

# ABO Wind AG

Deutschland / Cleantech  
 Börse München  
 Bloomberg: AB9 GR  
 ISIN: DE0005760029

Higher net result

**RATING** **BUY**  
**PRICE TARGET** **€ 118.00**  
 Return Potential 42.2%  
 Risk Rating High

## 2022 NET RESULT GUIDANCE RAISED AGAIN

ABO Wind has again increased guidance for the 2022 net result. After raising guidance from €13.8m to almost €17m at the beginning of December 2022, ABO now expects a net result of €20m - €25m. The main reason for the increase is project successes achieved before the end of 2022. The 2022 net result should now significantly exceed the previous record net income of €17m from 2017. The renewed guidance increase confirms our positive view on the company. An updated DCF model yields a new price target of €118 (previously: €112). Despite the very good share price performance since mid-November 2022, we still see significant upside potential. We reiterate our Buy recommendation.

**Record earnings targeted for 2022** The guidance increase to €20m - €25m is mainly based on project successes, which ABO Wind achieved before the end of 2022. We assume that the company received project approvals and was thus able to complete the development of these projects.

**Success in PV, first hydrogen project underway** In December 2022, ABO Wind completed the construction of a 50 MW solar park in Greece. Commissioning is planned for the summer of 2023. The solar park will generate around 76 GWh of clean electricity. Wirtgen Invest Energy, a family-run investment company for renewable energy projects worldwide, has acquired the solar park on a turnkey basis. ABO Wind has also been contracted for the long-term operational management and maintenance of the plant. The solar park is the largest ground-mounted solar project that ABO Wind has built on a turnkey basis to date.

With the Hünfeld-Michelsrombach project, ABO Wind is linking a wind farm with the production and use of green hydrogen for the first time. The project is funded by the German Federal Ministry of Digital Affairs and Transport as part of the National Hydrogen and Fuel Cell Technology Innovation Programme...

(p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	126.27	149.16	127.11	220.39	267.25	304.13
Y-o-y growth	-16.0%	18.1%	-14.8%	73.4%	21.3%	13.8%
EBIT (€m)	19.64	22.46	22.45	37.72	39.60	44.52
EBIT margin	15.6%	15.1%	17.7%	17.1%	14.8%	14.6%
Net income (€m)	11.40	13.12	13.80	23.23	23.95	27.16
EPS (diluted) (€)	1.48	1.54	1.50	2.52	2.60	2.95
DPS (€)	0.42	0.45	0.49	0.49	0.57	0.65
FCF (€m)	-24.42	40.53	-54.05	-11.32	11.47	18.33
Net gearing	63.0%	5.3%	45.0%	51.8%	45.8%	37.7%
Liquid assets (€m)	9.65	52.80	18.47	77.58	62.22	82.57

## RISKS

Main risks are project development, supply chain, financing, interest rate, and regulation.

## COMPANY PROFILE

ABO Wind is a project developer for renewable energies and has developed green power and storage projects with a total capacity of ca. 5 GW since its establishment in 1996. The company also offers the management of wind farms, solar plants and storages. ABO Wind has ca. 1.000 employees. Its headquarters are in Wiesbaden, Germany.

## MARKET DATA

As of 25 Jan 2023

Closing Price € 83.00  
 Shares outstanding 9.22m  
 Market Capitalisation € 765.34m  
 52-week Range € 46.30 / 83.00  
 Avg. Volume (12 Months) 2,935

Multiples	2021	2022E	2023E
P/E	55.4	32.9	32.0
EV/Sales	6.6	3.8	3.1
EV/EBIT	37.1	22.1	21.0
Div. Yield	0.6%	0.6%	0.7%

## STOCK OVERVIEW



## COMPANY DATA

As of 30 Jun 2022

Liquid Assets € 10.72m  
 Current Assets € 316.70m  
 Intangible Assets € 1.43m  
 Total Assets € 334.71m  
 Current Liabilities € 72.90m  
 Shareholders' Equity € 155.17m

## SHAREHOLDERS

Familie Ahn 26.0%  
 Familie Bockholt 26.0%  
 Mainova 10.0%  
 Free Float 38.0%



...with around €12m. ABO Wind plans to build and operate a wind turbine and an electrolyser with a hydrogen filling station for trucks and buses. The application for approval for the wind turbine with an installed capacity of 4.8 MW has already been submitted. The electrolyser will initially be designed for an output of 5 MW. The green hydrogen is to be produced by means of water electrolysis in the industrial park and supplied to trucks primarily at the public hydrogen filling station that is to be built.

### German wind market at the beginning of a long-term growth phase, German solar market booming

Last year, the German wind market continued to recover. New installations of onshore wind turbines increased 25% y/y to 2.4 GW. However, this figure is far below what is feasible and necessary to meet the climate targets. For 2023, the associations forecast an expansion to 2.7 GW - 3.2 GW (+13% to +33% y/y), assuming an unchanged realisation rate. The increase in the maximum permissible value in the tenders from 5.88 €/ct/kWh to 7.35 €/ct/kWh (+25% y/y) should resolve the cost problem that emerged (higher steel, concrete and turbine prices). The improvements decided by the federal government for the approval and tendering of wind power plants should lead to a noticeable increase in new construction from 2024.

The German solar market is booming. The German Federal Network Agency forecasts new PV installations ca. 7.3 GW in 2022, an increase of 28% compared to the previous year. For 2023, the transmission grid operators expect a net addition of 8.5 GW of EEG-supported PV plants. ABO Wind's German project pipeline (wind and solar) amounted to approx. 2,100 MW at the end of the first half of 2022, of which 120 MW were approved and 130 MW were being implemented. The company is thus well positioned to participate in the growing German wind and PV market.

**Forecasts raised for 2022E, further growth targeted for 2023E & 2024E** Following the renewed guidance increase, we raise our net income forecast for 2022E to €23.2m. Our estimates for the following years remain unchanged (see figure 1). The better net result last year should not have a negative impact on 2023E. We therefore assume that there will be no noticeable pull-forward effect from the project successes already achieved last year. In our view, ABO Wind thus remains on track for success.

Figure 1: Revisions to forecasts

All figures in €m	2022E			2023E			2024E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	212.4	220.4	4%	267.2	267.2	0%	304.1	304.1	0%
EBIT	28.4	37.7	33%	39.6	39.6	0%	44.5	44.5	0%
margin	13.4%	17.1%		14.8%	14.8%		14.6%	14.6%	
Net income	16.8	23.2	38%	24.0	24.0	0%	27.2	27.2	0%
margin	7.9%	10.5%		9.0%	9.0%		8.9%	8.9%	
EPS (diluted) in €	1.82	2.52	38%	2.60	2.60	0%	2.95	2.95	0%

Source: First Berlin Equity Research

**Buy confirmed at increased price target** An updated DCF model, which takes into account the higher 2022 forecast, yields a new price target at €118 (previously: €112). We reiterate our Buy recommendation. The upside potential to our price target is ca. 42%.



## VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<b>Net sales</b>	<b>220,390</b>	<b>267,249</b>	<b>304,129</b>	<b>343,058</b>	<b>384,069</b>	<b>460,883</b>	<b>508,186</b>	<b>556,048</b>
<b>NOPLAT</b>	<b>27,289</b>	<b>29,339</b>	<b>32,883</b>	<b>37,310</b>	<b>41,387</b>	<b>50,002</b>	<b>55,164</b>	<b>60,199</b>
+ depreciation & amortisation	2,105	2,251	2,529	2,973	3,431	3,906	4,505	5,098
Net operating cash flow	29,393	31,591	35,412	40,284	44,819	53,909	59,668	65,296
- total investments (CAPEX and WC)	-40,713	-20,122	-17,081	-20,776	-29,463	-52,063	-34,024	-34,492
Capital expenditures	-3,085	-3,741	-4,258	-4,803	-5,290	-6,243	-6,768	-7,279
Working capital	-37,627	-16,380	-12,823	-15,973	-24,173	-45,820	-27,256	-27,213
Free cash flows (FCF)	-11,319	11,469	18,331	19,508	15,356	1,845	25,644	30,804
<b>PV of FCF's</b>	<b>-11,319</b>	<b>10,802</b>	<b>16,184</b>	<b>16,146</b>	<b>11,916</b>	<b>1,342</b>	<b>17,486</b>	<b>19,691</b>

  

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	256,700
PV of FCFs in terminal period	897,372
Enterprise value (EV)	1,154,072
+ Net cash / - net debt	-67,475
+ Investments / minority interests	41
Shareholder value	1,086,638
Number of shares (diluted)	9,221
<b>Fair value per share in EUR</b>	<b>117.85</b>

  

	Terminal growth rate						
	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
5.2%	151.32	171.80	201.73	249.63	338.57	560.94	2117.48
5.7%	125.64	139.23	157.91	185.21	228.89	310.01	512.82
6.2%	106.30	115.71	128.10	145.13	170.02	209.84	283.80
6.7%	91.24	97.98	106.56	<b>117.85</b>	133.37	156.05	192.34
7.2%	79.22	84.17	90.31	98.12	108.40	122.54	143.20
7.7%	69.42	73.13	77.64	83.23	90.34	99.71	112.58
8.2%	61.30	64.13	67.51	71.61	76.70	83.17	91.69

  

WACC	6.7%
Cost of equity	10.5%
Pre-tax cost of debt	4.0%
Tax rate	30.0%
After-tax cost of debt	2.8%
Share of equity capital	50.0%
Share of debt capital	50.0%
<b>Fair value per share in EUR</b>	<b>118.00</b>

\* for layout purposes the model shows numbers only to 2029, but runs until 2036



## INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>Revenues</b>	<b>126,273</b>	<b>149,155</b>	<b>127,109</b>	<b>220,390</b>	<b>267,249</b>	<b>304,129</b>
Changes in inventory	22,752	20,206	60,346	39,670	46,769	51,702
Own work	233	0	0	0	0	0
<b>Total output</b>	<b>149,258</b>	<b>169,361</b>	<b>187,455</b>	<b>260,060</b>	<b>314,018</b>	<b>355,831</b>
Cost of goods sold	66,582	72,592	78,280	126,063	170,238	198,292
<b>Gross profit</b>	<b>82,676</b>	<b>96,769</b>	<b>109,175</b>	<b>133,997</b>	<b>143,780</b>	<b>157,539</b>
Personnel costs	41,361	50,776	63,397	67,502	72,216	78,932
Other operating income	3,451	6,362	5,141	4,408	5,345	6,083
Other operating expenses	17,143	17,593	20,440	23,141	26,725	28,892
<b>EBITDA</b>	<b>27,623</b>	<b>34,762</b>	<b>30,479</b>	<b>47,762</b>	<b>50,184</b>	<b>55,797</b>
Depreciation and amortisation	1,542	1,649	1,929	2,105	2,251	2,529
Depreciation of current assets	6,437	10,653	6,102	7,933	8,329	8,746
<b>Operating income (EBIT)</b>	<b>19,644</b>	<b>22,460</b>	<b>22,448</b>	<b>37,725</b>	<b>39,604</b>	<b>44,522</b>
Net financial result	-1,570	-1,755	-1,485	-4,060	-5,389	-5,725
<b>Pre-tax income (EBT)</b>	<b>18,074</b>	<b>20,705</b>	<b>20,963</b>	<b>33,665</b>	<b>34,214</b>	<b>38,797</b>
Income taxes	6,668	7,589	7,152	10,436	10,264	11,639
Minority interests	-4	4	-6	0	0	0
<b>Net income / loss</b>	<b>11,402</b>	<b>13,120</b>	<b>13,804</b>	<b>23,229</b>	<b>23,950</b>	<b>27,158</b>
<b>Diluted EPS (in €)</b>	<b>1.48</b>	<b>1.54</b>	<b>1.50</b>	<b>2.52</b>	<b>2.60</b>	<b>2.95</b>
<b>Ratios</b>						
Gross margin on total output	55.4%	57.1%	58.2%	51.5%	45.8%	44.3%
EBITDA margin on revenues	21.9%	23.3%	24.0%	21.7%	18.8%	18.3%
EBIT margin on revenues	15.6%	15.1%	17.7%	17.1%	14.8%	14.6%
EBT margin on revenues	14.3%	13.9%	16.5%	15.3%	12.8%	12.8%
Net margin on revenues	9.0%	8.8%	10.9%	10.5%	9.0%	8.9%
Tax rate	36.9%	36.7%	34.1%	31.0%	30.0%	30.0%
<b>Expenses as % of revenues</b>						
Personnel costs	32.8%	34.0%	49.9%	30.6%	27.0%	26.0%
Depreciation and amortisation	1.2%	1.1%	1.5%	1.0%	0.8%	0.8%
Depreciation of current assets	5.1%	7.1%	4.8%	3.6%	3.1%	2.9%
Other operating expenses	13.6%	11.8%	16.1%	10.5%	10.0%	9.5%
<b>Y-Y Growth</b>						
Revenues	-16.0%	18.1%	-14.8%	73.4%	21.3%	13.8%
Operating income	-11.6%	14.3%	-0.1%	68.1%	5.0%	12.4%
Net income/ loss	-10.5%	15.1%	5.2%	68.3%	3.1%	13.4%



## BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>Assets</b>						
<b>Current assets, total</b>	<b>232,427</b>	<b>236,761</b>	<b>282,609</b>	<b>382,576</b>	<b>389,652</b>	<b>426,669</b>
Cash and cash equivalents	9,648	52,798	18,472	77,577	62,221	82,572
Short-term investments	17,665	9,331	11,684	11,684	11,684	11,684
Receivables	20,678	34,020	10,860	36,228	43,931	49,994
Inventories	80,171	64,398	133,019	148,513	163,242	173,845
Other current assets	102,749	74,825	105,708	105,708	105,708	105,708
<b>Non-current assets, total</b>	<b>10,132</b>	<b>12,501</b>	<b>14,451</b>	<b>15,432</b>	<b>16,922</b>	<b>18,651</b>
Property, plant & equipment	5,208	5,653	7,234	8,143	9,485	11,029
Goodwill & other intangibles	1,298	1,116	1,474	1,546	1,694	1,879
Financial assets	3,626	5,732	5,743	5,743	5,743	5,743
Other assets	0	0	0	0	0	0
<b>Total assets</b>	<b>242,559</b>	<b>249,262</b>	<b>297,060</b>	<b>398,008</b>	<b>406,574</b>	<b>445,320</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>69,146</b>	<b>44,700</b>	<b>56,483</b>	<b>79,638</b>	<b>69,510</b>	<b>84,091</b>
Short-term debt	19,362	8,594	8,997	28,917	12,000	22,000
Accounts payable	10,380	7,081	14,034	17,269	23,320	27,163
Current provisions	24,572	19,634	21,355	21,355	21,355	21,355
Other current liabilities	14,832	9,391	12,097	12,097	12,835	13,572
<b>Long-term liabilities, total</b>	<b>69,837</b>	<b>64,446</b>	<b>90,713</b>	<b>149,796</b>	<b>149,796</b>	<b>152,796</b>
Long-term debt	55,487	51,662	76,950	136,033	136,033	139,033
Deferred revenue	0	0	0	0	0	0
Other liabilities	14,350	12,784	13,763	13,763	13,763	13,763
<b>Minority interests</b>	<b>37</b>	<b>30</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>
<b>Shareholders' equity</b>	<b>103,539</b>	<b>140,086</b>	<b>149,823</b>	<b>168,533</b>	<b>187,227</b>	<b>208,392</b>
Share capital	8,071	9,221	9,221	9,221	9,221	9,221
Capital reserve	19,495	45,490	45,490	45,490	45,490	45,490
Other reserves	0	0	0	0	0	0
Loss carryforward / retained earnings	76,213	85,671	95,329	114,039	132,733	153,898
<b>Total consolidated equity and debt</b>	<b>242,559</b>	<b>249,262</b>	<b>297,060</b>	<b>398,008</b>	<b>406,574</b>	<b>445,320</b>
<b>Ratios</b>						
Current ratio (x)	3.36	5.30	5.00	4.80	5.61	5.07
Quick ratio (x)	2.20	3.86	2.65	2.94	3.26	3.01
Net debt	65,201	7,458	67,475	87,373	85,812	78,461
Net gearing	63.0%	5.3%	45.0%	51.8%	45.8%	37.7%
Book value per share (in €)	13.42	16.47	16.25	18.28	20.30	22.60
Equity ratio	42.7%	56.2%	50.4%	42.4%	46.1%	46.8%
Return on equity (ROE)	11.0%	9.4%	9.2%	13.8%	12.8%	13.0%
Return on assets (ROA)	5.5%	6.2%	5.4%	6.9%	7.3%	7.5%
Return on investment (ROI)	4.7%	5.3%	4.6%	5.8%	5.9%	6.1%
Return on average capital employed (ROCE)	13.4%	14.2%	12.1%	15.8%	14.9%	15.8%
Days of sales outstanding (DSO)	59.8	83.3	31.2	60.0	60.0	60.0
Days inventory outstanding (DIO)	439.5	323.8	620.2	430.0	350.0	320.0
Days in payables (DIP)	56.9	35.6	65.4	50.0	50.0	50.0



## CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>EBIT</b>	<b>19,644</b>	<b>22,460</b>	<b>22,448</b>	<b>37,725</b>	<b>39,604</b>	<b>44,522</b>
Depreciation and amortisation *	1,542	1,649	1,929	2,105	2,251	2,529
<b>EBITDA</b>	<b>21,186</b>	<b>24,109</b>	<b>24,377</b>	<b>39,829</b>	<b>41,855</b>	<b>47,052</b>
Changes in working capital	-37,895	28,412	-68,555	-37,627	-16,380	-12,823
Other adjustments	-5,086	-10,048	-6,558	-10,436	-10,264	-11,639
<b>Operating cash flow</b>	<b>-21,795</b>	<b>42,473</b>	<b>-50,736</b>	<b>-8,234</b>	<b>15,210</b>	<b>22,589</b>
Investments in PP&E	-1,965	-1,774	-2,941	-2,645	-3,207	-3,650
Investments in intangibles	-661	-173	-375	-441	-534	-608
<b>Free cash flow</b>	<b>-24,421</b>	<b>40,526</b>	<b>-54,052</b>	<b>-11,319</b>	<b>11,469</b>	<b>18,331</b>
Acquisitions & disposals, net	91	7	462	0	0	0
Other investments	282	-1,651	-1,004	0	0	0
<b>Investment cash flow</b>	<b>-2,253</b>	<b>-3,591</b>	<b>-3,858</b>	<b>-3,085</b>	<b>-3,741</b>	<b>-4,258</b>
Debt financing, net	34,323	-16,575	26,764	79,003	-16,917	13,000
Equity financing, net	0	27,145	0	0	0	0
Dividends paid	-3,211	-3,558	-4,149	-4,518	-4,518	-5,256
Other financing	-1,948	-2,573	-2,328	-4,060	-5,389	-5,725
<b>Financing cash flow</b>	<b>29,164</b>	<b>4,438</b>	<b>20,287</b>	<b>70,425</b>	<b>-26,825</b>	<b>2,019</b>
FOREX & other effects	15	-170	19	0	0	0
<b>Net cash flows</b>	<b>5,131</b>	<b>43,150</b>	<b>-34,288</b>	<b>59,105</b>	<b>-15,356</b>	<b>20,350</b>
Cash, start of the year	4,517	9,648	52,798	18,472	77,577	62,221
<b>Cash, end of the year</b>	<b>9,648</b>	<b>52,798</b>	<b>18,510</b>	<b>77,577</b>	<b>62,221</b>	<b>82,572</b>
<b>EBITDA/share (in €)</b>	<b>3.58</b>	<b>4.09</b>	<b>3.31</b>	<b>5.18</b>	<b>5.44</b>	<b>6.05</b>
<b>Y-Y Growth</b>						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	48.5%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	59.8%
Financial cash flow	694.2%	-84.8%	357.1%	247.1%	n.m.	n.m.
EBITDA/share	-15.6%	14.2%	-19.1%	56.7%	5.1%	11.2%

\* Depreciation of current assets are booked in "Changes in working capital".

## Imprint / Disclaimer

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Anschrift:

First Berlin Equity Research GmbH  
Friedrichstr. 34  
10117 Berlin  
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: [info@firstberlin.com](mailto:info@firstberlin.com)

Amtsgericht Berlin Charlottenburg HR B 103329 B

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First Berlin Equity Research GmbH

**Authored by: Dr. Karsten von Blumenthal, Analyst**

**All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.**

**Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin**

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**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

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First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

**ASSET RECOMMENDATION**

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

**RISK ASSESSMENT**

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

**RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	12 April 2017	€7.80	BUY	€14.00
2...21	↓	↓	↓	↓
22	18 March 2021	€45.40	BUY	€63.00
23	4 August 2021	€48.00	BUY	€66.00
24	6 September 2021	€48.10	BUY	€73.00
25	7 December 2021	€57.00	BUY	€79.00
26	29 March 2022	€58.40	BUY	€95.00
27	11 July 2022	€56.20	BUY	€92.00
28	2 September 2022	€56.20	BUY	€109.00
29	5 December 2022	€63.00	BUY	€112.00
30	Today	€83.00	BUY	€118.00

**INVESTMENT HORIZON**

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.



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#### Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main**

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