidation of an acquired ship portfolio of 12 vessels and ongoing high charter rates in long term fixed contracts (average duration >17.4 months), the company achieved sales of EUR 191.7m (+108% yoy.). EBIT grew even more strongly, by 192% to EUR 90.1m with a margin of 47%. Based on the strong financial position and a deleveraged balance sheet the company proposed a dividend of EUR 0.20 per share.

Stable revenue expectations for FY23: Attractive long-term charter rates support EBIT

Due to the long duration of the charter contracts the operational performance of FY23e is largely predictable. We forecast revenues to remain at the very high level of the previous year (FY23e: EUR 192m). EBIT might be comparatively high even excluding the non-recurring capital gains of ship sales in FY22 (FY23e: EUR 70m).

Further growth potential from fleet expansion

We expect Ernst Russ to take advantage of their deleveraged balance sheet in FY22 and the expected high free cash flow in FY23e. The corporate strategy aims to use internal and external funds opportunistically to expand the fleet and secure further growth.

Key figures		2021	2022	2023e	2024e	2025e
Sales	EUR m	92	192	192	184	179
EBITDA	EUR m	39	122	97	90	84
EBIT	EUR m	31	90	70	64	58
EPS	EUR	0.49	1.46	1.16	1.10	1.01
Sales growth	%	66.1	107.7	0.0	-4.0	-3.0
EBIT growth	%	1098.3	192.9	-22.5	-8.3	-8.9
EPS growth	%	305.3	199.8	-20.6	-4.9	-8.6
EBITDA margin	%	41.8	63.5	50.5	48.6	46.9
EBIT margin	%	33.3	47.0	36.4	34.8	32.6
Net margin	%	17.1	24.7	19.6	19.4	18.3
EV/Sales	ratio	n.m.	n.m.	1.1	0.8	0.5
EV/EBITDA	ratio	n.m.	n.m.	2.1	1.7	1.1
EV/EBIT	ratio	n.m.	n.m.	3.0	2.3	1.6
P/E	ratio	10.5	3.5	4.2	4.4	4.8
P/BV	ratio	2.3	1.4	1.1	0.9	0.7
Dividend yield	%	0.0	0.0	3.9	3.9	3.9

Source: Bloomberg, Company data, Quirin Privatbank estimates

Executive Summary

Highly profitable ship owner and maritime investment manager

Pure-play in the maritime sector

Ernst Russ reorganized its business model in 2019 and 2020 in order to focus exclusively on the maritime sector and is now active as a ship owner and maritime investment manager. The company invests in shipping projects for its own account and on behalf of third parties and aims to secure sustainable income from charter proceeds. The company aims at long-term fixed contracts and wants to include charter pools to reduce risks. As of December 2022, Ernst Russ owned a fleet of 29 fully consolidated vessels which are mainly chartered out to container shipping companies. The portfolio consists largely of container ships in the 700 to 6,600 TEU classes, a handy size bulker and a multi-purpose vessel. It also includes four ships for which Ernst Russ acts as a co-investor. In addition, the company is active in the structuring of investment vehicles, i.e., fund and asset management. This segment includes asset and ship management for its own fleet as well as asset and fund management for investors in ships and alternative investments.

Ernst Russ took advantage of booming charter markets

Various ongoing global events, such as the military conflict between Russia and Ukraine, a sharp rise in inflation and the persistent impact of the pandemic, have severely affected world seaborne trade and the container ship charter market. During H1 2022, charter rates for container ships reached an all-time high, driven by a strong demand for container ships following pandemic-related restrictions and disruptions, which had led to major delays and capacity constraints at overstretched ports. However, with global trade returning to pre-pandemic levels from H2 2022, the container charter market is normalizing and bottoming above pre-boom levels. We expect international maritime trade to grow by 2.1% during the years 2023-2027.

Dividend of EUR 0.20 per share

Record profits in FY22 due to historically high charter rates in global container markets

Ernst Russ released excellent results for FY22. As a result of the first-time consolidation of an acquired ship portfolio of 12 vessels and ongoing high charter rates, the company achieved sales of EUR 191.7 (+108% yoy.). EBIT grew even more strongly, by 192% to EUR 90.1m. EBIT margin achieved a record high of 47%. However, EBIT includes capital gains of EUR 20.7m from the sale of 2 ships. Ernst Russ proposed the distribution of a dividend for the FY2022 in the amount of EUR 0.20 per share. The dividend will be paid in cash or in the form of shares in the Company, at the shareholders' option.

Ongoing high profitability in normalising shipping markets

Stable Revenue outlook on FY23 despite normalizing shipping markets

Due to the long duration of the charter contracts the operational performance of FY23 is largely predictable. We forecast revenues to remain at the very high level of the previous year (FY23e: EUR 192m). The shipping segment will clearly remain the most important revenue source, with the fixed charter contracts and their attractive conditions being the main drivers (avg. remaining duration of charter contracts: 17.4 months).

Strategy to use internal and external funds to expand the fleet by opportunistic investments

Earnings to normalize in FY23 - no more sales of ships & earnings to remain stable

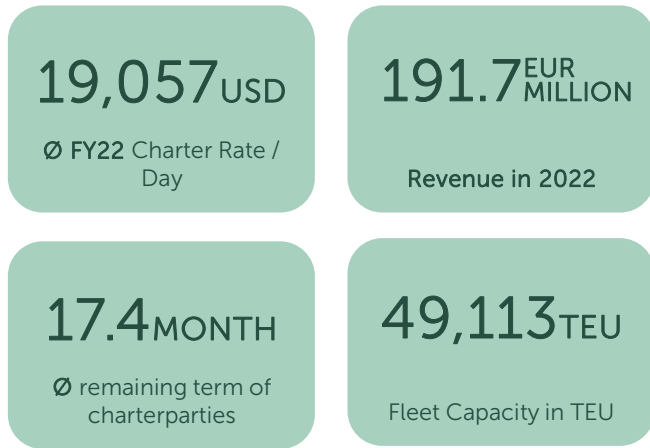
We expect Ernst Russ to achieve at least stable results in the normalizing shipping markets, which are characterized by lower charter rates and shorter contract durations. FY23e EBIT of EUR 70m might remain comparatively high, taking into account that capital gains of EUR 20.7m from the trade sale of 2 ships will not occur again in FY23. Ernst Russ announced the acquisition of a new ship for the fleet in 03/2023. We assume that this addition to the ship portfolio will also support comparatively high profits in FY23.

Solid balance sheet and improved financial position – option to expand the fleet

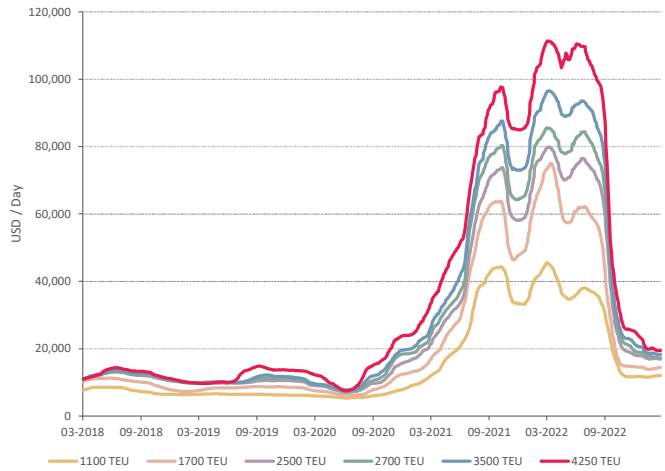
Ernst Russ's balance sheet has shown significant improvement as a result of effective refinancing measures and strong operational cash flow. The group has largely repaid its financial debt that the equity ratio amounted to 73.2% as of December 2022 (vs. 54.2% as of December 2021). Assuming that free cash flow is positive, which may lead to a net cash position in FY23 and FY24, Ernst Russ may have the opportunity to expand its shipping portfolio further. Ernst Russ will be able to use own funds for this endeavor, in combination with debt, joint venture partners or capital market placements. The fleet expansion will enable Ernst Russ to diversify its shipping portfolio in terms of ship classes and economic lifetime of the vessels. From our vantage point, the current financial status serves as a hedge against weakening charter rates, slow economic growth and an option to expand the shipping portfolio at lower investment costs.

Investment case in charts

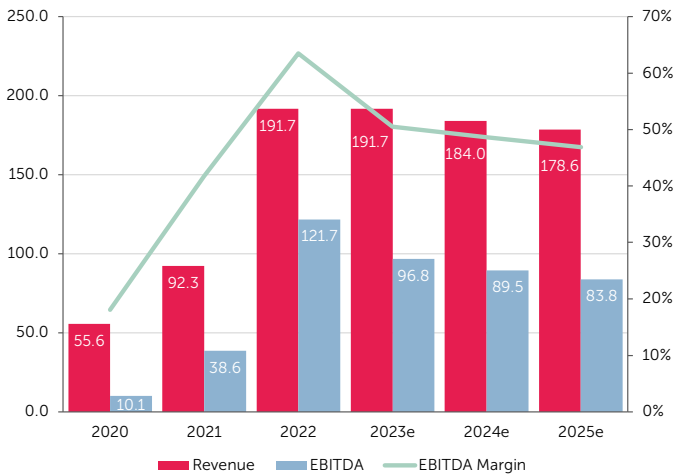
Key figures at a glance



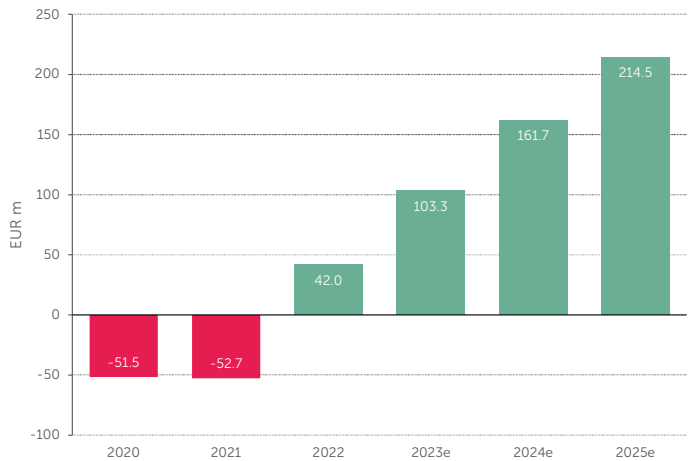
Normalization in charter rates after Covid-19 related boom



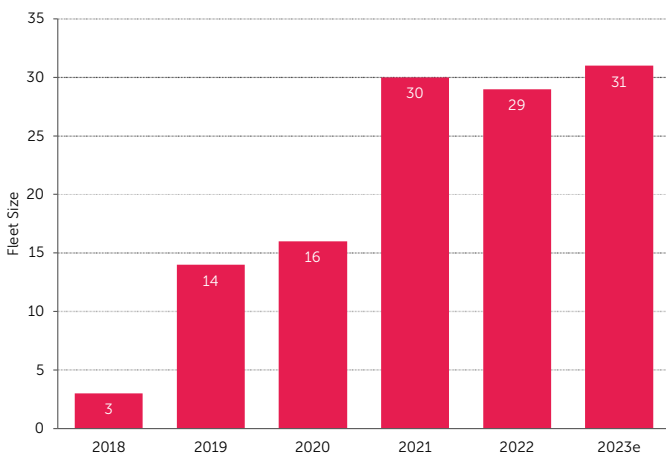
We model flattening, but solid revenue and EBITDA in line with the normalization of charter rates



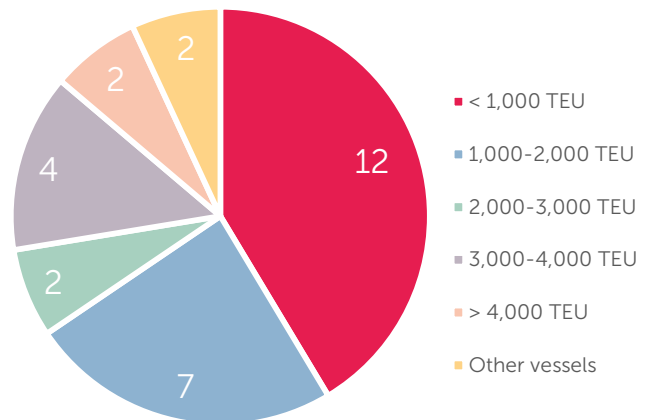
Corporate finance developed from net debt to net cash positions



New investments in sight!



Diversification effects in size categories



Source: Ernst Russ, Quirin Privatbank AG estimates

Valuation

We have derived our target price from a DCF model valuation to reflect the short and mid-term development of the business. We have derived a target price of EUR 7.90. The DCF assessment is confirmed by an international multiple peer group valuation. Based on short-term expectations for FY23e and FY24e, the fair value per Ernst Russ share amounts to around EUR 8.24.

DCF model TP: EUR 7.90

Discounted Cash Flow model

- Driven by the recent fleet expansion and the record high charter rates in FY22, we expect stable sales for FY23e and slightly declining sales for the following years. This is a result of stems from the fleet expansion and an underlying decline in/normalization of charter rates.
- We forecast an EBIT margin of 25.0% from 2032e onwards, as we expect charter rates to decrease and normalize.
- CAPEX, measured in percent of sales, is expected to decrease from 17.7% in 2023e to 12.5% in 2032e.
- The tax rate is expected to remain low at 0.9% due to special German tax provisions for shipping companies ("tonnage tax") from 2023e onwards.
- Our terminal value is based on the assumption of a consistent growth rate of 1.0%.
- We calculated a WACC of 12.5% (based on equity ratio: 100%; financial debt cost: 3.5%; company beta: 1.5).
- We assume that large parts of the fully consolidated shipping portfolio are owned by third party investors (minority owners) – the market value of those minority holdings has been deducted.
- The model arrives at an equity value of EUR 256m (EUR 7.89 per share).

Discounted Cash flow model (EUR m)

	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TV
Sales	192	184	179	175	172	169	167	168	168	169	
growth yoy	107.7%	-4.0%	-3.0%	-3.0%	-2.0%	-1.5%	-1.0%	0.2%	0.4%	0.5%	
EBIT	70	64	58	55	49	46	45	44	44	42	
EBIT margin	36.4%	34.8%	32.6%	29.9%	28.8%	27.4%	26.9%	26.2%	26.0%	25.0%	
Taxes	-0.6	-0.6	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
Tax rate	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	
Depreciation	27.0	25.5	25.5	23.6	22.7	21.8	21.3	21.1	21.0	21.1	
% of sales	14.1%	13.9%	14.3%	13.5%	13.2%	12.9%	12.7%	12.6%	12.5%	12.5%	
Capex	-34.0	-32.0	-32.0	-29.8	-28.7	-27.7	-26.8	-26.2	-25.3	-21.1	
% of sales	17.7%	17.4%	17.9%	17.0%	16.7%	16.4%	16.0%	15.6%	15.0%	12.5%	
Δ NWC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCF	62.2	56.9	51.3	48.0	43.0	40.1	39.1	38.5	39.1	41.9	368.0
growth yoy	nm	-8.4%	-10.0%	-6.3%	-10.5%	-6.9%	-2.4%	-1.4%	1.4%	7.2%	1.0%
PV FCF	56.9	46.3	37.0	30.9	24.6	20.3	17.6	15.5	13.9	13.3	116.6

PV Forecast Period	276
PV Terminal Value	117
Enterprise value (post minorities)	220
- Net Debt / Net Cash (post minorities)	-24
- Pension Provisions	1
+ Financial Assets	13.6 market value
Equity value	256
Number of shares	32.4
Value per share (€)	7.89

Sensitivity Analysis	Terminal growth rate				
	0.0%	0.5%	1.0%	1.5%	2.0%
11.25%	8.40	8.53	8.67	8.83	9.00
11.88%	8.03	8.14	8.26	8.39	8.53
WACC 12.50%	7.69	7.78	7.88	8.00	8.12
13.13%	7.38	7.46	7.55	7.64	7.75
13.75%	7.10	7.17	7.25	7.33	7.42

Risk free rate	3.50%	Equity ratio	100%
Cost of debt	5.50%	Company beta	1.5
Market Premium	6.00%	WACC	12.50%

Source: Quirin Privatbank estimates

International multiple peer valuation

Our Peer Group Analysis is based upon a multiple comparison of Ernst Russ with other companies in the global shipping industry. We focus on peers with a similar business model, i.e., ship owners and maritime investment managers.

Ernst Russ trades with significant discounts on all multiples; the discounts ranging up to 64%, with the largest showing up on the EV/EBITDA ratios.

For the calculation of the fair equity value for Ernst Russ we used the median based on the most important ratios P/E, EV/Sales, EV/EBITDA and EV/EBIT. These ratios were weighted equally and multiplied with the company's forecast figures for FY23e and FY24e. Net debt needs to be subtracted to obtain a fair value of equity on the basis of the enterprise value. In addition, we took account of the fact that Ernst Russ includes third parties as co-investors in the ship portfolio. Those minority interests have been taken out at all valuation levels. Dividing by the number of shares and computing the median results in the fair equity value per share of EUR 8.24.

Peer Group Valuation for Ernst Russ

Company	Market Cap (EUR m)	P/E 23e	P/E 24e	EV/Sales 23e	EV/Sales 24e	EV/EBITDA 23e	EV/EBITDA 24e	EV/EBIT 23e	EV/EBIT 24e
GOLDEN OCEAN GROUP LTD	1,705	7.8x	5.9x	4.1x	3.9x	7.0x	5.6x	10.1x	7.8x
NAVIOS MARITIME PARTNERS LP	678	1.4x	1.2x	1.6x	1.4x	2.2x	1.7x	3.1x	2.6x
COSTAMARE INC	1,017	2.9x	2.7x	2.6x	2.6x	3.8x	3.3x	5.1x	4.3x
EUROSEAS LTD	120	1.5x	1.9x	1.2x	1.0x	2.0x	2.6x	2.5x	3.7x
GLOBAL SHIP LEASE INC-CL A	590	2.1x	1.9x	2.3x	2.2x	2.4x	1.5x	2.8x	1.8x
MPC CONTAINER SHIPS AS	672	2.3x	2.8x	1.3x	1.4x	1.8x	2.1x	2.2x	2.8x
AP MOLLER-MAERSK A/S-A	40,476	13.6x	38.9x	0.6x	0.6x	4.9x	6.8x	10.7x	26.9x
COSCO SHIPPING PORTS LTD	2,235	6.1x	5.9x	4.3x	4.1x	13.0x	12.5x	23.4x	22.3x
EVERGREEN MARINE CORP LTD	10,225	10.6x	15.2x	0.2x	0.2x	1.4x	1.7x	1.9x	3.6x
KAWASAKI KISEN KAISHA LTD	6,385	1.2x	6.7x	1.0x	1.0x	8.4x	7.0x	12.0x	11.1x
HAPAG-LLOYD AG	51,779	19.8x	45.4x	2.1x	2.4x	10.3x	14.9x	17.7x	36.4x
NETDEER LTD	8,829	1.7x	7.2x	1.4x	1.5x	10.7x	9.8x	19.4x	19.1x
NIPPON YUSEN KK	11,423	1.6x	6.8x	0.9x	1.0x	5.2x	5.7x	7.2x	9.0x
WAN HAI LINES LTD	5,941	32.1x	n.a.	0.4x	0.7x	7.7x	6.9x	17.9x	n.a.
YANG MING MARINE TRANSPORT	6,780	19.4x	16.4x	n.a.	n.a.	2.4x	2.6x	4.9x	2.3x
ERNST RUSS AG	158	4.5x	4.8x	1.1x	0.8x	2.1x	1.7x	3.0x	2.3x
MEDIAN		2.9x	6.3x	1.4x	1.4x	4.9x	5.6x	7.2x	6.1x
ERNST RUSS AG VS. MEDIAN		52%	-27%	-2%	-27%	-57%	-64%	-60%	-53%
Relative to Median:									
Implied EV (post minorities) in EUR m		108.3	225.3	144.4	143.2	329.3	300.5	278.0	213.4
Net debt (post minorities) in EUR m				-56.8	-88.9	-56.8	-88.9	-56.8	-88.9
Fair equity value in EUR m		108.3	225.3	201.2	232.1	386.1	389.4	334.8	302.4
Fair value per share in EUR		3.34	6.95	6.20	7.16	11.90	12.01	10.32	9.32
Fair value per share in EUR		8.24							

Source: Bloomberg, Quirin Privatbank AG estimates

The peer group in detail

Golden Ocean Group Limited is a global shipping company headquartered in Bermuda, with a focus on the transportation of dry bulk cargoes. The company operates a modern and diversified fleet of dry bulk vessels that transport various commodities. Golden Ocean has established itself as a leading player in the dry bulk shipping market.

Navios Maritime Partners LP is an international maritime company based in Greece. It owns and operates a diversified fleet of dry cargo vessels, including Capesize, Panamax, and Ultramax vessels. Navios Maritime Partners has established itself as a leading player in the dry cargo shipping market.

Costamare Inc. is a leading owner and operator of 80 container ships, focusing on vessel charters to global shipping players, such as Maersk Line, COSCO and Hapag-Lloyd. The company owns a modern fleet of 80 vessels including various sizes and a total capacity of approximately 558,000 TEUs. It operates on east-west, north-south and intra-regional trade routes, ensuring flexible presence in major shipping markets. Costamare Inc. is listed on the New York Stock Exchange and has a market capitalization of approximately \$1.4 billion as of March 2023.

Danaos Corp. is a global shipping company that owns and operates a fleet of modern container vessels, with a total fleet capacity of approximately 1.1 million twenty-foot equivalent units (TEUs). Danaos Corporation serves a diverse customer base, including many of the world's largest liner companies, and has a presence in major shipping markets worldwide. Danaos Corporation is listed on the New York Stock Exchange (NYSE: DAC) and has a market capitalization of \$1.1 billion as of March 2023.

Euroseas Ltd. owns 18 vessels through 18 separate wholly-owned subsidiaries. The operations of the vessels are managed by the affiliated company Eurobulk. Euroseas employs its vessels under short term, long term and index-linked charters.

Global Ship Lease is a container shipping company headquartered in Marshall Islands and owns, charters, and operates container vessels. Global Ship Lease focusses on mid-size Post-Panamax and smaller container ships which are chartered to international container shipping companies for fixed periods of time and fixed-rates.

MPC Container Ships is a container shipping company that was established in 2017 and is headquartered in Oslo, Norway. The company owns and operates a fleet of 61 container ships that transport various goods across the world's oceans. The diverse fleet of vessels includes smaller feeder ships as well as larger vessels that can transport up to 4,250 TEUs. The company operates in various regions worldwide, including Europe, Asia, and the Americas.

A.P. Moller Maersk Group, commonly **Maersk**, is a Danish integrated container logistics company that operates worldwide. The company specializes in ocean transportation, logistics, and supply chain management services. It owns and operates the world's largest container shipping line, with a fleet of over 700 vessels, including container vessels, supply ships, special vessels, but also terminals, tug boat activities and reefer container box manufacturing. Maersk has over 95,000 employees and registered sales of approximately 105 bn USD in FY22.

COSCO Shipping Holdings Co., Ltd., commonly known as COSCO, is a Chinese shipping and logistics company. The company operates a fleet of container ships, bulk carriers, and tankers, providing transportation services for a range of cargo types, including consumer goods, raw materials, and energy products. In addition, COSCO offers various logistics and supply chain management services, including warehousing, freight forwarding, and customs clearance. As of 2022, the company had over 130,000 employees and was listed on the Hong Kong Stock Exchange.

Evergreen Marine Corp. is a Taiwanese container shipping company that operates a fleet of over 200 vessels. The company provides transportation services for a range of cargo types, including consumer goods, electronics, and commodities, and has a global presence, serving customers in Asia, Europe, North America, and other regions.

Kawasaki Kisen Kaisha, headquartered in Tokyo, Japan operates marine cargo and passenger transportation around the world. It provides ocean liner, bulk carrier, car carrier, LNG carrier, unscheduled specialized carrier and energy transportation services. Additionally, it also offers insurance, warehousing, and land transportation services.

Hapag-Lloyd is a top-tier liner shipping company with a vast global network of over 400 offices in 137 countries. The company provides transportation services to an international customer base, primarily operating a fleet of 252 container ships. Additionally, it offers transportation by road, rail and inland waterways. With a transport volume of 11.9 million TEU per year, Hapag-Lloyd is a key player in the global shipping industry. The company employs a team of 14,500 professionals who strive to be a reliable partner for businesses seeking effective shipping solutions.

Mitsui O.S.K. Lines, commonly known as **MOL**, is a global shipping company headquartered in Tokyo, Japan. The company provides marine transportation services and operates a diverse fleet of vessels, including container ships, car carriers, tankers, and dry bulk carriers. MOL's shipping services cover a wide range of global trade routes, with a strong presence in Asia, Europe and the Americas.

Nippon Yusen Kabushiki is a provider of marine transportation services and transportation management solution from international hub ports to both domestic and international ports. It operates container transportation, specialized carriers, logistics, and cruise lines.

Wan Hai Lines, headquartered in Taiwan provides marine transportation and shipping agent services and also purchases, sells, and leases vessels and containers as well as operates container freight stations. Wan Hai Lines fleet contains over 140 vessels, including container ships, bulk carriers, and tankers.

Yang Ming Marine Transport Corporation is a Taiwanese global container shipping company with a fleet of over 100 vessels, providing transportation services. Additionally, Yang Ming Marine Transport operates warehouse, wharf, tug, barge, and container freight station services as well as repairs, leases and sells containers and chassis.

SWOT Analysis

Strengths

Experienced management team

The management board of Ernst Russ is well experienced in the shipping industry and has been with the company for many years.

Main shareholder with strong network in the shipping market

Its main shareholder Döhle Group (stake of c. 38%) is one of the largest shipping companies worldwide. Ernst Russ also benefits from the strong network of Döhle Group which is helpful in terms of further fleet expansion/ vessel transactions and access to lucrative charter deals.

Solid financial profile

The balance sheet of Ernst Russ is very solid; in fact, the equity ratio amounted to 73.2% as of December 2022 (vs. 54.2% as of December 2021). Note that Ernst Russ has significantly decreased its debt, largely on the back of increased earnings and further improvements to the operating cash flow. Thus, the company can use its own funds for the further expansion of the fleet.

Fleet is predominantly chartered out.

The employment concept for the fully consolidated fleet is focused on securing sustainable income over the long term. In FY22 Ernst Russ was able to win new charters for eight vessels in the fleet. As of 2022, the average charter rate was at USD 19,057 per day (26% yoy). The average remaining term of the charter contracts was 17.4 months and the employment ratio of the fleet was 95.7%.

Weaknesses

Funding of fleet expansion

The further expansion of the fleet is expected to be costly. Due to its solid financial structure, we expect the company to use its own funds for this endeavor. In the past, the fleet expansion was also funded with capital from joint venture partners.

Dependency on highly volatile charter market rates

Charter contracts are running for a certain time and need to be prolonged or renewed afterwards. Ernst Russ also depends on the financial position of its clients.

Still a small, listed player in the market

In terms of market capitalization (around EUR 170m) Ernst Russ is a small player compared to other listed companies that are active in the maritime sector.

Opportunities

Further fleet expansion

Future growth will be supported by the further expansion of the fleet. As the company was able to improve its operating cash flow and significantly reduce its debt, Ernst Russ will be able to use its own funds for the fleet expansion, in combination with debt, joint venture partners or capital obtained on the market.

Normalization of the shipping market enables new opportunities

As trade faltered, congestion eased and business and consumer confidence eroded, the containership charter market contracted significantly in Q3 2022 from its peak in Q1 2022. Charter rates and asset values have normalized – a development which enables Ernst Russ to expand its fleet at comparatively lower expense.

Diversification from fleet expansion

By expanding its fleet, Ernst Russ will be able to diversify its shipping portfolio in terms of ship classes, economic lifetime of the vessels, etc. As charter contracts are negotiated on a mid- to long-term basis (the average remaining duration of the charter contracts is 17.4 months), the company benefits from some protection against strong fluctuations in charter rates.

Becoming a potential takeover target

As the ship market is highly fragmented it is likely that Ernst Russ may become a potential takeover target.

Becoming a leading listed ship owner

As Ernst Russ expands its fleet, the company may become a leading listed ship owner. With revenues likely to increase further, investors may become more aware of the company. This should have a positive impact on the share price and improve access to the capital market.

Threats

Decrease of charter rates from peak levels

Sharply declining charter rates in 2022 and reduced fixing times might have a negative impact on the operational performance of Ernst Russ.

Exposure to US dollar

As average charter rates for the fleet are calculated in US dollars, Ernst Russ is exposed to currency fluctuations of the US dollar, which may impact its profitability. However, a large share of the costs is also booked in US dollars.

Business model and strategy

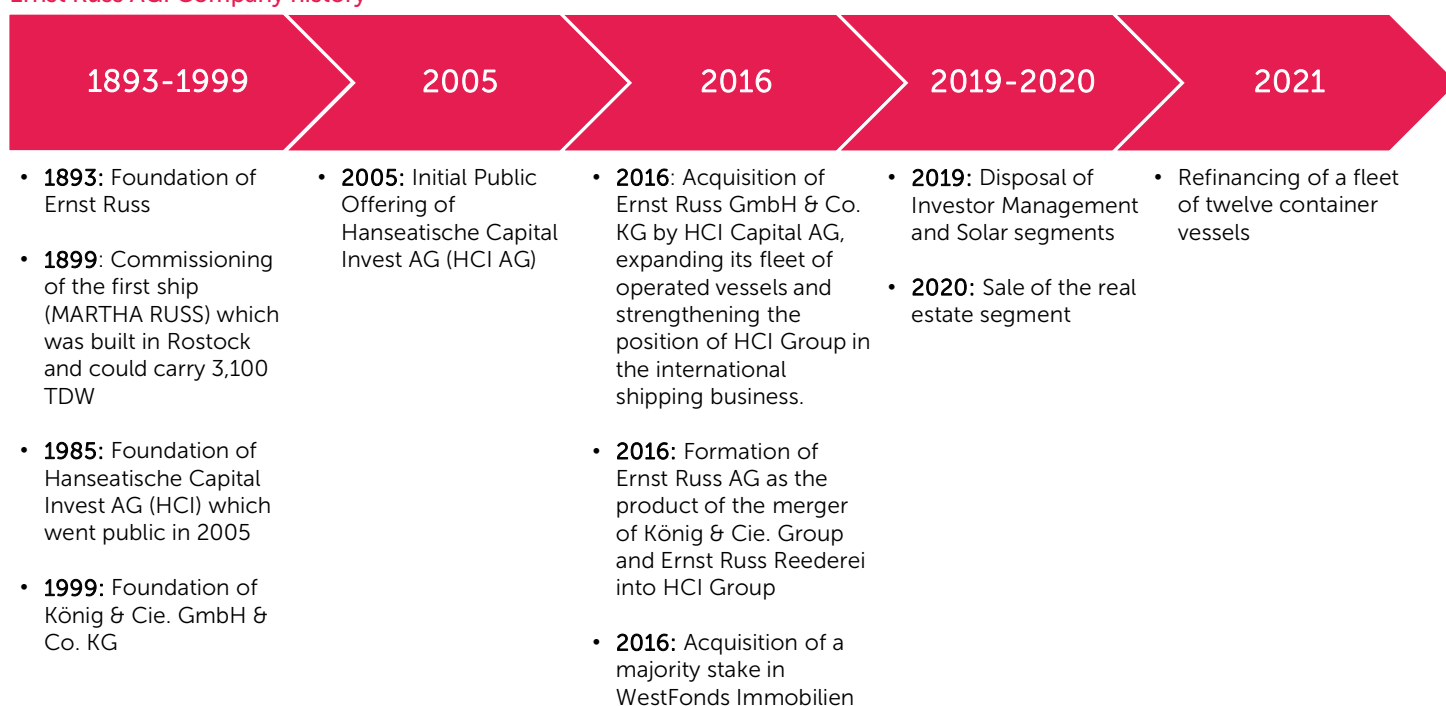
Pure-play in the maritime sector

Ernst Russ is a ship owner and maritime investment manager. The company currently manages a fleet of 29 fully consolidated vessels and the portfolio mostly consists of container ships in the 700 to 6,600 TEU classes, a handy size bulker and a multi-purpose vessel. As of December 2022, the company employed 82 people (of which 43 maritime personnel). Ernst Russ is headquartered in Hamburg. The shares have been listed on the stock exchange since 2005 and included in the Scale segment of Deutsche Börse AG at Frankfurt since March 2017.

Corporate History

Ernst Russ was founded in 1893 and the first ship (MARTHA RUSS) was commissioned in 1899. Ernst Russ AG was established in 2016 after the merger of König & Cie. Group and Ernst Russ Reederei into HCI Group. The company reorganized its business model in 2019 and 2020 to focus exclusively on the maritime sector; it sold its solar, investor management and real estate management activities in those years.

Ernst Russ AG: Company history



Source: Ernst Russ, Quirin Privatbank AG

A fleet of 29 vessels

Description of the business model in detail

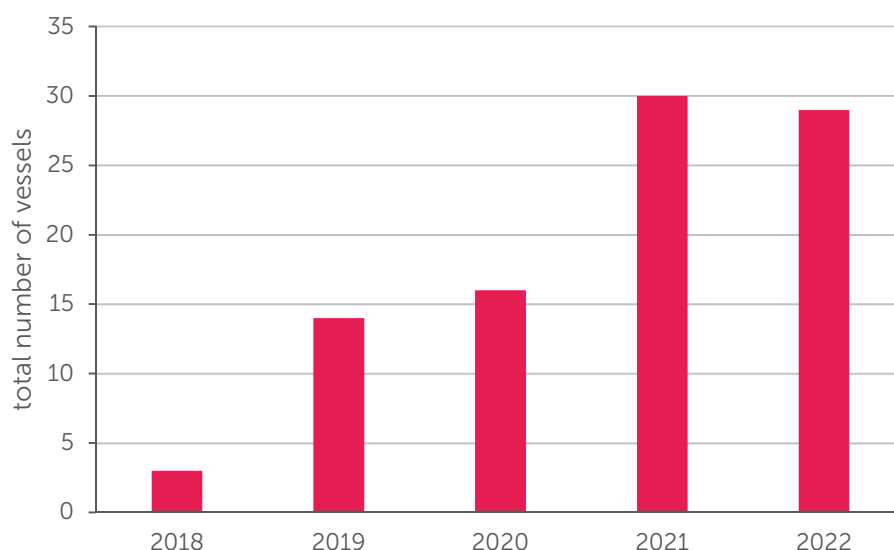
As a ship owner and maritime investment manager, Ernst Russ runs a fleet of 29 fully consolidated vessels with a capacity of between 700 and 6,600 TEU plus a handy size bulker with a capacity of 38,000 DWT and a multi-purpose vessel. Its portfolio also includes four ships for which Ernst Russ acts as a co-investor.

Being a ship owner, Ernst Russ provides ships including the crew and has to pay the capital costs and operational expenses. The charterer pays the voyage and cargo handling expenses.

In addition to its business activities in the shipping segment, Ernst Russ is active in the structuring of investment vehicles, i.e., fund and asset management. This segment includes asset and ship management of its own fleet as well as asset and fund management for investors in ships and alternative investments.

During the last few years, Ernst Russ was able to increase the size of its fleet steadily, from 3 vessels in 2018 to 29 fully consolidated vessels as of 31 December 2022.

Development of the fully consolidated portfolio



Source: Ernst Russ, Quirin Privatbank AG estimates

Diversification by pooling charters

A total of 13 container ships generate income from charter revenue pools, as they form part of a charter pool. Please note that the strategic target of the management is to expand the fleet further. By doing so, Ernst Russ will be able to diversify its shipping portfolio in terms of ship classes, economic lifetime of the vessels, etc.

Overview of Ernst Russ' current fleet (fully consolidated)

Name	Vessel type	Capacity/TEU	Flag	Port	Employment
Emirates Wasl	Container	6,589	Liberia	Monrovia	Charter
Venetia	Container	4,178	Portugal	Madeira	Charter
EF Olivia	Container	3,091	Portugal	Madeira	Charter
Hebe	Container	3,091	Liberia	Monrovia	Charter
Polonia	Container	3,091	Liberia	Monrovia	Charter
Lodur	Container	3,091	Antigua & Barbuda	St. Johns	Charter
Rita	Container	2,785	Portugal	Madeira	Charter
Ella	Container	2,450	Portugal	Madeira	Charter
Winner	Container	1,819	Portugal	Madeira	Charter
EF Emira	Container	1,710	Marshall Islands	Majuro	Charter
EF Emma	Container	1,700	Portugal	Madeira	Charter
EF Eldra	Container	1,341	Marshall Islands	Majuro	Pool
EF Eliza	Container	1,341	Marshall Islands	Majuro	Pool
EF Elena	Container	1,338	Marshall Islands	Majuro	Charter
Isabella B	Container	1,036	Antigua & Barbuda	St. Johns	Charter
Faith	Container	900	Portugal	Madeira	Charter
Andante	Container	868	Portugal	Madeira	Pool
Moveon	Container	868	Portugal	Madeira	Pool
Trouper	Container	868	Portugal	Madeira	Pool
Visitor	Container	862	Portugal	Madeira	Pool
Dream	Container	804	Portugal	Madeira	Pool
Ido	Container	804	Portugal	Madeira	Pool
Meandi	Container	804	Portugal	Madeira	Pool
Mirror	Container	804	Portugal	Madeira	Pool
Solong	Container	804	Portugal	Madeira	Pool
EF Ava	Container	698	Portugal	Madeira	Charter
Skogafoss	Container	679	Antigua & Barbuda	St. Johns	Charter
Rubina	Bulker	n.a. [39,959 DWT]	Portugal	Madeira	Pool
Louise Auerbach	Multipurpose	n.a. [12,500 DWT]	Liberia	Monrovia	Charter

Source: Ernst Russ, Quirin Privatbank AG estimates

The major part of the portfolio consists of container vessels with a capacity of less than 1,000 TEU (44% in terms of numbers and 36% in terms of the carrying amount).

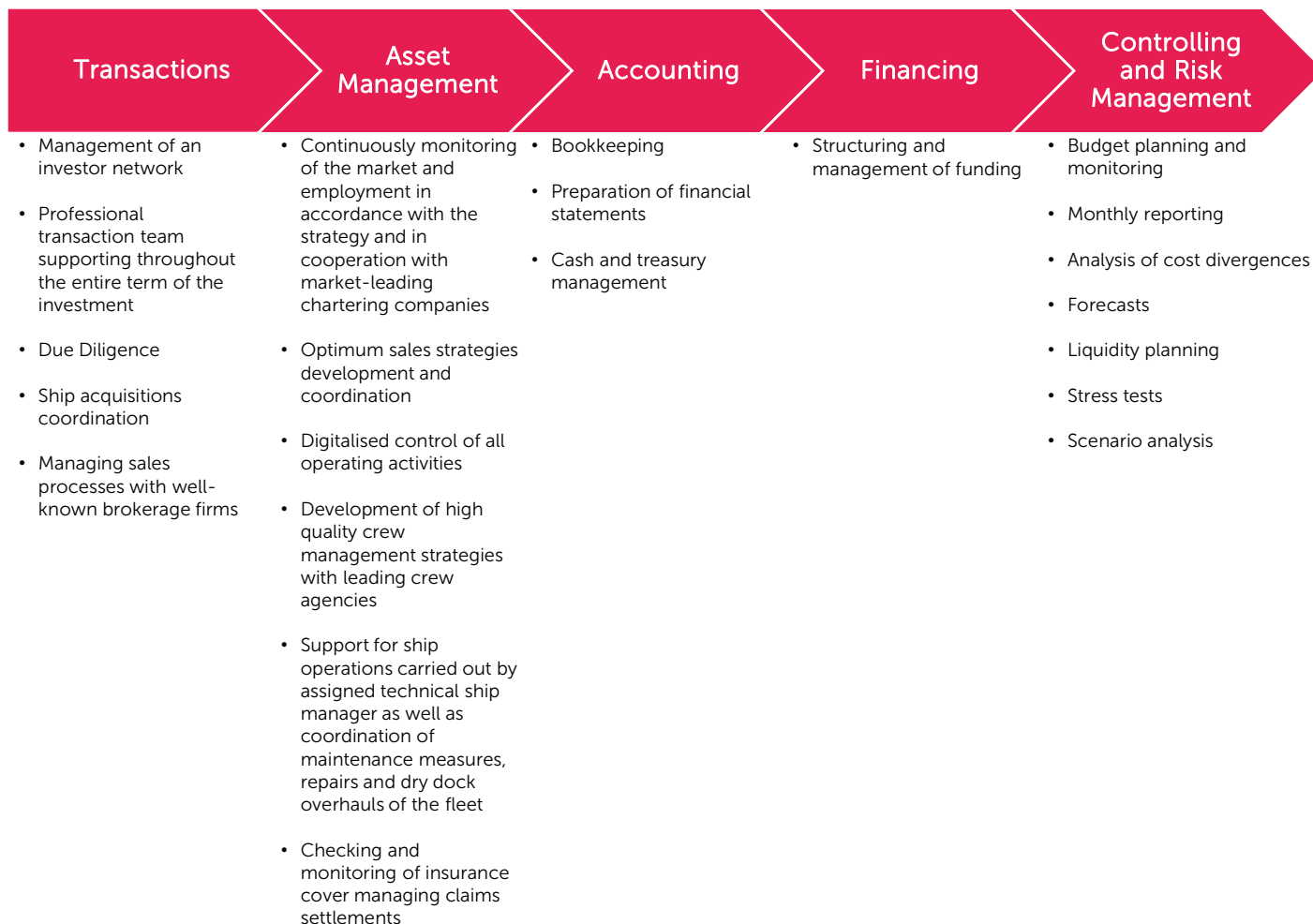
Fleet by TEU and carrying amount

Category	Number of ships as of 31.12.2022	Number of ships as of 31 Dec. 2021	Carrying amount in EUR m as of 31.12.2022
< 1,000 TEU	12	13	68.7
1,000-2,000 TEU	7	6	57.5
2,000-3,000 TEU	2	2	13.2
3,000-4,000 TEU	4	4	26.9
> 4,000 TEU	2	2	23
Total Container	27	27	189.3
Other vessels	2	3	20.3
Total	29	30	209.7

Source: Ernst Russ, Quirin Privatbank AG estimates

Value chain overview

Ernst Russ covers the entire value chain of ship investments ranging from the identification, purchase and ship funding, development of an employment strategy and selection of technical operator and crewing company to the implementation and development of the right marketing strategy.



Source: Ernst Russ, Quirin Privatbank AG

Ernst Russ operates in a challenging and highly volatile container shipping market

Mid-2022 marked a shift in the macroeconomic environment

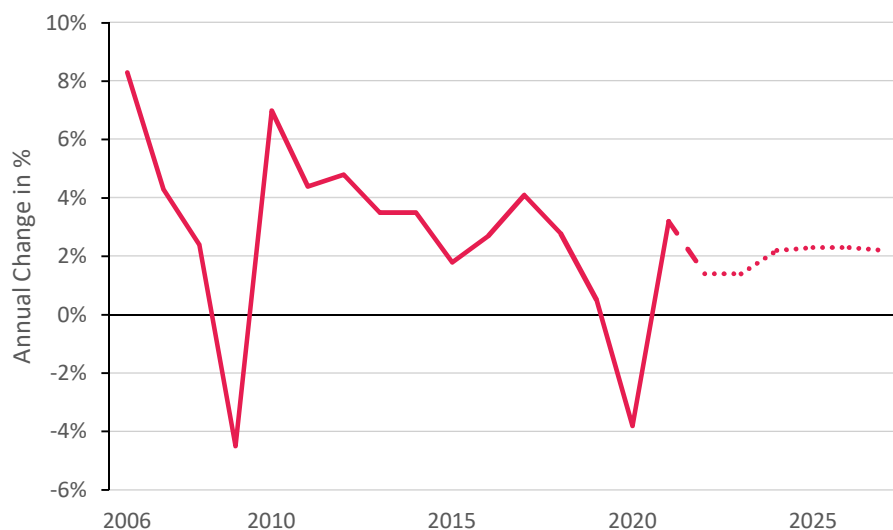
Market environment

As a fleet owner in the shipping industry, Ernst Russ AG operates in a challenging macroeconomic and volatile firm-specific environment. Various global events, such as the military conflict between Russia and Ukraine, a sharp rise in inflation and the ongoing impact of the pandemic, have severely affected world seaborne trade and the container ship charter market. During H1 2022, the rates for chartering container ships reached an all-time high of five times their pre-pandemic levels. However, as global trade is returning to pre-pandemic levels from H2 2022, the container charter market is normalizing towards its 2019 level, and it seems unlikely that the extraordinary experience will be repeated.

Global economic activity rebounded strongly in 2021, with GDP growth of 6%, but slowed down in 2022 to a global GDP growth rate of 3.4%. The deceleration stemmed from the after-effects of the recovery after the pandemic, new supply-chain disruptions and the strains caused by the war in Ukraine and renewed lockdowns in China. The economy experienced high inflation, with consumer price inflation reaching 6.4% in the US and 8.5% in the Eurozone. This made central banks around the world end the zero interest policy in 07/2022, and the markets are continuing to expect further interest rates increases.

As demand for container freight rose, global seaborne trade also recovered in 2021. According to UNCTAD, shipping volumes increased by an estimated 3.2% to 11 billion tons. This is equivalent to a 7% recovery after the Covid-19-induced decline in 2020. UNCTAD projects that global seaborne trade will lose steam in 2022, with growth slowing to 1.4%.

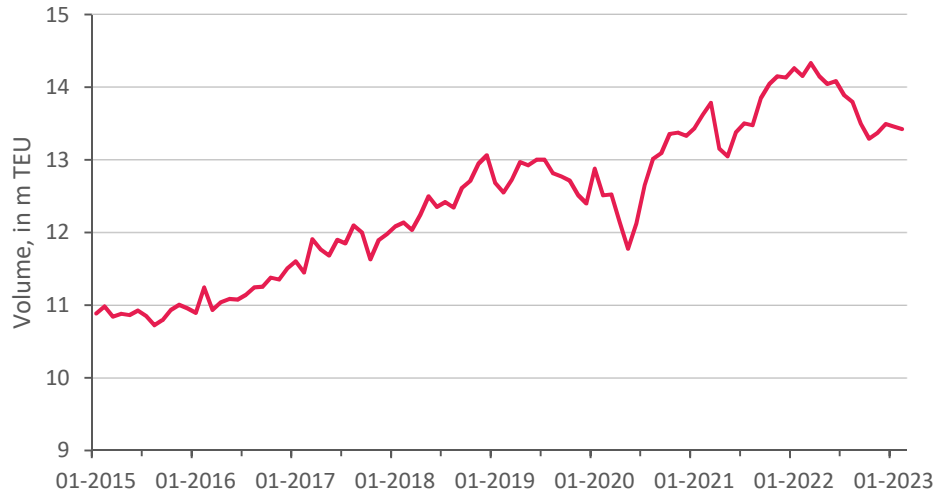
International maritime trade 2006 – 2027e



Source: Quirin Privatbank AG estimates, UNCTADstat data in Review of Maritime Transport

For the period 2023-2027, annual growth is expected to be 2.1%, i.e. below the average of 3.3% of the past three decades. IfW data also confirm this downward trend in terms of total global trade volume. They project an overall decline in world seaborne trade by 5% yoy as of 03/2023. The global container volume reached its all-time high in 03/2022, at 14.3 million TEU.

Containerized trade (in m TEU)



Source: Institute for the World Economy, Quirin Privatbank AG estimates

Normalization in the charter market

Developments in 2022 were driven by strong demand for container ships, following pandemic-related restrictions and disruptions which had led to delays, bottlenecks at overstretched ports and increased turnaround times. In H2 2022, the container market underwent a drastic correction as trade volumes decreased and supply chains became less congested. Accordingly, the number of blocked goods in international maritime trade has decreased as well. By the end of 2021, almost 14% of goods were blocked in ports and on container ships. In 2023, the rate declined to only 8%, shifting towards pre-crisis levels.

Blocked goods in global maritime trade

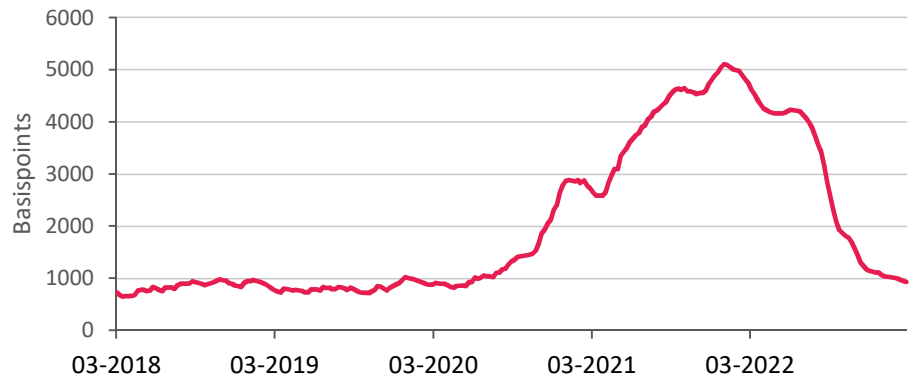


Source: Institute for the World Economy, Quirin Privatbank AG estimates

Containerized Freight Indices

The Shanghai Containerized Freight Index (SCFI), which tracks the spot rates of the Shanghai export container transportation market, and the China Containerized Freight Index (CCFI), which captures the overall freight volume of China's nationwide export container traffic, map this development precisely: According to the Shanghai Containerized Freight Index (SCFI), current container freight rates equal 916 points, the lowest level since 06/2020. In 01/2022, the index settled at its all-time high and reached 5,067 points, 78% above the 01/2021 level (2,872 points in 01/2021). However, since 01/2022, the SCFI has been following a steady downward trend, settling at pre-crisis levels in 03/2023 of 916 points (versus 899 points in 12/2019).

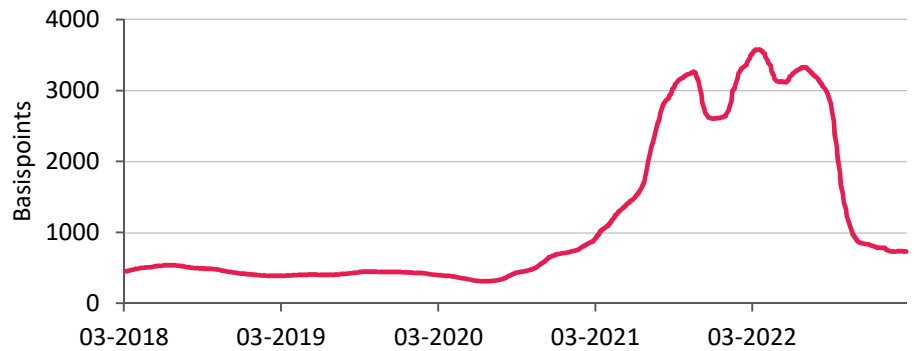
Shanghai Containerized Freight Index 03/2018 – 03/2023



Source: Bloomberg, Quirin Privatbank AG estimates

The China Containerized Freight Index (CCFI) peaked at 3,505 points in 02/2022. Just like the SCFI, the CCFI also started a downward trend in H2 2022. While a brief recovery in June 2022 pushed the index values upward again, the index has followed a steady downward trend until 2023. In 03/2023, the CCFI settled slightly above the pre-crisis level, at 1,024 points (versus 848 points in 12/2019).

China Containerized Freight Index 03/2018 – 03/2023

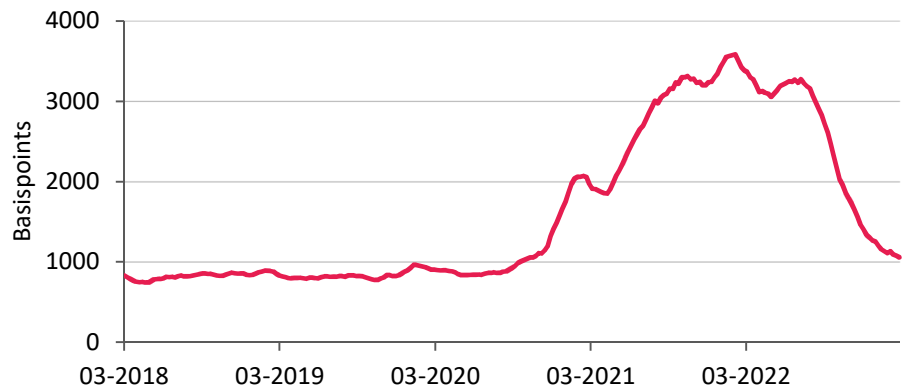


Source: Bloomberg, Quirin Privatbank AG estimates

New ConTex Index

The Hamburg and Bremen Shipbrokers Association (VHBS) publishes the New ConTex Index. The New ConTex is a Container Ship Time Charter Assessment Index, which is calculated from ship segments between 1,100 and 4,250 TEU. In 03/2022, the index has reached its all-time high at 3,578 points, 245% above the previous year's level. Similar to the Shanghai Containerized Freight Index (SCFI), the New ConTex has followed a continuous downward trend from its top level in 03/2022. In 03/2023, it stands at 731 points.

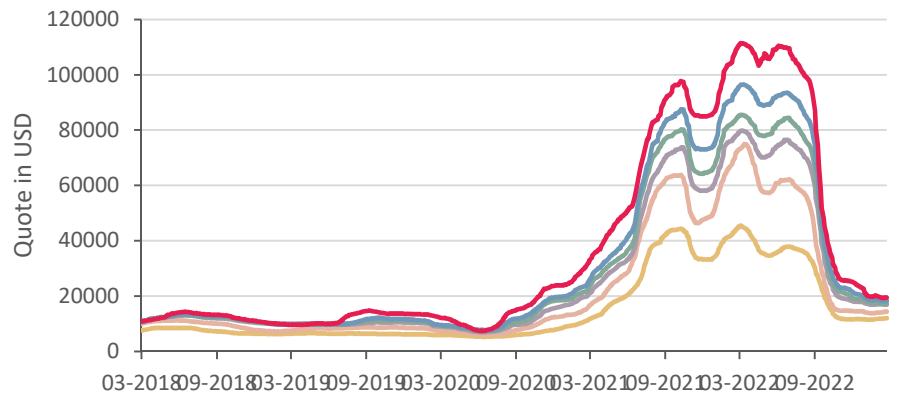
New ConTex Index 03/2018 – 03/2023



Source: Bloomberg, Quirin Privatbank AG estimates

According to VHBS, the downturn in the shipping market led to a drop in charter rates. The chart below captures this development for six different container ship types. The estimation of the types 1,100 TEU and 1,700 TEU is based on a 12-month charter; for the types 2,500, 2,700, 3,500 and 4,250 TEU, a charter rate for 24 months is assumed. Charter rates for smaller vessels amounted to USD 14,500/day in March 2023 with the guideline being the 12-month TC rate for a 1,700 TEU feeder boxship, compared to USD 75,000/day in 03/2022. That is a decline of 80% from the peak to the current quote. Charter rates for larger vessel sizes also declined considerably. The 4,250 TEU boxship class, which quoted at USD 110,000/day in 03/2022, declined to a level of USD 20,000/day in 03/2023, which amounts to a drop by 80%.

Container Ship-Specific Time Charter Rate Index based on New ConTex



— 1100 TEU — 1700 TEU — 2500 TEU — 2700 TEU — 3500 TEU — 4250 TEU

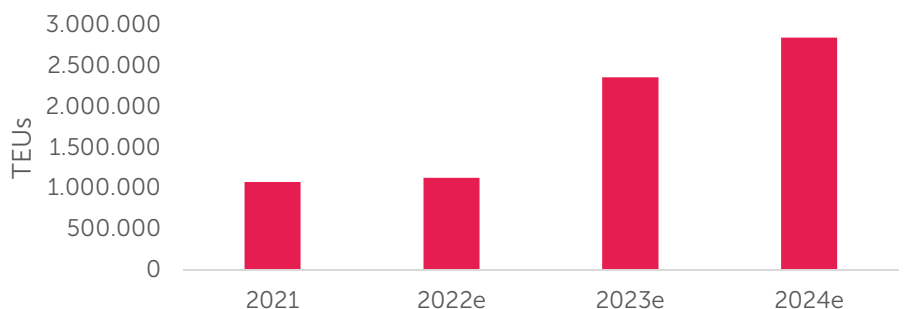
Source: Bloomberg, Quirin Privatbank AG estimates

The increased level of volatility on the spot market for time charter rates went hand in hand with a decrease in fixing activity. Fixing activities include, for example, the duration and corresponding time charter (TC) rate of a contract. Average fixture periods were c. 24 months in H1 2022 and around 27 months in July, but went down to c. 15 months later on due to the market volatility and the “wait and see” approach. Charterers in the maritime transport sector benefited accordingly and were able to secure TC rates of H1 2022 level (>300% over current spot-market level).

New orders and recycling of vessels

New orders for container ships are a further key figure for the maritime industry. Since 2021, new orders have been trending downwards, peaking at around 54 million DWT in the period from January to August 2022. The majority of orders are for newly built vessels in the LNG carrier and container segments. In the first half of 2022, recycling was reduced (10 million DWT) due to increasingly competitive markets. In 2022, new capacity was created for 1.1 million TEUs. Sales are projected to increase significantly in 2023 and 2024 to a total of 5.1 million TEU, which will be added to the global container ship fleet.

New Orders for Container Ships 2021 – 2024e



Source: Quirin Privatbank AG estimates, UNCTADstat data in Review of Maritime Transport

Macroeconomic outlook for FY23e

Overall, the global economic development is burdened by significant tensions: the military conflict between Russia and Ukraine, a sharp rise in inflation and the persistent impact of the pandemic create uncertainty on the global markets and weigh on the forecasts for 2023. Global economic growth is expected to be rather weak in 2023, with a forecast GDP growth rate of 2.9%, 15% below the 2022e level. Strong inflation (2023e: 8.5% in the Eurozone) will dampen purchases of consumer goods. In addition, there is a significant divergence between different commodities: energy commodities saw volume growth of 3.1% (in tons) during 2022, while 'non-energy' commodities declined by 2.4%.

Fixing periods still declining to less than 12 months

The maritime sector finds itself in a downward trend, but is currently bottoming out above pre-boom levels. Fixing periods are still decreasing to below-12-month contracts. In the feeder segment, however, we expect rate settlements to come in slightly above recent lows in the further course of 2023. For the period 2023-2027, annual growth in maritime trade is expected to be 2.1%. Global trade also started well into the year 2023, registering a month-on-month increase of 2.1%. The EU started 2023 even stronger, with both exports (+3.0%) and imports (+3.2%) rising. While there are signs of a slight setback for the EU in 02/2023, but the US and China are likely to trade more goods in February than in the previous month. Global trade moved sideways in 02/2023, with a month-over-month performance of 0.3%.

Balance sheet structure and funding

The asset side mainly consists of ships which represented 69% of the total balance sheet in FY22. As of December 2022, the book value of the fully consolidated fleet amounted to EUR 195.9m according to German accounting standards.

Overall, the balance sheet of Ernst Russ is very healthy; the equity ratio amounted to 73.2% as of 31 December 2022 (vs. 54.2% as of December 2021). Please note that Ernst Russ was able to significantly reduce its interest bearing financial debt from EUR 79.1m to EUR 15.7m.

Financials

Ernst Russ FY22 results

In FY22 Ernst Russ was able to increase its revenues by 108% yoy to EUR 191.7m, driven by the recent fleet expansion and higher charter rates. EBIT improved from EUR 30.8m to EUR 90.1m, and net profit after minority holdings amounted to EUR 47.3m (vs. FY21: EUR 15.8m).

Ernst Russ FY22 results (EUR m)

	FY 2021	FY 2022	yoy %	FY 2023e	yoy %
Revenues	92.3	191.7	108%	191.7	0%
EBITDA	38.6	121.7	216%	96.8	-20%
<i>EBITDA margin</i>	<i>42%</i>	<i>63%</i>		<i>50%</i>	
EBIT	30.8	90.1	193%	69.8	-23%
<i>EBIT margin</i>	<i>33%</i>	<i>47%</i>		<i>36%</i>	
EBT	26.7	84.3	216%	68.9	-18%
Net profit after minorities	15.8	47.3	200%	37.6	-21%

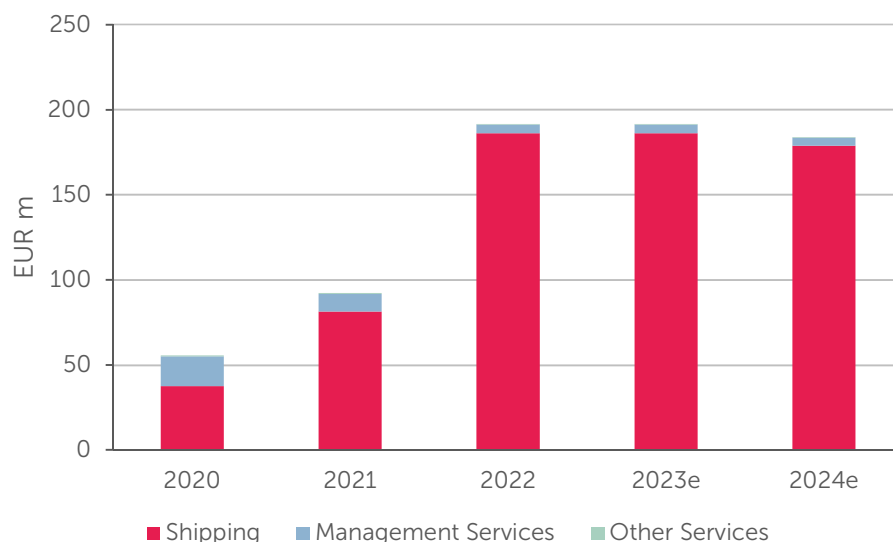
Source: Ernst Russ, Quirin Privatbank AG

Revenues determined by the shipping segment

Stable revenues expected in FY23 due to long duration of high-margin charter contracts

We forecast FY23 revenues to remain at the very high level of the previous year (FY23e: EUR 192m). The shipping segment will clearly remain the most important revenue source, with the fixed charter contracts and their attractive conditions being the main drivers (avg. remaining duration of charter contracts: 17.4 months). Despite the recent sharp contraction of market charter rates, we assume that the average charter rate of the Ernst Russ fleet (including pool charter rates) will remain very high. According to our assumption, only about 16% of the charter contracts need to be renegotiated in the current FY23e. As a result, revenue developments in the current business year are highly predictable.

Development of revenues in EUR m



Source: Ernst Russ, Quirin Privatbank AG estimates

Strong EBIT performance in FY22 due to high charter rates

Development of EBIT

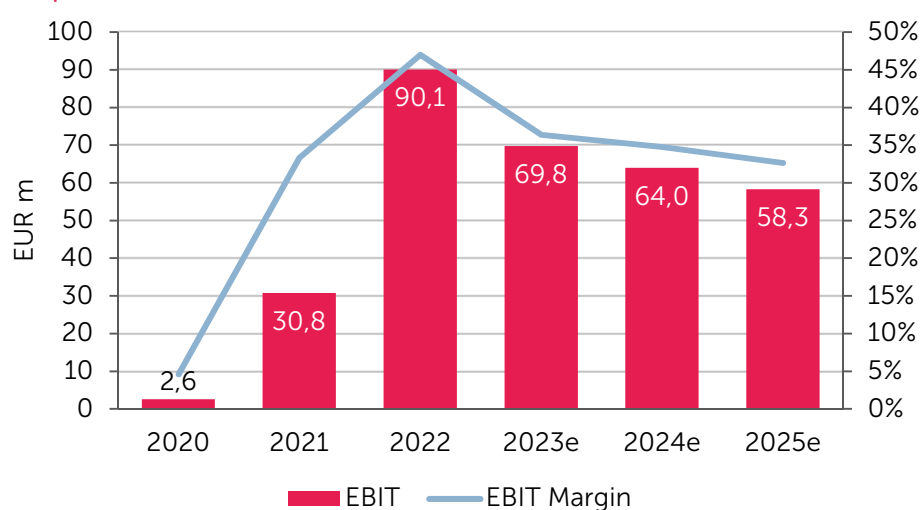
The EBIT improved from EUR 30.8m in FY21 to EUR 90.1m in FY22. The EBIT margin of 47% reached a record high, which was largely driven by strong charter rates across the board of all segments of the ship portfolio.

Please note that 2022 figures include higher maintenance expenses related to scheduled dry-dockings and also include the proceeds from the disposal of three vessels of EUR 20.8m. Thus, we expect EBIT and EBIT margin to come down in FY23e and FY24e.

Normalization of operational margins from FY23 onwards

On a comparable basis (i.e., excluding the disposal of ships in FY22) the operational performance of Ernst Russ should remain very high in a historical comparison. This assessment is backed by the fact that average charter rates will probably decline only by a small margin (high remaining duration of charter contracts of more than 17 month) and OPEX is set to be lower due to fewer dockings.

Development of EBIT in EUR m



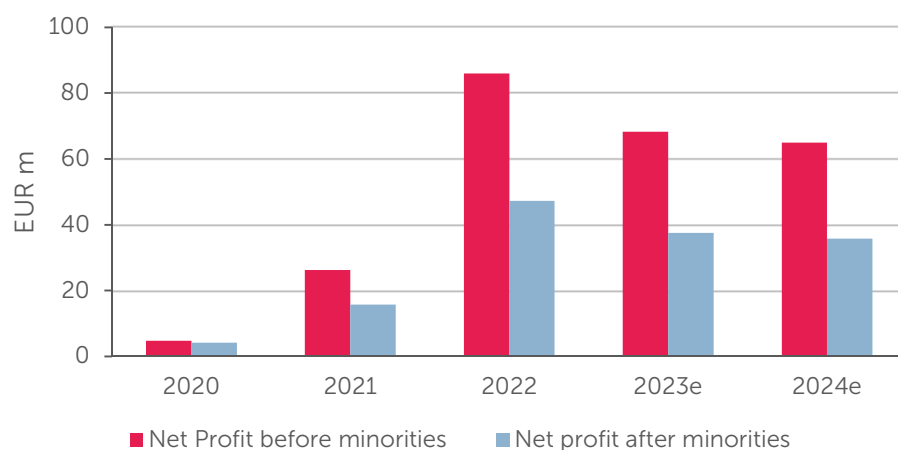
Source: Ernst Russ, Quirin Privatbank AG

Development of net profit and EPS

Largely due to revenue growth, net profit (before minority holdings) has improved from EUR 26.3m in 2021 to EUR 83.9m in FY22. It is expected to decline to EUR 68.2m in FY23e as we do not anticipate further vessel sales. Net profits benefit from a very low tax rate of less than 1%, as the business concept of Ernst Russ is subsidized by the "tonnage tax" under German law, which allows shipping companies to retain profits without having to pay income tax on them. Many ships in the portfolio of Ernst Russ are co-ownership of JV partners. While shipping subsidiaries are fully consolidated, this explains the relatively high minority interests in net profit.

Please note that financial result is expected to improve as Ernst Russ has repaid its financial debt.

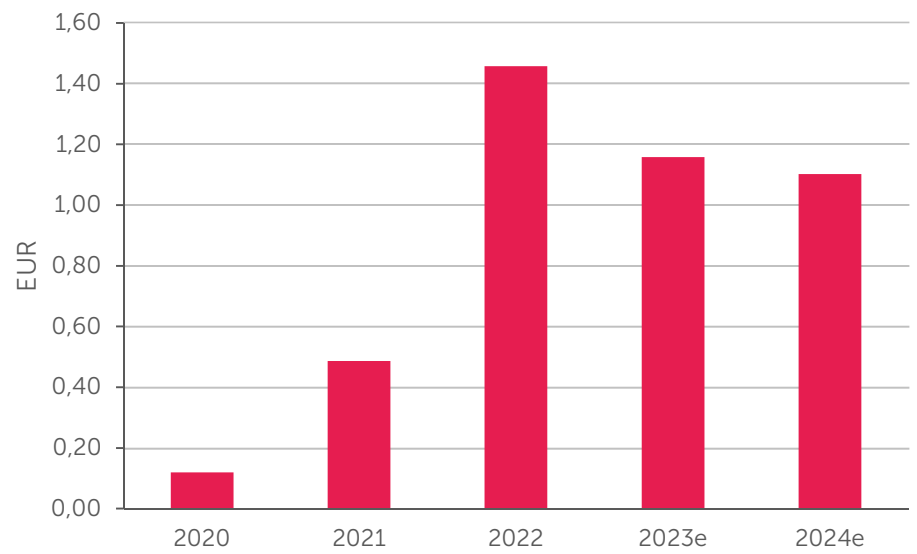
Net profits in EUR m



Source: Ernst Russ, Quirin Privatbank AG estimates

EPS increased from EUR 0.49 in 2021 to EUR 1.46 in 2022 and to EUR 1.16 in 2023e.

EPS development in EUR



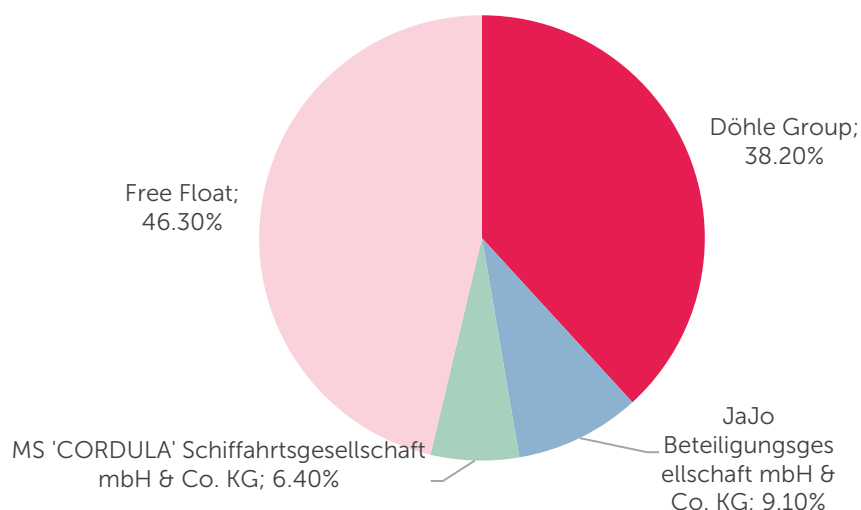
Source: Ernst Russ, Quirin Privatbank AG estimates

Shareholder structure

Shareholders of Ernst Russ

The main shareholders of Ernst Russ are Döhle Group (stake of c. 38%), followed by JaJo Beteiligungsgesellschaft mbH & Co. KG (c. 9%) and MS 'CORDULA' Schiffahrtsgesellschaft mbH & Co. KG (stake of c 6%). The free float amounts to 46%.

Shareholder structure of Ernst Russ



Source: Ernst Russ, Quirin Privatbank AG estimates

Management board

The management board of Ernst Russ consists of Robert Gärtner (CEO).



Robert Gärtner (CEO)

Robert Gärtner has been a member of the executive board of Ernst Russ since March 2019. From June 2016 to February 2019, he was a member of the supervisory board. He is a trained industrial manager and company accountant and has held various financial management positions during his 50-year career. In 2006 he joined INTERSCHALT maritime systems AG as a partner and member of the executive board and led the company from supplying the ship-building industry to becoming a leading provider of software and services in the maritime industry.



Thomas Deutsch (Head of Finance)

Thomas Deutsch has held an executive position in the ER Group for almost 15 years. As business director, he is responsible for the areas of accounting, tax, controlling, IT, business development and investor relations. He is also responsible for fund and asset management at the ER Group. As authorized signatory and member of the management board, he is involved in all the Group's operational and strategic decisions. Before joining ER Group, Thomas Deutsch worked at one of the large, international auditing firms for seven years after completing his studies in business administration.

Profit & loss statement

Profit & loss statement (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
Sales	92.3	66.1 %	191.7	107.7 %	191.7	0.0 %	184.0	-4.0 %	178.6	-3.0 %
Unfinished Goods	0.0		0.0		0.0		0.0		0.0	
Other operating earnings	4.8		30.7		0.5		0.5		0.5	
Cost of goods	-49.1		-89.7		-85.5		-85.0		-85.0	
Personnel expenses	-5.1		-4.8		-4.9		-5.0		-5.3	
Depreciation	-7.8		-31.6		-27.0		-25.5		-25.5	
Other operating expenses	-4.3		-6.2		-5.0		-5.0		-5.0	
EBITDA	38.6	283.0 %	121.7	215.6 %	96.8	-20.5 %	89.5	-7.5 %	83.8	-6.4 %
EBITDA margin (%)	41.78		63.48		50.50		48.63		46.92	
EBIT	30.8	1098.3 %	90.1	192.9 %	69.8	-22.5 %	64.0	-8.3 %	58.3	-8.9 %
EBIT margin (%)	33.33		47.00		36.41		34.77		32.64	
Net interest	-3.3		-2.3		0.2		0.3		0.4	
Income from Participations	0.1		0.0		0.0		0.0		0.0	
Net financial result	-3.2		-2.3		0.2		0.3		0.4	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	26.7	390.9 %	84.3	215.9 %	68.9	-18.3 %	65.5	-4.9 %	59.9	-8.6 %
Pretax margin (%)	28.92		43.97		35.94		35.59		33.53	
Taxes	-0.4		-0.4		-0.6		-0.6		-0.5	
Tax rate (%)	130.00		0.90		0.90		0.90		0.90	
Earnings after taxes	26.3		83.9		68.3		64.9		59.3	
Minorities	10.5		36.6		30.7		29.2		26.7	
Group attributable income	15.8	282.1 %	47.3	199.8 %	37.6	-20.6 %	35.7	-4.9 %	32.6	-8.6 %
No. of shares (m)	32.4		32.4		32.4		32.4		32.4	
Earnings per share (EUR)	0.49	305.3 %	1.46	199.8 %	1.16	-20.6 %	1.10	-4.9 %	1.01	-8.6 %

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
Assets										
Cash and cash equivalents	26.4		57.7		110.2		167.0		218.3	
Accounts receivables	12.9		15.2		15.2		15.2		15.2	
Inventories	1.4		1.7		1.7		1.7		1.7	
Other current assets	0.0		0.0		0.0		0.0		0.0	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	40.7	35.2 %	74.7	83.6 %	127.1	70.3 %	184.0	44.7 %	235.2	27.9 %
Fixed assets	210.4		196.1		203.1		209.6		216.1	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	3.0		2.3		2.3		2.3		2.3	
Financial assets	0.0		0.0		0.0		0.0		0.0	
Deferred taxes	0.5		0.5		0.5		0.5		0.5	
Other fixed assets	9.1		9.7		9.7		9.7		9.7	
Total fixed assets	223.0	67.3 %	208.6	-6.5 %	215.6	3.4 %	222.1	3.0 %	228.6	2.9 %
Total assets	263.7	61.4 %	283.3	7.4 %	342.8	21.0 %	406.1	18.5 %	463.8	14.2 %
Equity & Liabilities										
Subscribed capital	32.4		32.4		32.4		32.4		32.4	
Reserves & other	6.7		6.7		6.7		6.7		6.7	
Revenue reserves	8.5		8.5		8.5		8.5		8.5	
Accumulated other comprehensive	24.5		70.4		108.0		143.7		176.3	
Shareholder's equity	72.2	25.5 %	118.0	63.6 %	155.6	31.8 %	191.3	22.9 %	223.9	17.1 %
Minorities	70.7		89.5		120.2		149.4		176.1	
Shareholder's equity incl. minorities	142.8	78.2 %	207.5	45.3 %	275.8	32.9 %	340.7	23.5 %	400.0	17.4 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	79.1		3.3		-5.5		-7.1		-8.7	
Tax liabilities	5.6		5.7		5.7		5.7		5.7	
Other liabilities	22.1		36.3		36.3		36.3		36.3	
Total long-term debt	106.9	45.6 %	45.2	-57.7 %	36.4	-19.5 %	34.8	-4.4 %	33.2	-4.6 %
Short-term debt										
Other provisions	8.0		11.7		11.7		11.7		11.7	
Trade payables	4.5		5.1		5.1		5.1		5.1	
Financial debt	0.0		12.5		12.5		12.5		12.5	
Other liabilities	1.5		1.3		1.3		1.3		1.3	
Total short-term debt	14.0	42.4 %	30.6	118.1 %	30.6	0.0 %	30.6	0.0 %	30.6	0.0 %
Total equity & liabilities	263.7	61.4 %	283.3	7.4 %	342.8	21.0 %	406.1	18.5 %	463.8	14.2 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2021	2022	2023e	2024e	2025e
Per share data (EUR)					
EPS	0.49	1.46	1.16	1.10	1.01
Book value per share	2.2	3.6	4.8	5.9	0.0
Dividend per share	0.00	0.00	0.20	0.20	0.20
Valuation ratios					
EV/Sales	n.m.	n.m.	1.1	0.8	0.5
EV/EBITDA	n.m.	n.m.	2.1	1.7	1.1
EV/EBIT	n.m.	n.m.	3.0	2.3	1.6
P/E	10.5	3.5	4.2	4.4	4.8
P/B	2.3	1.4	1.1	0.9	0.7
Dividend yield (%)	0.0	0.0	3.9	3.9	3.9
Growth					
Sales growth (%)	66.1	107.7	0.0	-4.0	-3.0
EBITDA growth (%)	283.0	215.6	-20.5	-7.5	-6.4
EBIT growth (%)	1098.3	192.9	-22.5	-8.3	-8.9
EPS growth (%)	305.3	199.8	-20.6	-4.9	-8.6
Profitability ratios					
EBITDA margin (%)	41.8	63.5	50.5	48.6	46.9
EBIT margin (%)	33.3	47.0	36.4	34.8	32.6
Net margin (%)	17.1	24.7	19.6	19.4	18.3
ROCE (%)	12.3	35.6	22.4	17.0	13.5
Financial ratios					
Total equity (EUR m)	72.2	118.0	155.6	191.3	223.9
Equity ratio (%)	54.2	73.2	80.5	83.9	86.2
Net financial debt (EUR m)	52.7	-42.0	-103.3	-161.7	-214.5
Net debt/Equity	0.3	0.4	0.5	0.5	0.5
Interest cover	8.7	32.2	232.7	640.0	582.8
Net debt/EBITDA	1.4	-0.3	-1.1	-1.8	-2.6
Payout ratio (%)	0.0	0.0	17.3	18.2	19.9
Working Capital (EUR m)	9.8	11.8	11.8	11.8	0.0
Working capital/Sales	0.11	0.06	0.06	0.06	0.00

Source: Company data, Quirin Privatbank estimates

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Date	Price target-EUR	Rating	Initiation
28.03.2023	7.90	Buy	28.03.2023

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