EDISON

Deutsches Eigenkapitalforum
21 – 23 November 2016

Edison Conference Book 2016

Company profiles

Published by Edison Investment Research

Welcome to the Edison Conference Book for the Deutsches Eigenkapitalforum 2016. This year we celebrate its 20th anniversary.

Since 1996 the Eigenkapitalforum has been an anchor for companies, investors and advisers in an ever-changing capital market landscape. The core of the Eigenkapitalforum is to bring medium-sized listed companies together with investors. It also provides an effective platform for bond issuers and, increasingly, for unlisted later-stage start-up companies to access and communicate with the capital markets.

The Venture Network was created in 2015 and can look back over a successful year. Over the past few months the network has connected its companies with investors in multiple countries, including the UK and the US. The successful listing in Frankfurt of Venture Network member va-Q-tec closes the loop with the traditional business of Deutsche Börse. It is safe to assume that Deutsche Börse will continue to innovate and adapt to provide the most efficient marketplace for companies and investors.

The changing landscape of equity research and investor interaction has been an important topic for some time. Together with its partners from Bloomberg Intelligence and Frost Consulting, Edison recently published the White Paper 'The Future of Equity Research' on this topic.

The key conclusions the authors draw from the upcoming changes can be summarized as follows.

The new MiFID II rules are likely to lead to a concentration in sell-side coverage and support, and a more concentrated buy side. IROs and corporate management may want to take the following measures.

First, review the budgets allocated to investor relations activities. What was once perceived to be free is now moving into a priced model. Activity will need to be either supported by more in-house resources or by third-party providers. Second, it will be even more important to make it easier for both the sell and the buy side to follow a company, including reviewing websites and presentation materials. Third, it is advisable to allocate more time to the strategic targeting of investors to ensure a diversified and solid shareholder register.

The Deutsches Eigenkapitalforum is an important building block in this strategy, allowing companies to present their equity story to a broad relevant audience. We are looking forward to three days of engaging discussions between companies, investors and analysts. Company presentations and one-to-one meetings are complemented by high calibre panel discussions on a broad range of topics.

Edison is delighted to celebrate this important anniversary with our partners at Deutsche Börse and support the Eigenkapitalforum as in previous years.

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to close to 500 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Conduct Authority (www.fsa.gov.uk/register/firmBasicDetails.do?sid=181584). Edison is a registered investment adviser regulated by the state of New York.

We welcome any comments/suggestions our readers may have.

Neil Shah

Director of Research

For more information please contact	
	**Director of Edison Germany** **Klaus Schinkel** +49 (0)69 78 8076 960 kschinkel@edisongroup.com

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Prices, information and consensus estimates as at 21 October 2016

Edison research clients*

Note: Edison client PBT and EPS are normalised

Published 7 November 2016

EDISON

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AURELIUS SE & Co.
AutoBank
Basler
Bastei Lübbe
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Global perspectives: Profits trump politics

- **In an environment of increasing political turbulence, markets have sought comfort in relatively stable earnings estimates.** We believe longer-term investors should consider trading earnings revisions to their advantage by leaning against the prevailing positive sentiment. Overweight exposures to commodities, commodity equities and energy are no longer contrarian and should be reduced, in our view.
- **The decline in sterling is much less surprising in the context of its significant prior overvaluation and Brexit has merely acted as a catalyst.** In our view, sterling has already declined sufficiently to factor in the known risks of the UK's departure from the EU but is likely to remain volatile and relatively weak for some time. We believe investors should be screening for UK companies which are likely to benefit from weaker sterling with share prices that have underperformed international peers.
- **The economic risks feared by investors at the start of 2016 have failed to materialise to date and the market rally since Q1 has been significant.** We believe investors are ignoring growing political risks due to the difficulties in quantifying the impact on portfolios. Even if earnings estimates are stable, extended equity valuations should not be ignored and our overall outlook remains cautious.

Analyst

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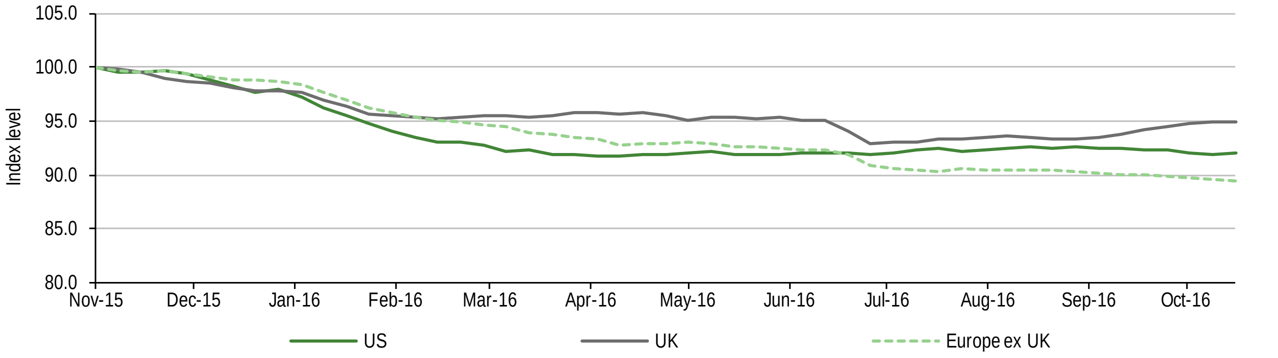
US and European earnings: Better to travel than to arrive

Even if international political risks have increased, consensus profits forecasts have remained on a stable trend over the second half of 2016, Exhibit 1. In the UK, 2017 forecasts have now recovered their modest post-Brexit drop, in part due the positive impact of the decline in sterling. US estimates for 2017 have also only fluctuated in a very narrow range over the last six months. Interestingly, in continental Europe the post-Brexit declines have stuck and there has been an additional modest decline in forecasts during October. However, the overall picture of stability is in sharp contrast to the significant downgrade cycle which spooked investors during 2015 and Q116.

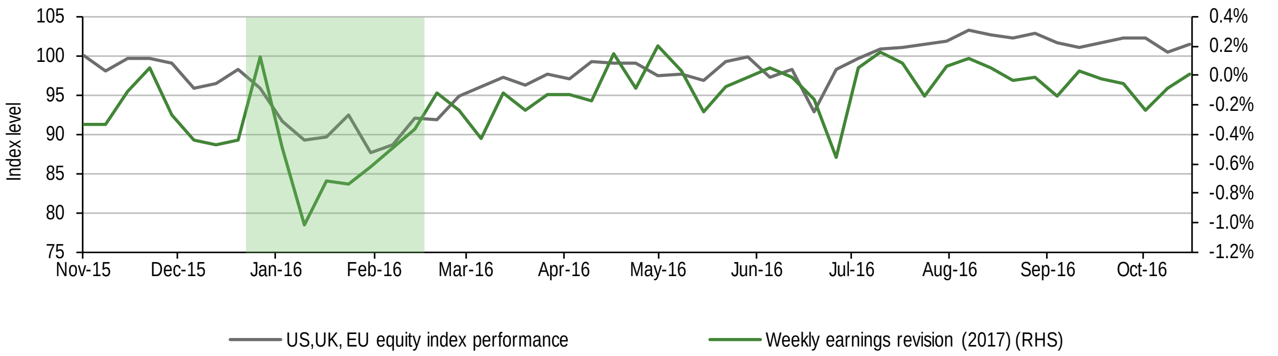
Exhibit 1: 2017 EPS revisions trends



Source: Thomson Reuters Datastream, Edison calculations

Since 2009 there has been relatively strong short-term correlation between sector returns and consensus earnings revisions, which was especially notable during 2015. We believe longer-term investors should consider trading earnings revisions to their advantage by leaning against the prevailing sentiment. The relief rally in equities this year which coincided with the inflection point in earnings forecasts in February 2016, has been significant, Exhibit 2.

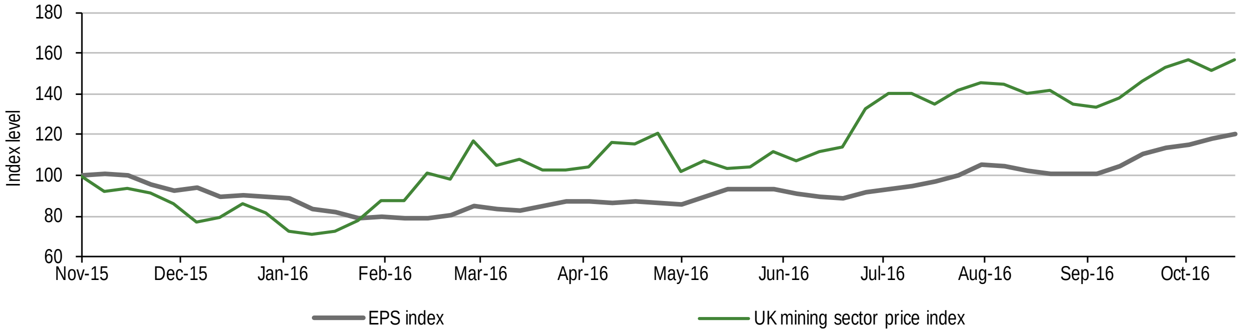
Exhibit 2: Relief rally in equities followed inflection point in earnings estimates



Source: Thomson Reuters Datastream, Edison calculations

In particular, overweight exposures to commodities, commodity equities and energy are no longer contrarian in our view and should be reduced. The improved short-term outlook for the UK mining sector appears to be largely discounted - 2017 forecasts have been revised up by 50% since February while the sector has doubled in price, Exhibit 3.

Exhibit 3: 50% rebound in earnings forecasts discounted by 100% gain in UK mining sector



Source: Thomson Reuters Datastream, Edison calculations

This positive re-appraisal of earnings prospects within the commodity and energy sectors has meant that a number of funds which had become bearish on China have discovered that the market can remain irrational for longer than an underperforming fund can retain its clients. We do in fact concur with much of the medium-term analysis suggesting that the golden era for commodity markets has passed, and we have previously highlighted significant risks to the market outlook which remain in place today.

However in February, when the fears of a commodity collapse were running in full flood, markets moved too quickly to fully discount an imminent hard-landing scenario. In the event, a surprise surge in credit growth in China combined with a recovery in oil prices from oversold levels to foster one of the largest commodity equity rallies since the 1970s, with the exception of the go-go years of mid-2000s.

This rally does not prove the bears 'wrong', nor the bulls 'right'. Rather than searching for absolute truths or intellectual satisfaction, investors should, in our view, remain pragmatic and therefore resist the temptation to overstay their welcome in commodity and energy sectors as the risk/reward balance tilts back to level.

Sterling: Lower for longer as the EU strikes back

The UK's new Prime Minister Theresa May's honeymoon period is clearly over. Days after emphasising the importance of national sovereignty and appearing to lean towards a 'hard' Brexit, a dawn raid on sterling and subsequent weakness has given opponents ammunition to attack the UK's plan to leave the EU. Furthermore, tough talk from the UK government has been reciprocated from EU leaders and European heads of state. President of the European Council Donald Tusk may even have given the game away by linking the concept of a 'hard' Brexit to 'no Brexit'. For sterling, we believe investors should look through the politics and focus on the economics.

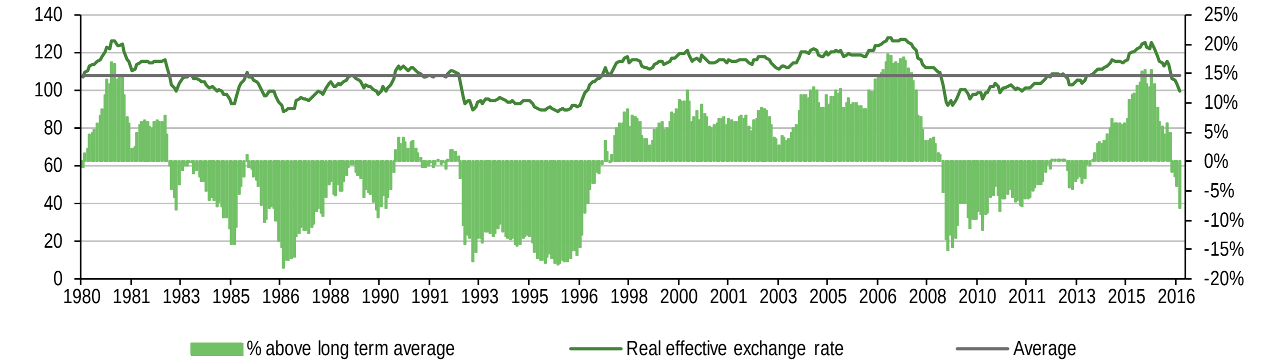
In our view, it remains highly unlikely that the UK will suffer the fate of North Korea for having the audacity to exit the EU. There is too much at stake, especially for Germany which has the largest goods surplus with the UK. A strict Chinese wall around the EU's financial services market would represent a move towards the protectionism that the EU claims to abhor. Such a development would effectively force the UK's hand in terms of closing the trade deficit by substituting UK produced goods for imports. We believe this very adverse 'no agreement' scenario should be weighted in investors' minds with its modest probability.

We also recognise the problem the EU faces in keeping other member states on board. The weakened status of the EU project in other – and not just peripheral - European nations is clearly a concern. This is why the EU has to play tough with the UK in our view, as the reasons for UK voters rejecting the EU – loss of sovereignty, concerns over immigration and a sense of dissatisfaction with the lack of economic growth are being felt across the region.

Political uncertainty in Europe is likely to remain elevated at least until the UK's Article 50 negotiations converge towards a reasonable exit strategy for both sides. We do not believe the recent formal constitutional or legal challenges will ultimately derail the process of the Article 50 notification but at the same time note the divergence of views in respect of Brexit within the UK Parliament. There also appears to be a non-trivial residual corporate interest in delaying, blocking or softening any Brexit; very public challenges to the leadership at various points in the process should therefore be expected and another reason to expect heightened FX volatility.

The risks to sterling, which we highlighted prior to the Brexit vote, have clearly materialised, Exhibit 4. Sterling had been supported by perceptions of relatively faster UK growth, expectations for interest rate increases as recently as last year and significant capital inflows which supported the UK's fiscal deficit. As a result, the currency had risen in value on a real effective (inflation adjusted and trade-weighted) basis to as high as at any time in the last 30 years by mid-2015. Since the UK's EU referendum and a double-digit decline against other major currencies, the question now is whether this has further to run.

Exhibit 4: Sterling real effective exchange rate – from over- to under-valued



Source: Thomson Reuters Datastream

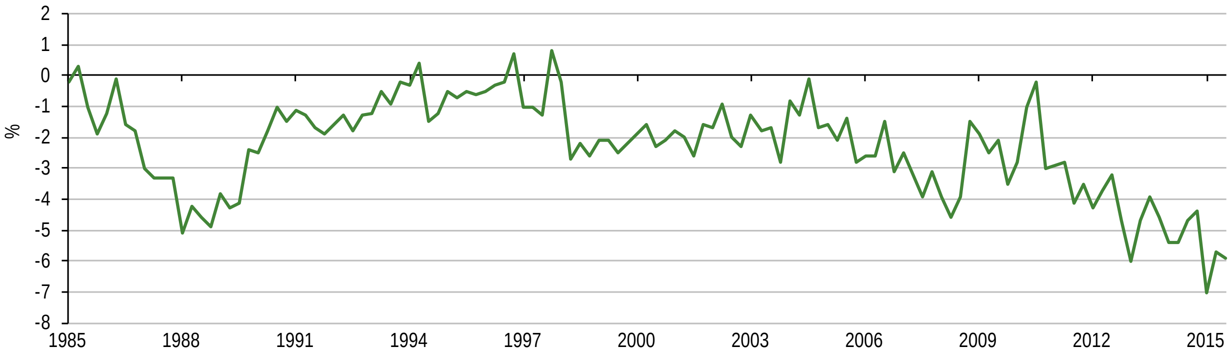
As Exhibit 4 shows, a move in the real effective sterling exchange rate of nearly 20% since the start of the year is large in a historical context. This represents a move which takes the currency from 1.5 standard deviations above its long-run REER average to 1 standard deviation below.

While the swing may be second-largest on record since the 1980s, we note that both after 2008 and after sterling's exit from the ERM, the currency traded at an even greater discount to its long-run average for a number of years after the triggering event. Sterling is therefore not strictly in uncharted territory as a result of higher long-term inflation rates compared to other regions such as the Eurozone, despite the all-time lows reached against the dollar in recent weeks.

Furthermore, Bank of England governor Mark Carney has recently reaffirmed the Bank's view that an overshoot in inflation is preferred to a tightening of monetary policy in response to the decline in sterling. This is in our view the correct strategy and over the longer-term will be supportive of the currency if successful. However, in the short term, sterling short-sellers appear to face little risk from a hawkish switch at the BOE.

It is also easy to point to the vulnerabilities within the UK economy, which have arguably been exacerbated by promoting domestic demand in recent years while ignoring a steady rise in the real effective exchange rate and the resulting loss of competitiveness. In addition to the fiscal deficit, household savings rates have also been falling sharply, creating incremental demand in the short-term but also exacerbating the current account deficit.

Exhibit 5: UK current account deficit



Source: Thomson Reuters Datastream

We believe investors have now started to focus on both the widening current account deficit and its composition, Exhibit 5. The UK's current account deficit has reached a record share of GDP in recent years, although led by a sharp shift in the contribution from the net international investment position (NIIP) component rather than a deterioration in trade. Due to the decline in sterling the weakness in NIIP is likely to partly reverse in coming quarters, which may be supportive of sterling at current levels.

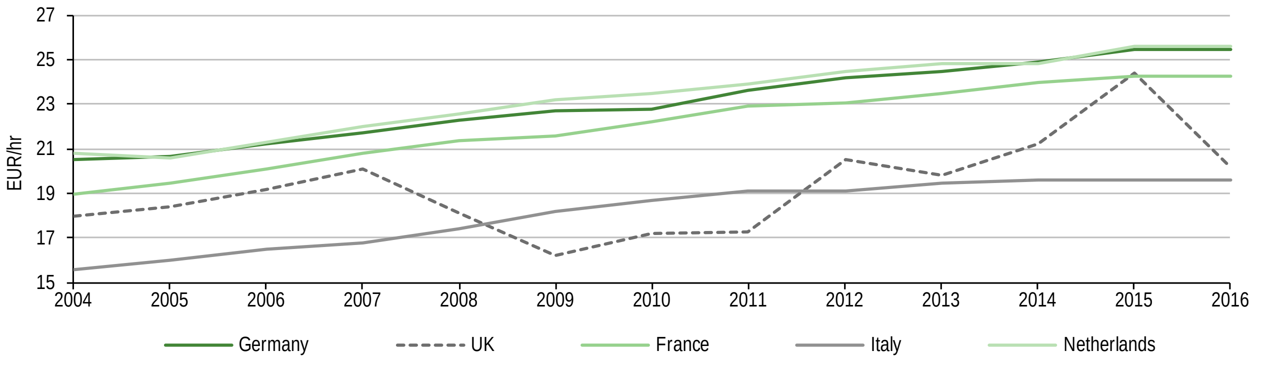
However, the UK's key pressure point is its large surplus in the provision of international services such as banking, law and insurance, and how this might be affected by Brexit. The UK has a £18bn surplus in the provision of services with the EU alone; any diminution of London's role with the EU would be likely to have a significant knock-on effect on London's role in other international financial markets. However, the 'Chinese wall' option – a failure to reach a post-EU agreement on services – is likely to be sufficiently unpalatable to all sides as to be unlikely, in our view.

From our perspective, the recent decline in sterling to levels well below long-run average real exchange rates has now simply priced in the factors and risks we have discussed above and we see relatively little merit in chasing the currency even lower. In the circumstances, the real mystery was why sterling was trading at such an overvalued level in the first place, hampering the closing of the deficit in traded goods.

We are therefore reluctant to join the crowd, which is predicting parity for sterling against the euro or the dollar – but also do not expect a rapid rebound. In addition, sterling volatility is likely to remain elevated at least until the market perceives that agreement has been reached, in an outline form, on the terms of the UK's exit from the EU.

For stock market investors, sterling depreciation of such a magnitude has already had a meaningful impact on the competitiveness of the UK's industrial base. According to the EU's own databases, UK wages are now materially below those of the Netherlands or Germany, Exhibit 6.

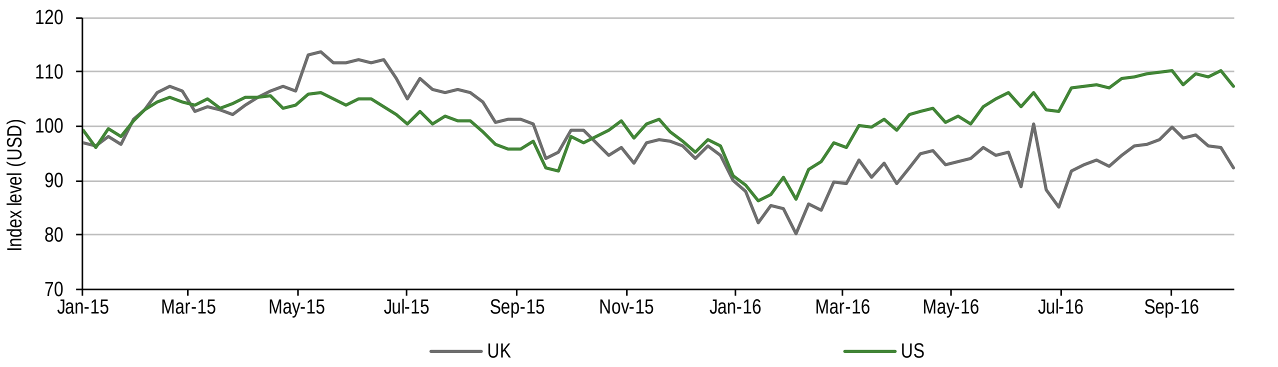
Exhibit 6: UK wages/hour now significantly lower than Germany after sterling decline



Source: Thomson Reuters Datastream

If we are correct that sterling is likely to continue to trade at a lower level for the an extended period of time then UK industrials with overseas sales exposure may benefit from a profitability windfall for longer than investors currently expect. We note that UK industrial companies with over 50% of sales overseas have meaningfully underperformed US peers over the last two years in US dollar terms, despite the robust local currency performance, Exhibit 7. Political uncertainty may result in a reduced appetite for inbound UK M&A in the short term, but investors should still be screening this segment of the market for quality franchises which are beneficiaries of weaker sterling and potential M&A activity in the medium term.

Exhibit 7: Underperformance of UK industrials with international sales vs US peers



Source: Thomson Reuters Datastream

Conclusion

The economic risks feared by investors at the start of 2016 have failed to materialise and the market rally since Q1 has been significant. We believe investors are ignoring growing political risks due to the difficulties in quantifying the impact on portfolios. Even if earnings estimates are stable, extended equity valuations should not be ignored. We highlighted the opportunities in commodities and energy in the context of a broadly overvalued market earlier in the year and believe contrarian overweight positions established then should now be scaled back.

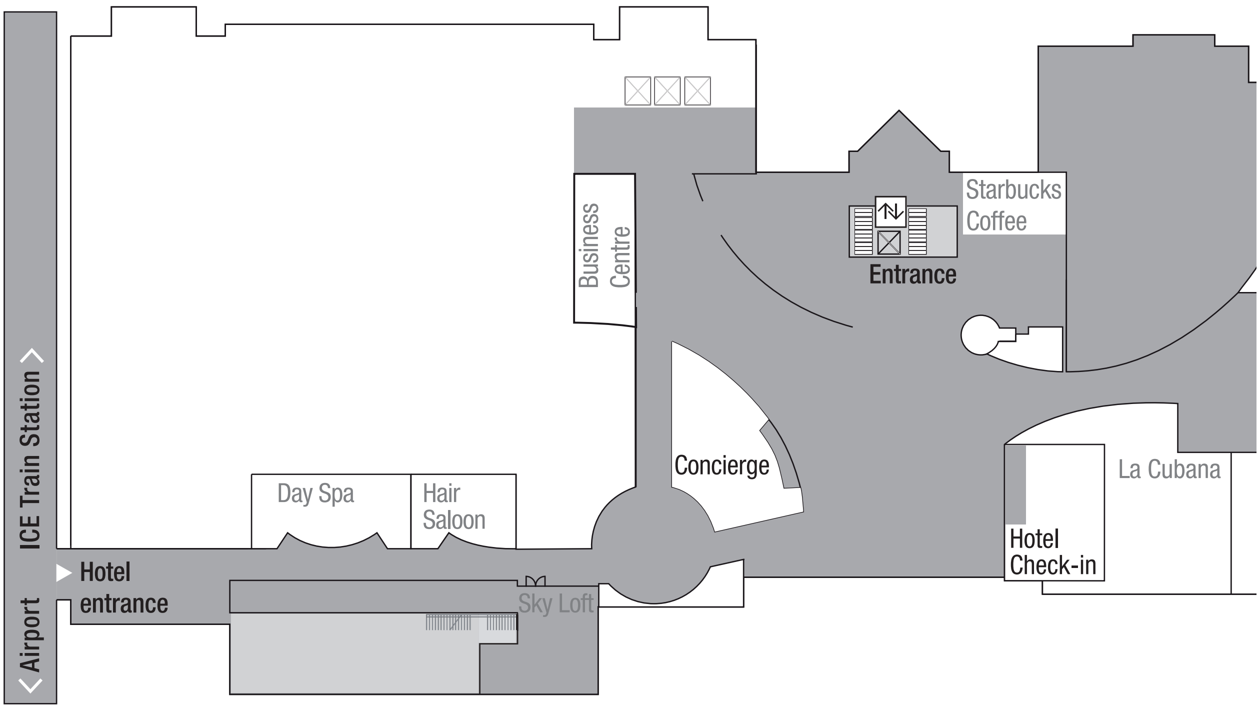
The decline in sterling is much less surprising in the context of the significant overvaluation recorded in recent years and in this context Brexit has merely acted as a trigger. In our view sterling has already declined sufficiently to factor in the known risks of the UK's departure from the EU but is likely to remain volatile and weak for some time. We believe investors should be screening for UK companies which will benefit from weaker sterling where share prices have underperformed international peers.

Floor plans and programme

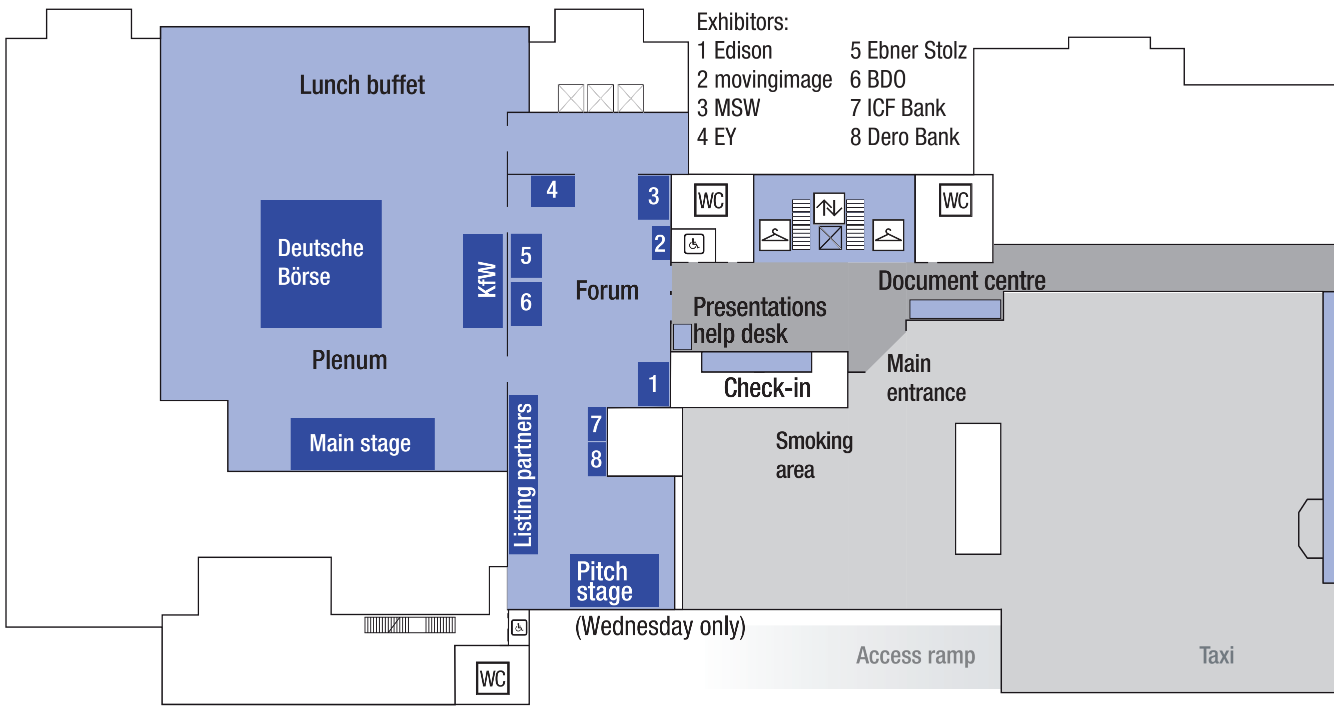
Floorplans

Main levels

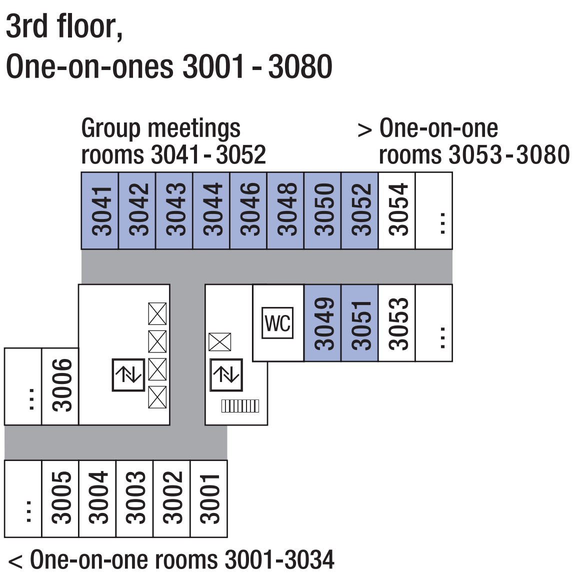
Level E2, Sheraton Hotel

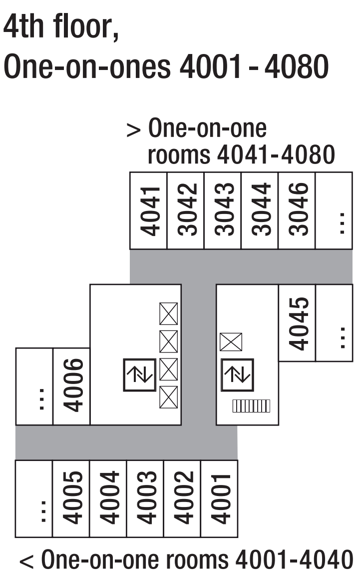


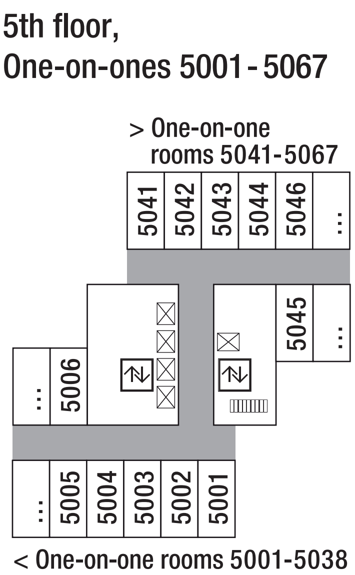
Level E1, Conference Center

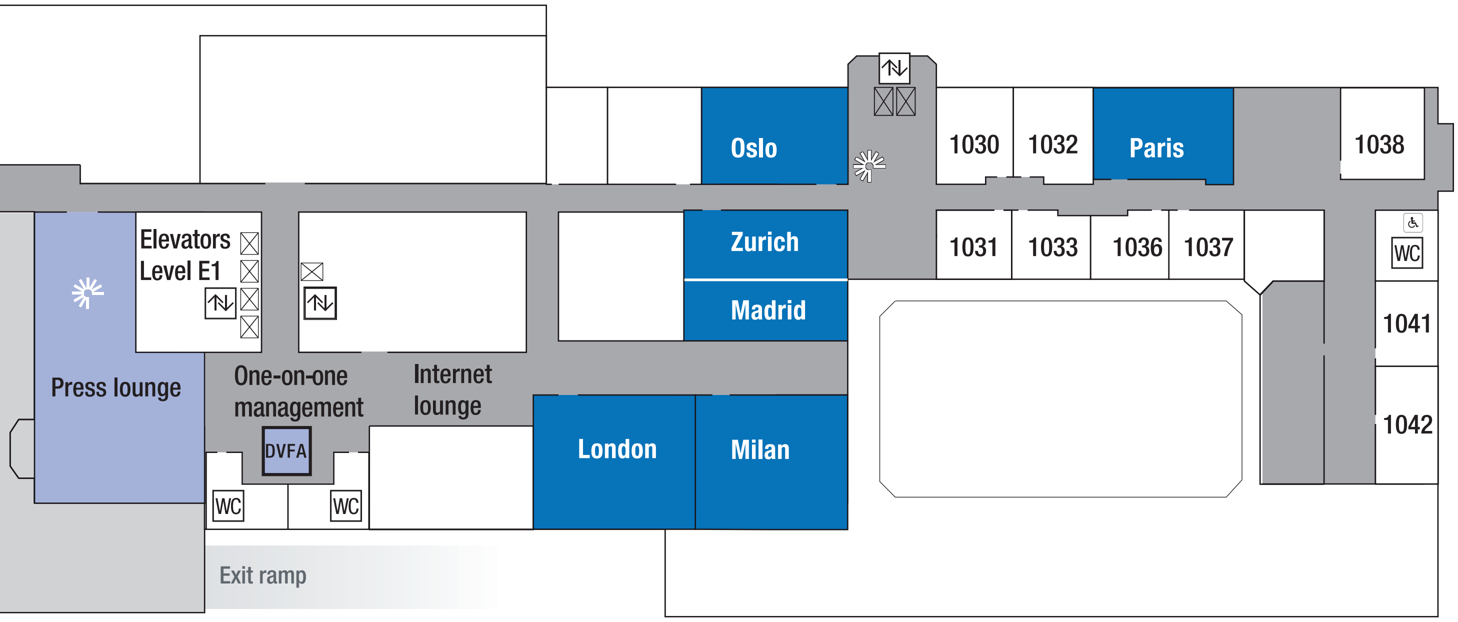


One-on-one floors









As of 02.11.2016

Analyst's conferences
Fall 2016

Participants in alphabetical order

Company name	Sector	Day	Time	Room
1-10				
2G Energy AG*	Industrial	Monday, 21.11.2016	17:00-17:30	Paris
3W Power S.A./AEG Power Solutions B.V.	Basic Resources		1on1 only	
4SC AG	Pharma & Biotech	Monday, 21.11.2016	11:00-11:30	Oslo
11 88 0 Solutions AG	Media	Wednesday, 23.11.2016	14:00-14:30	London
A				
aap Implantate AG	Medizintechnik	Tuesday, 22.11.2016	14:00-14:30	Oslo
Abivax S.A.	Pharma & Biotech	Tuesday, 22.11.2016	15:00-15:30	Oslo
adesso AG	Software	Monday, 21.11.2016	16:30-17:00	Madrid
Adler Modemärkte AG	Retail		1on1 only	
ADLER Real Estate AG	Real Estate	Tuesday, 22.11.2016	13:30-14:00	Paris
ADOCIA SAS	Pharma & Biotech	Tuesday, 22.11.2016	08:30-09:00	Oslo
Advanced Vision Technology (AVT) Ltd.	Industrial	Wednesday, 23.11.2016	14:30-15:00	Milan
Affimed N.V.	Pharma & Biotech	Monday, 21.11.2016	10:30-11:00	Oslo
Ahlers AG	Consumer	Tuesday, 22.11.2016	09:30-10:00	Zürich
All for One Steeb AG	Software	Tuesday, 22.11.2016	14:00-14:30	Madrid
Aroundtown Property Holdings Plc.	Real Estate	Tuesday, 22.11.2016	14:30-15:00	Paris
artnet AG*	Retail	Monday, 21.11.2016	12:00-12:30	Zürich
Asklepios*	Gesundheitsbranche	Tuesday, 22.11.2016	17:30-18:00	Zürich
asknet AG	eCommerce	Tuesday, 22.11.2016	17:30-18:00	Madrid
ATOSS Software AG	Software	Tuesday, 22.11.2016	11:30-12:00	Madrid
AURELIUS Equity Opportunities SE & Co. KGaA	Beteiligungsunternehmen	Tuesday, 22.11.2016	16:00-16:30	Paris
AutoBank AG*	Banks	Monday, 21.11.2016	16:00-16:30	Milan
B				
B.R.A.I.N. Biotechnology Research and Information Network AG	Pharma & Biotech	Tuesday, 22.11.2016	09:00-09:30	Oslo
Basler AG	Technology	Monday, 21.11.2016	14:30-15:00	London
Bastei Lübbe AG*	Media	Wednesday, 23.11.2016	12:00-12:30	London
Berentzen-Gruppe Aktiengesellschaft	Consumer	Tuesday, 22.11.2016	09:00-09:30	Zürich
bet-at-home.com AG*	Consumer	Wednesday, 23.11.2016	11:00-11:30	Madrid
Biofrontera AG*	Pharma & Biotech	Tuesday, 22.11.2016	12:00-12:30	Oslo
Borussia Dortmund GmbH & Co. KGaA*	Fußballunternehmen	Tuesday, 22.11.2016	14:00-14:30	Zürich
C				
CANCOM SE	Software	Tuesday, 22.11.2016	16:00-16:30	London
Capital Stage AG	Renewable Energies	Tuesday, 22.11.2016	18:00-18:30	Paris
CENIT AG*	Software	Monday, 21.11.2016	17:30-18:00	Madrid
CENTROTEC Sustainable AG	Industrial	Tuesday, 22.11.2016	09:30-10:00	London
CEWE Stiftung & Co. KGaA	Consumer	Tuesday, 22.11.2016	08:30-09:00	Zürich
Constantin Medien AG*	Media	Wednesday, 23.11.2016	10:00-10:30	London
CORESTATE Capital Holding S.A.	Real Estate	Tuesday, 22.11.2016	10:00-10:30	Paris
CropEnergies AG	Green Technology	Monday, 21.11.2016	14:00-14:30	Paris
curasan AG*	Pharma & Biotech	Tuesday, 22.11.2016	17:30-18:00	Oslo
D				
Daldrup & Söhne AG*	Basic Resources	Monday, 21.11.2016	11:00-11:30	Paris
Datagroup AG	Software	Monday, 21.11.2016	13:30-14:00	Madrid
DEAG Deutsche Entertainment AG	Media	Tuesday, 22.11.2016	11:30-12:00	Zürich
Decheng Technology AG	Chemicals	Monday, 21.11.2016	17:00-17:30	Zürich
DEFAMA Deutsche Fachmarkt AG*	Real Estate	Tuesday, 22.11.2016	09:30-10:00	Paris
Delticom AG	Retail		1on1 only	
DEMIRE Deutsche Mittelstand Real Estate AG	Real Estate	Tuesday, 22.11.2016	11:30-12:00	Paris
Deutsche Beteiligungs AG	Private Equity	Monday, 21.11.2016	15:00-15:30	Milan
Deutsche Börse AG	Deutsche Börse	Monday, 21.11.2016	13:30-14:00	Milan
Deutsche EuroShop AG	Financial Services		1on1 only	

Participants in alphabetical order

Company name	Sector	Day	Time	Room
D (Continued)				
Deutsche Lufthansa AG	Transportation		1on1 only	
DEUTZ AG	Industrial		1on1 only	
DF Deutsche Forfait AG	Financial Services	Monday, 21.11.2016	14:30-15:00	Milan
Dürr Aktiengesellschaft	Automobil/Maschinenbau/ Woodworking		1on1 only	
E				
Eckert & Ziegler Strahlen- und Medizintechnik AG*	Pharma & Biotech	Monday, 21.11.2016	13:30-14:00	Oslo
Einhell Germany AG*	Handel / DIY Bereich	Wednesday, 23.11.2016	12:00-12:30	Madrid
Elmos Semiconductor AG	Technology	Monday, 21.11.2016	14:00-14:30	London
Energiekontor AG	Erneuerbare Energien/Renewable Energies	Monday, 21.11.2016	12:00-12:30	Paris
Epigenomics AG	Pharma & Biotech	Tuesday, 22.11.2016	17:00-17:30	Oslo
Ergomed plc	Pharma & Biotech	Monday, 21.11.2016	15:00-15:30	Oslo
Erytech Pharma SA	Pharma & Biotech	Tuesday, 22.11.2016	09:30-10:00	Oslo
ETERNA Mode GmbH*	Consumer	Tuesday, 22.11.2016	16:00-16:30	Zürich
Evotec AG*	Pharma & Biotech	Tuesday, 22.11.2016	10:00-10:30	Oslo
exceet Group SE*	Technology	Monday, 21.11.2016	16:30-17:00	Zürich
EYEMAXX Real Estate AG	Real Estate	Tuesday, 22.11.2016	17:00-17:30	Zürich
F				
FACC AG	Aerospace & Defense (Aircraft parts & Components)	Monday, 21.11.2016	14:30-15:00	Zürich
Fair Value REIT-AG	Real Estate	Tuesday, 22.11.2016	11:00-11:30	Paris
Ferratum Oyj	Financial Services	Monday, 21.11.2016	10:30-11:00	Milan
FinLab AG*	Financial Services	Tuesday, 22.11.2016	17:00-17:30	Paris
FinTech Group AG	Financial Services	Monday, 21.11.2016	11:30-12:00	Milan
First Sensor AG	Technology	Monday, 21.11.2016	15:00-15:30	London
Formycon AG*	Pharma & Biotech	Tuesday, 22.11.2016	14:30-15:00	Oslo
Francotyp-Postalia Holding AG	Maschinenbau/ IT-Unternehmen	Tuesday, 22.11.2016	16:30-17:00	Paris
Fraport AG	Transportation		1on1 only	
G				
gamigo AG*	Software	Tuesday, 22.11.2016	15:00-15:30	Zürich
German Startups Group Berlin GmbH & Co. KGaA*	Financial Services	Monday, 21.11.2016	12:00-12:30	Milan
GESCO AG	Industrial	Tuesday, 22.11.2016	12:00-12:30	Milan
GFT Technologies SE	IT-Dienstleistungen	Tuesday, 22.11.2016	14:00-14:30	London
GK Software AG*	Software	Tuesday, 22.11.2016	11:00-11:30	Madrid
GRAMMER AG	Automobile	Tuesday, 22.11.2016	09:00-09:30	Milan
Grand City Properties S.A.	Real Estate	Tuesday, 22.11.2016	14:00-14:30	Paris
H				
Hapag-Lloyd AG	Transportation	Monday, 21.11.2016	10:30-11:00	London
Hawesko Holding AG	Retail	Tuesday, 22.11.2016	10:00-10:30	Zürich
Heliad Equity Partners GmbH & Co KGaA	Financial Services	Tuesday, 22.11.2016	17:30-18:00	Paris
HELMA Eigenheimbau AG*	Real Estate	Tuesday, 22.11.2016	12:00-12:30	Paris
Highlight Communications AG*	Media	Wednesday, 23.11.2016	09:30-10:00	London
HOCHDORF Holding AG*	Nahrungsmittelindustrie	Wednesday, 23.11.2016	10:00-10:30	Madrid
HolidayCheck Group AG	Software	Tuesday, 22.11.2016	09:00-09:30	Madrid
Hypoport AG	Financial Services	Monday, 21.11.2016	11:00-11:30	Milan
I				
init innovation in traffic systems AG	Software	Tuesday, 22.11.2016	17:00-17:30	Madrid
Intershop Communications AG	Software	Tuesday, 22.11.2016	13:30-14:00	Madrid
InVision AG	Software	Monday, 21.11.2016	16:00-16:30	Madrid
ISRA VISION AG	Technology	Tuesday, 22.11.2016	11:00-11:30	London
IVU Traffic Technologies AG*	Software	Monday, 21.11.2016	14:30-15:00	Madrid
J				
JDC Group AG	Financial Services	Monday, 21.11.2016	16:30-17:00	Milan
JENOPTIK AG	Technology		1on1 only	

* Presentation in German

Analyst's conferences
Fall 2016

Participants in alphabetical order

Company name	Sector	Day	Time	Room
K				
K+S Aktiengesellschaft	Chemicals		1on1 only	
Keywords Studios PLC	Software	Tuesday, 22.11.2016	16:00-16:30	Madrid
Kiadis Pharma N.V.	Pharma & Biotech	Tuesday, 22.11.2016	16:30-17:00	Oslo
Klöckner & Co SE	Stahldistribution	Wednesday, 23.11.2016	14:00-14:30	Milan
KROMI Logistik AG	Industrial	Monday, 21.11.2016	16:00-16:30	Zürich
L				
LANXESS AG	Chemicals		1on1 only	
Leifheit AG	Consumer	Wednesday, 23.11.2016	09:30-10:00	Madrid
LifeWatch AG	Medical Devices / Service Provider of medical data	Tuesday, 22.11.2016	13:30-14:00	London
Lotto24 AG	E-Commerce	Tuesday, 22.11.2016	11:00-11:30	Zürich
LPKF Laser & Electronics AG	Technology	Tuesday, 22.11.2016	09:30-10:00	Milan
M				
M.A.X. Automation AG*	Maschinenbau		1on1 only	
MagForce AG	Pharma & Biotech	Monday, 21.11.2016	14:00-14:30	Oslo
Manz AG	Maschinenbau	Tuesday, 22.11.2016	11:30-12:00	London
Masterflex SE	Industrial	Tuesday, 22.11.2016	14:30-15:00	Milan
MBB SE*	Industrial	Tuesday, 22.11.2016	11:30-12:00	Milan
Mensch und Maschine Software SE*	Software	Tuesday, 22.11.2016	14:30-15:00	Madrid
MLP AG	Financial Services	Tuesday, 22.11.2016	15:00-15:30	Paris
Mologen AG	Pharma & Biotech	Tuesday, 22.11.2016	11:30-12:00	Oslo
MorphoSys AG	Pharma & Biotech	Monday, 21.11.2016	14:30-15:00	Oslo
msg life ag*	Software	Monday, 21.11.2016	15:00-15:30	Madrid
mutares AG*	Beteiligungsgesellschaft	Monday, 21.11.2016	14:00-14:30	Milan
mybet Holding SE	Entertainment	Wednesday, 23.11.2016	11:30-12:00	Madrid
MyBucks S.A.*	Financial Services	Monday, 21.11.2016	17:30-18:00	Milan
N				
Nanogate AG	Technologie / Hochleistungsoberflächen	Monday, 21.11.2016	16:30-17:00	London
Nemetschek SE	Software	Tuesday, 22.11.2016	15:00-15:30	London
Neue ZWL Zahnradwerk Leipzig GmbH*	Automobile	Tuesday, 22.11.2016	14:30-15:00	Zürich
Newron Pharmaceuticals SpA	Pharma & Biotech	Tuesday, 22.11.2016	16:00-16:30	Oslo
NEXUS AG	Software	Tuesday, 22.11.2016	12:00-12:30	Madrid
Nicox SA	HEALTHCARE	Tuesday, 22.11.2016	13:30-14:00	Oslo
O				
OHB SE	Raumfahrt	Tuesday, 22.11.2016	17:00-17:30	Milan
OTI Greentech AG	Green Technology	Tuesday, 22.11.2016	16:00-16:30	Milan
P				
PAION AG	Pharma & Biotech	Tuesday, 22.11.2016	11:00-11:30	Oslo
PANTALEON Entertainment AG*	Media	Wednesday, 23.11.2016	11:30-12:00	London
paragon AG	Automobile	Monday, 21.11.2016	12:00-12:30	London
Peach Property Group AG*	Real Estate	Monday, 21.11.2016	17:00-17:30	Milan
Pfeiffer Vacuum Technology AG	Industrial	Tuesday, 22.11.2016	17:30-18:00	London
Phoenix Solar Aktiengesellschaft, Sulzemoos*	Green Technology	Monday, 21.11.2016	16:30-17:00	Paris
PNE WIND AG*	Green Technology	Monday, 21.11.2016	14:30-15:00	Paris
POLYTEC HOLDING AG	Automobile	Tuesday, 22.11.2016	18:00-18:30	Milan
Probiodrug AG	Pharma & Biotech	Monday, 21.11.2016	16:30-17:00	Oslo
Progress-Werk Oberkirch AG*	Automobile	Monday, 21.11.2016	11:30-12:00	London
PSI AG	Software	Tuesday, 22.11.2016	09:30-10:00	Madrid
Publity AG*	Real Estate	Tuesday, 22.11.2016	09:00-09:30	Paris
PVA TePla AG	Industrial	Monday, 21.11.2016	17:00-17:30	London

Participants in alphabetical order

Company name	Sector	Day	Time	Room
R				
R. Stahl Aktiengesellschaft	Industrial		1on1 only	
RedHill Biopharma Ltd.	Pharma & Biotech	Monday, 21.11.2016	12:00-12:30	Oslo
Reply SpA	Software	Tuesday, 22.11.2016	15:00-15:30	Madrid
RIB Software AG*	Software	Monday, 21.11.2016	12:00-12:30	Madrid
Ringmetall AG	Industrial	Wednesday, 23.11.2016	13:30-14:00	Milan
RNTS Media N.V.*	Software	Tuesday, 22.11.2016	10:00-10:30	Madrid
S				
S&T AG	IT	Monday, 21.11.2016	16:00-16:30	London
Salzgitter AG	Industrial	Tuesday, 22.11.2016	10:00-10:30	Milan
Sartorius AG	Pharma & Biotech	Tuesday, 22.11.2016	18:00-18:30	Oslo
Schaltbau Holding AG	Industrial	Tuesday, 22.11.2016	13:30-14:00	Milan
Scout24 AG	Internet / Medien	Tuesday, 22.11.2016	12:00-12:30	Zürich
SFC Energy AG	Green Technology	Monday, 21.11.2016	15:00-15:30	Paris
Siltronic AG	Technology	Wednesday, 23.11.2016	13:30-14:00	Madrid
SINGULUS TECHNOLOGIES AG	Industrial	Tuesday, 22.11.2016	11:00-11:30	Milan
SinnerSchrader AG	Software	Monday, 21.11.2016	14:00-14:30	Madrid
SLM Solutions Group AG	Industrial	Tuesday, 22.11.2016	17:00-17:30	London
SMT Scharf AG	Industrial	Wednesday, 23.11.2016	15:00-15:30	Milan
SNP Schneider-Neureither & Partner AG*	Software	Tuesday, 22.11.2016	16:30-17:00	Madrid
Softing AG	Industrial	Monday, 21.11.2016	17:30-18:00	London
Software AG	Software		1on1 only	
Solutions 30 SE	Technology	Tuesday, 22.11.2016	12:00-12:30	London
STRATEC Biomedical AG	Pharma & Biotech	Tuesday, 22.11.2016	14:30-15:00	London
SURTECO SE	Industrial	Tuesday, 22.11.2016	15:00-15:30	Milan
SYGNIS AG	Pharma & Biotech	Monday, 21.11.2016	17:00-17:30	Oslo
SynDermix AG	Consumer	Tuesday, 22.11.2016	18:00-18:30	Zürich
SYZYGY AG*	Media	Wednesday, 23.11.2016	11:00-11:30	London
SÜSS MicroTec AG	Technology	Tuesday, 22.11.2016	16:30-17:00	London
T				
TAKKT AG	Retail	Monday, 21.11.2016	10:30-11:00	Zürich
technotrans AG	Industrial	Tuesday, 22.11.2016	16:30-17:00	Milan
TXCELL	Pharma & Biotech	Monday, 21.11.2016	17:30-18:00	Oslo
U				
UMT United Mobility Technology AG	Technology	Monday, 21.11.2016	15:00-15:30	Zürich
UNIWHEELS AG	Automobile	Monday, 21.11.2016	13:30-14:00	London
USU Software AG	Software	Monday, 21.11.2016	17:00-17:30	Madrid
V				
va-Q-tec AG	Industrial	Monday, 21.11.2016	14:00-14:30	Zürich
Valneva SE	Pharma & Biotech	Monday, 21.11.2016	18:00-18:30	Oslo
Vectron Sytems AG*	Technology	Tuesday, 22.11.2016	09:00-09:30	London
VERBIO Vereinigte BioEnergie AG	Green Technology	Monday, 21.11.2016	11:30-12:00	Paris
Villeroy & Boch AG	Consumer		1on1 only	
Viscom AG	Industrial	Tuesday, 22.11.2016	14:00-14:30	Milan
Vita 34 AG*	Pharma / Biotechnologie	Monday, 21.11.2016	16:00-16:30	Oslo
VST BUILDING TECHNOLOGIES AG	Construction	Tuesday, 22.11.2016	16:30-17:00	Zürich
W				
Washtec AG*	Industrial	Tuesday, 22.11.2016	17:30-18:00	Milan
WILEX AG	Pharma & Biotech	Monday, 21.11.2016	11:30-12:00	Oslo
Wincor Nixdorf AG (keine 1on1s)	Technology	Tuesday, 22.11.2016	10:00-10:30	London
windeln.de AG	Retail	Monday, 21.11.2016	13:30-14:00	Zürich
Wüstenrot & Württembergische AG	Financial Services		1on1 only	
Z				
ZEAL Network SE	Retail	Monday, 21.11.2016	11:00-11:30	Zürich
zooplus AG	E-Commerce	Monday, 21.11.2016	11:30-12:00	Zürich

* Presentation in German

Consumer

EDISON

bet-at-home

Travel & leisure

Leading European online betting company

bet-at-home is a long-established sports-betting brand with positive growth drivers: an increasing proportion of betting is being done online, including on mobile. An aggressive H116 marketing campaign is forecast to deliver strong profits growth in 2017. Cash balances are expected to swell with the repayment of a €56m shareholder loan during 2017, part of which will be distributed to bet-at-home shareholders by way of dividends in May 2017. The prospective yield (8.9%) adds to the shares' attractions.

Long-established European sports-betting brand

bet-at-home's main markets are Austria (24% of gross win), W. Europe including Germany (47%) and E. Europe (28%). The mix of gross gaming revenue (GGR) between sports and eGaming (casino, games, poker) is roughly 50/50. About 30% of revenues now come from mobile, below the peer average but growing fast. Some of its markets are fully licensed (eg the UK) but formal licensing has not yet been introduced in many of its main markets, where it pays taxes and VAT as applicable and operates under its EU licence. There is some risk that earnings may be affected by new taxes in regulating markets such as the Netherlands and Poland, but this is in line with peers such as GVC, Betsson and Unibet.

Marketing investment to pay off in H216 and 2017

Major sporting events such as UEFA Euro 2016 are an excellent way to attract new customers and bet-at-home spent €26.6m on advertising in H116, 40% of GGR (H115: €15m, 27%). Customer numbers increased to 4.5 million (H115: 4.1 million) but EBITDA fell to €9.0m (H115: 16.0m). Analysts expect H216 advertising spend of only €16m, while 2017 does not have a similar big tournament. Hence consensus 2016 EBITDA is broadly flat at €31.2m, but with a 20% increase in 2017 to €38.4m. bet-at-home had €43.5m of cash at 30 June (€32.9m excluding player balances) plus a €55.6m loan receivable from Mangas (Betclic) with repayments due to begin shortly. It will pay a special dividend in May 2017 in addition to the ordinary payout; the total amount is expected to be €5-7.5/share (consensus €6.17).

Valuation: 2017 EV/EBITDA of 11.5x

bet-at-home shares have performed well in 2016, helped by a move up to the Frankfurt Prime Segment in August. It is now rated broadly in line with the peer group on a 2017 EV/EBITDA of 11.5x (peer average of 10.5x). However, its healthy cash position and the 2016e forecast yield of 8.9% are added attractions.

Consensus estimates

Year end	Revenue (GGR) (€m)	EBITDA (€m)	EBIT (€m)	EPS* (c)	DPS* (c)	P/E (x)	Yield (%)
12/14	107.0	26.7	25.8	3.65	0.60	18.9	0.9
12/15	121.6	31.7	30.8	4.37	2.25	15.8	3.3
12/16e	132.7	31.2	30.0	3.81	6.17**	18.1	8.9
12/17e	145.0	38.4	37.1	4.47	2.5	15.4	3.6
12/18e	160.0	43.7	42.2	5.15	3.0	13.4	4.3

Source: Bloomberg, Edison Investment Research. Note* 2014/15 restated for 1:1 bonus shares issued June 2016. ** 2016e dividend includes special dividend.

Price	€69.03
Market cap	€485m

Share price graph

Share details

Code	ACX
Shares in issue	7.02m
Net cash* (€m) at 30 June 2016	43.5

*€32.9m excluding player balances.

Business description

bet-at-home is an online sports-betting and gaming company with c 290 employees. Founded in 1999, it is licensed in Malta and headquartered in Dusseldorf, Germany. bet-at-home has been part of the privately owned French online gaming and sports betting group Betclic Everest since 2009; it owns 56.2%.

Bull

- Strong brand name and 4.5 million customers.
- Online gambling is a growing market, eg online sports betting CAGR 6% to 2020 (H2GC).
- Cash of €43.5m plus a loan receivable from shareholders of €55.6m.

Bear

- Regulatory risks, eg new gaming taxes.
- Competitive markets.
- 2016 profits affected by high marketing spend.

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bet-at-home is a client of Edison Investment Research Limited

Borussia Dortmund

Travel & leisure

Giving their all

Ahead of Q1 results on 11 November, a broadly positive start to the season confirms coach Tuchel's successful record of squad development after high-profile departures. Renewed strength in depth and typically attractive style of play complement escalating scope for transfer gains. Despite inflationary wage pressure, we look for a doubling this year in pre-transfer EBITDA (our key metric), albeit from a reduced base (FY16 pre-transfer EBITDA was slightly below our expectations). A new lucrative deal on Bundesliga media rights drives FY18 growth prospects, assuming continued Champions League. Finances remain impressively disciplined.

Q4: Success at a price

Dortmund ended the year well with Q4 pre-transfer revenue up 13% on the back of Europa League involvement, Champions League qualification and a return to the German Cup Final. However, also as expected, costs were again an issue, hence pre-transfer EBITDA reduced to €1m from €4m in Q415, as adjusted for a 'negative outcome' insurance claim. This is attributed to pressures associated with key player retention and variable expenses, eg player bonuses, advertising agency commissions and match operations. For the full year, advertising was especially buoyant (+12%) thanks to on-field success and a growing presence in Asia.

Profit growth to resume

Our forecasts are notable for strong revenue generation from renewed Champions League access and a new Bundesliga broadcasting deal from FY18. However, labour costs are also set to continue to rise sharply; after +19% last year we assume +14% in the current period and +10% next year. Our forecast FY18 PBT and EPS reflect transfer gains, which are notional but reasonable, given the company's record and significant surplus of market value to net player assets (c €175m if the June 2016 carrying value of €65m plus estimated subsequent spend of c €110m is set against www.transfermarkt.de's current valuation of €350m).

Valuation: Possible breakout

The market's positive appreciation of Dortmund rebuilding and a possible step-change in profit is welcome, albeit early days. Even after recent share price buoyancy, an EV/EBITDA of 11x FY18e does not fully recognise the long-term potential of powerful brand development, valuable media rights and strong cash flow, backed by season ticket sales and hidden reserves from player investment.

Edison estimates

Year end	Revenue* (€m)	EBITDA* (€m)	PBT** (€m)	EPS** (€)	DPS (c)	EV/EBITDA* (x)
06/15	263.6	48.0***	44.2***	0.43***	0.05	10.4
06/16	281.3	15.3	73.8	0.68	0.06	32.7
06/17e	307.0	30.0	51.0	0.47	0.06	16.3
06/18e	340.0	42.0	66.0****	0.61****	0.06	11.0

Source: Company data, Edison Investment Research. *Before player transfer income. **PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments. ***Including insurance claim benefit (our estimate c €12m). ****Assuming €37m player transfer profit.

Price €5.77
Market cap €531m

Share price graph

Share details

Code	BVB
Shares in issue	92.0m
Net cash (€m) as at June 2016 including finance leases	30.1

Business description

The group operates Borussia Dortmund, a leading German football club, runners-up in the 2015/16 Bundesliga and competing in this season's UEFA Champions League (quarter-finalists in 2015/16 UEFA Europa League).

Bull

- One of the best supported clubs in Europe with major brand and stadium assets.
- Successful squad of players with significant transfer value potential.
- Strong finances (net cash).

Bear

- Unpredictable business, although increasingly mitigated by long-term commercial contracts.
- Subject to external governing bodies.
- Pressures on consumer spending.

Analysts

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Borussia Dortmund is a client of Edison Investment Research Limited

EDISON

Constantin Medien

Media

Strategy in limbo

Visibility on support for management's proposed strategy to exit Film and rationalise the holding structure should be clearer post the shareholder meeting on 9/10 November. However, clarity regarding its legal ability to execute that strategy through its majority in HLG is also needed before a fair assessment of the share's value can be made.

H1 results: Operationally, a good start to the year

H116 revenues increased 35% to €264m, EBIT by 13.4% to €11m and net profit moved from a loss of €0.2m to a profit of €1.0m. All divisions performed well although rising investment in sports content and P&A costs supporting key releases in Film affected margins. Sports revenues were flattish, a good outcome given the impact the Olympics and Euro 2016 typically have on viewing figures. In Film, while the box office has been weak in H1, revenues increased 66%, led by licence trading and home entertainment sales related to its bumper 2015 cinema release slate. In Sports & Events Marketing revenues increased 28% as TEAM continued to benefit from its successful rights renegotiations for UEFA club competition.

Outlook: Guidance reiterated for FY16

Guidance was reiterated at H116 results: FY16 revenues of €550-590m, EBIT €29-33m and earnings attributable to shareholders €6-9m. In 2017, the return of Resident Evil and the upcoming film slate should help sustain the recent strong performance in Film, and TEAM should continue to benefit from its new contracts. However, the sports division is recalibrating in parts following the loss of the Sky contract by PLAZAMEDIA and the Monday night Bundesliga game on SPORT1 from summer 2017.

Valuation: Potential for group restructuring unclear

The board believes that value can be crystallised by exiting the German Film business and focusing on Sports and Sports & Events Marketing, as well as rationalising the holding cost structure. Funds released could pay down debt and rebalance returns paid to equity holders. However, there are two key obstacles. A group of shareholders including the CEO of HLG is not aligned with this strategy, which will be put to a shareholder vote at the AGM on the 9/10 of November. Secondly, Constantin may need to exercise its rights as a majority shareholder in HLG. However, a dispute with a debtor, which blocked release of 24m pledged HLG shares against repayment of a loan by Constantin, has called into question its position of influence. The dispute is not yet settled.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/14	488	8.4	(3.7)	0.0	N/A	N/A
12/15	481	28.4	11.4	0.0	18.0	N/A
12/16e	563	25.6	11.0	2.5	18.6	1.2
12/17e	570	29.5	15.3	2.5	13.4	1.2

Source: Bloomberg

Price	**€2.05**
Market cap	**€192m**

Share price graph

Share details

Code	EV4
Shares in issue	93.6m
Net debt (€m) at 30 June 2016	51.2

Business description

Constantin Medien owns and operates its own portfolio of sports platforms under the Sport1 brand and the sports production business PLAZAMEDIA. Through its 61% investment in Switzerland-based Highlight Communications it consolidates the activities of Germany's leading film group, Constantin Film, as well as the activities of TEAM, one of the world's leading sports and event marketing groups, and distribution organisation Rainbow Home Entertainment.

Bull

- Strong position in Germany for film, TV production and sports.
- Increasing demand for quality content from OTT platforms.
- Key Bundesliga Highlights rights locked in to 20/21 season.

Bear

- Investment in film and TV production can be hit and miss. Film is a fairly mature sector.
- Sports rights inflation continues unabated (although hedged through its exposure to TEAM).
- Revenue risk for PLAZAMEDIA given the recent loss for the Sky contract from 2016/17 season.

Analysts

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EDISON

Leifheit

General retailers

Cleaning up

Ahead of Q3 results on 10 November, Leifheit is buoyed by the increasing success of its medium-term growth strategy, a more generous dividend policy and enlarged free float, marked by its recent admission to the SDAX. 30% higher underlying EBIT in H116 is testimony to a renewed focus on brands and margins and reinforces confidence in August's guidance of little change in H2 underlying EBIT. Strong finances (c €60m net cash at June 2016) should continue to facilitate growth, as well as a new readiness to distribute surplus liquidity as special dividends.

Clear payoff from 'Leifheit 2020' strategy in H116

The half year to June was notable for a 30% rise in underlying EBIT, adjusted for €1.0m negative from forex (€1.9m positive in H115), ie €11.1m against €8.5m. This is all the more impressive as an acceleration on buoyant preceding halves (underlying EBIT +12% and +22% respectively) and further evidence of the benefits from a focus on innovation, the customer, e-commerce and growth markets. In this respect, Eastern Europe stole the show with revenue up 43%, boosted by targeted pricing of the Leifheit brand and a new logistics centre. Central Europe also saw double-digit revenue gain (+17%), while Germany, Leifheit's largest single market, would have improved but for the end of contract manufacturing and a key client move. Volume Business, which is no longer the strategic focus, was helped by initial inclusion of a new trade partner. Overall, revenue growth was 7% and thus well ahead of management's target of 3-4% for the full year.

Consensus forecasts appear realistic

August's guidance of c €21-22m underlying EBIT for 2016 assumes a broadly unchanged y-o-y performance (-7% to +2%) in the second half. While seemingly cautious, given H1 strength, confirmed full-year revenue expectations and growing confidence in 'Leifheit 2020,' H215 was materially boosted by the aforementioned Volume one-off. Reported 2015 profit was flattered by currency (€2.5m against no assumed benefit for 2016), hence the slight progress forecast for this year.

Valuation: Gathering momentum

Leifheit's premium rating (2017e P/E of 18x) appears justified by its consistent profit delivery and increasing confidence that its enhanced strategy (targeted organic growth of 4-5% CAGR until 2020) is paying off. The new lure of a possible special dividend (€0.75 in 2015) supplements an already generous payout record.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	220.7	19.8	2.97	1.80	20.2	3.0
12/15	231.8	20.2	3.02	2.00*	19.9	3.3
12/16e	240.0	20.6	3.04	2.58	19.7	4.3
12/17e	250.0	21.6	3.31	2.77	18.1	4.6

Source: Bloomberg. Note: *Plus special dividend of 0.75c.

Price	€60.00
Market cap	€285m

Share price graph

Share details

Code	LEI
Shares in issue*	4.75m
*Excluding 0.25m treasury	
Net cash (€m) at 30 June 2016	59.8

Business description

Leifheit is a leading European brand supplier of household items, notably cleaning, laundry care, kitchen goods and well-being.

Bull

- Well-known brands with strong market positions.
- Product innovation.
- Strong finances (net cash).

Bear

- Pressures on consumer spending.
- Secondary Volume business in decline (being managed for profitability).
- Exchange rate exposure (58% of H116 revenue from outside Germany).

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EDISON

Lotto24

Travel & leisure

High-growth online lottery brokerage

Lotto24 increased its share of the German online lottery market to 26% in 2015 (up from only 12% in 2013), building on its first mover advantage and management experience. With online still only accounting for 7% of the German lottery market, there is plenty of scope for continued market growth. Lotto24 recently upgraded its 2016 guidance, with nine-month revenues up 40%, putting the business well on course to achieve analyst forecasts of maiden profits in 2017. Moreover, Lotto24 does not expect to require any further funding before it reaches break even.

Leading market position firmly established

The German online lottery market was closed between 2009 and 2012, when new licences were awarded (with advertising permitted from 2013). The total lottery market was worth €7.3bn in 2015 of which online was only 7%, versus 54% for online banking, for example. During 2015 Lotto24 continued to take market share from the traditional federal state lotteries, while also pulling well ahead of other licensed independent providers (which had a combined share of under 10%). Management has over 10 years of online lottery expertise (initially within Tipp24); its first-mover advantage and market leadership is very important as lottery customers are very loyal. It brought its technology in-house in 2015; it is highly scalable and Lotto24 could extend its range with B2B/B2G products in due course.

Nearing breakeven, well on target

H116 revenues increased 50% to €9.2m (H115: €6.1m) and the EBIT loss narrowed to €3.4m (H115: €7.9m). Q316 was well above management expectations with large jackpots (which increase player interest) offsetting the effect of UEFA 2016. On 10 October management increased guidance and now expects 2016 billings to increase by 35-40% (previously 25-30%) with a 'clear' (previously 'slight') increase in gross margin. In September it signed an agreement with the Günther Group for a loan of up to €3.5m and does not expect to require further funding.

Valuation: Share price reflects strong performance

Lotto24 shares have risen by over 65% over the past year reflecting its success in scaling up and earnings upgrades. After heavy investment in IT and marketing it is now moving towards break even. It has a very attractive commission-based business model, with no bookmaking risk and strong organic growth potential.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (c)	P/E (x)	Yield (%)
12/14	7.7	(14.2)	(0.79)	0.0	N/A	N/A
12/15	13.5	(13.5)	(0.47)	0.0	N/A	N/A
12/16e	21.1	(5.2)	(0.10)	0.0	N/A	N/A
12/17e	26.1	0.6	0.01	0.0	N/A	N/A
12/18e	32.2	6.0	0.21	0.0	30.0	N/A

Source: Company data, Bloomberg

Price	**€6.29**
Market cap	**€152m**

Share price graph

Share details

Code	LO24
Shares in issue	24.2m
Net cash (€m) at 30 June 2016	2.9

Business description

Lotto24 is Germany's leading online provider of state-licensed lotteries. It receives commissions when customers enter German lotteries such as 'Lotto6aus49' and does not bear the bookmaking risk. It was founded by Tipp24 (now ZEAL Network) in 2010 and spun off and listed on the Frankfurt exchange (Prime Standard) in 2012.

Bull

- Strong organic growth prospects.
- Leading market position.
- Scalable technology, online and mobile.

Bear

- Still in development phase (consensus is for a move into profit in 2017).
- Competitive markets, including a recent increase in marketing by secondary lotteries.
- Ongoing regulatory uncertainties concerning the competitive framework of the German gambling industry going forward (but no material recent change, and some operational restrictions eg concerning regionalisation could be relaxed).

Analyst

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EDISON

ZEAL Network

Gaming

Long-established online lottery specialist

ZEAL's core secondary lottery business remains highly profitable despite an unusually high pay-out in H116, which will depress current year results. It is expanding internationally and continuing to invest in developing its B2B/B2G business. The steady shift of lottery players online is a positive growth driver and net cash of €90m underpins a €2.80/share dividend in 2016 (quarterly payments of €0.70). The high yield of over 9% reflects the earnings volatility and some risk that German VAT may become applicable (which would materially dent EBIT; the likelihood is difficult to quantify).

Leveraging lottery expertise

ZEAL's B2C business organises 'secondary lotteries', mainly for German-speaking customers who bet on the outcome of primary European lotteries such as 'Lotto6aus49'. The business is mature and ZEAL's margins are high, but they can also fluctuate materially since it bears the bookmaking risk (partly hedged). It has increased advertising in 2016, including on TV, as media owners have been more willing to accept adverts after some favourable European court rulings (although it has no formal German advertising permit). ZEAL's B2B/B2G activities account for c 5% of revenues and are still in the business development phase. The Spanish ONCE charity lottery partnership has just moved into profit. ZEAL has a partnership with UNICEF in Norway and is also applying for a licence in the Netherlands.

Earnings volatility but a strong cash position

ZEAL's EBIT increased to €42.9m in 2015 helped by a €17.5m reduction in gaming duty (UK POC tax applied on a point of consumption basis from December 2014). H116 EBIT fell to €10.3m (H115: €18.5m) due to a €37m pay-out in May 2016 (of which insurance covered €20m). Management guidance is for 2016 revenue (total operating performance) of €125-135m and EBIT of €25-35m. There is material downside risk to EBIT forecasts if the authorities deem that VAT is applicable to MyLotto24's German customers. Since 1 January 2015 VAT has been based on the location of the customer rather than the point of supply (and paid by gambling operators such as GVC), but it is unclear if it is applicable to secondary lotteries or how it would be calculated (2015 Annual Report, note 26). ZEAL is financially strong with cash of €111m at 30 June (or c €40m net of working capital and allowing for €50m of hedging reserve).

Valuation: High yield reflects risks

ZEAL Network's shares have fallen by 27% over the past year, reflecting the earnings volatility and VAT risk; the high yield is supported by the cash position.

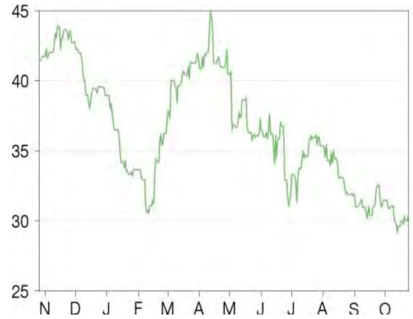
Consensus estimates

Year end	Revenue (€m)	EBIT (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	145.7	19.2	12.5	0.63	7.50*	47.6	25.0
12/15	141.0	42.9	19.6	0.16	2.80	187.5	9.3
12/16e	128.7	30.4	34.7	2.61	2.80	11.5	9.3
12/17e	155.0	47.9	48.9	3.95	2.80	7.6	9.3

Source: Bloomberg, Edison Investment Research. Note: * one-off special.

Price	€30.00
Market cap	€252m

Share price graph



Share details

Code	TIM
Shares in issue	8.4m
Net cash (€m) as at 30 June 2016	90.0

Business description

ZEAL Network is an online lottery business founded in 1999. It has a B2C lottery-based games business (secondary lottery betting and instant win games) and also offers B2B/B2G lottery solutions (including white label lotteries in the charity and associated sports organisation sectors).

Bull

- Online lottery expertise.
- New growth opportunities in Europe and internationally as lotteries move online.
- Strong balance sheet.

Bear

- Unexpected earnings fluctuations due to large lottery pay-outs.
- Competitive markets.
- Regulatory and tax/VAT risks.

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Financials

EDISON

Deutsche Börse

Financial services

Not all about the merger

As well as the pursuing the proposed merger with the London Stock Exchange (LSE), Deutsche Börse has been making progress implementing other measures to achieve its strategic goal of accelerating earnings growth. At the half-year stage, the group reiterated its guidance for earnings growth of 10-15% for the full year with cost-cutting measures potentially compensating for lower-than-expected revenues. The LSE merger could generate synergies of c 20% of combined 2015 costs and c 3% of revenues by year three at current exchange rates.

Growth strategy and H116 earnings

The Accelerate strategy aims to provide a foundation for faster growth through closer alignment with customers and shareholders, the adoption of clear organic growth targets by business, and better allocation of capital to take advantage of acquisition opportunities. The ultimate aim is to be the global leader or number two in each of its business areas. The successful acquisitions in H116 of the STOXX index business and 360T FX trading platform show progress towards that goal. Internally, a new compensation scheme, global coordination of sales and product development, and proactive cost management to help reach earnings growth targets of 10% pa to 2018 have all been implemented. Allied with market tailwinds in H116 these strategic initiatives helped increase H116 EBIT by 14% from H115 (€658m vs €579m).

Potential merger with LSE

Both sets of shareholders have now approved the merger, although regulatory and financial conditions requiring approval remain in several European countries, Singapore and the US. The parties to the merger continue to expect to complete it in Q217, delivering earnings accretion for shareholders of both through cost synergies of c €450m and annual revenue synergies of €160m (c 7% of 2015 combined EBITDA) by year three after the transaction. The companies' strengths in derivatives and clearing are complementary, potentially delivering margin savings to customers and attracting business. They are also leaders in indices and data provision, cash markets and custody and settlement.

Valuation: Currently below peers

On a standalone basis Deutsche Börse is trading on c 15x 2016 earnings, well below the average for global exchanges of c 21x. On a proforma basis, the merged LSE and Deutsche Börse would trade at c 18x. If the merger goes ahead, Deutsche Börse shareholders are expected to own approximately 54% of the new company.

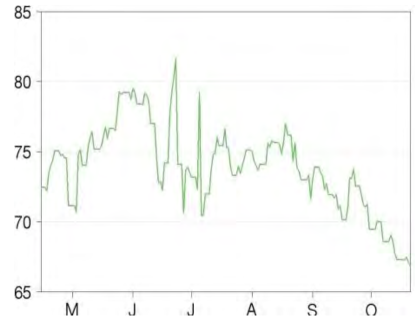
Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/15	2,367	950	4.140	2.250	16.1	3.4
12/16e	2,535	1,189	4.314	2.328	15.5	3.5
12/17e	2,808	1,253	4.812	2.509	13.9	3.8
12/18e	2,926	1,381	5.336	2.699	12.5	4.0

Source: Bloomberg

Price	€66.84
Market cap	€12.5bn

Share price graph



Share details

Code	DB11
Shares in issue	186.7m
Net debt (€m) at 30 June 2016	1,045

Business description

Deutsche Börse is a major exchange organisation, operating in four business segments: Eurex, an exchange primarily offering derivatives trading; Xetra, an electronic trading system; Clearstream, a Central Securities Depositary; and Market Data & Services, managing ETFs and providing data.

Bull

- Well-established leader in European derivatives and a top-four global exchange group.
- Clear strategy to improve earnings growth.
- LSE merger would offer considerable cost and revenue synergies.

Bear

- Significant regulatory hurdles to the LSE merger still to clear.
- Uncertain global economic outlook weighs on capital markets.
- Potential new regulation or taxation of capital markets could affect trade volumes and profit margins.

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EDISON

Deutsche Beteiligungs

Investment companies

Private equity investor and asset manager

Deutsche Beteiligungs (DBAG) is a pioneer of private equity investment in mid-sized German companies, with more than five decades' experience. Distinguished from peers by managing third-party funds, DBAG recently raised €1bn for the launch of DBAG Fund VII, which will bring funds under management to c €1.8bn and add significant fee income from FY17. DBAG has also completed a €38.6m capital increase to finance the growth of its own investment portfolio alongside its managed funds. From 2016, base and surplus dividends are replaced by a more consistent single dividend, which will not be driven by the size or timing of investment realisations.

Strong performance in FY16

DBAG has announced FY16 preliminary results that are significantly ahead of FY15, with net income of €48-52m, which translates into a dividend-adjusted return on NAV of more than 15%, compared with DBAG's 14.3% pa average return over the previous 10 financial years. FY15 saw strong portfolio activity and this has continued in FY16, with five new investments and three divestments announced. DBAG's portfolio now comprises 24 companies, including 12 new investments from FY15 and FY16, which is encouraging for medium-term prospects.

€1bn committed to DBAG Fund VII launch

In July 2016, DBAG closed the fund-raising for DBAG Fund VII with €1bn in capital commitments, significantly higher than the €700m raised for DBAG Fund VI in 2012. This will bring DBAG's funds under management to c €1.8bn and significantly increase DBAG's fee income from FY17. The launch also signifies a strategic advance as the new fund will be able to invest up to €200m in a single buyout.

£38.6m capital increase to finance growth

In January 2016, DBAG put in place a five-year €50m credit facility to provide additional flexibility to manage short-term timing differences in cash inflows and outflows. In September 2016, DBAG completed a €38.6m capital increase, issuing 1.4m new shares (10% of issued capital) at a 4.7% discount to the market price. There is no intention to introduce permanent leverage into the capital structure.

Valuation: €1.20 FY16 dividend provides 3.9% yield

Based on our estimate of NAV at 30 September 2016, DBAG shares are trading at a 25.9% premium to NAV. In our view, this reflects the value the market ascribes to DBAG's fund services business. A €1.20 dividend has been proposed for FY16, setting the expected level for future payments under the new dividend policy.

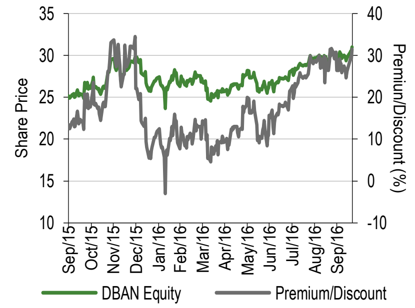
12 months ending	Total share price return (%)	Total NAV return (%)	LPX Europe (%)	LPX Europe NAV (%)	DAX 30 (%)
31/07/12	(6.4)	5.7	(7.0)	(0.3)	(5.4)
31/07/13	15.8	7.4	32.6	5.4	22.2
31/07/14	28.2	17.6	12.0	16.3	13.7
31/07/15	40.6	10.0	32.5	15.6	20.2
30/06/16*	(6.5)	8.5	(8.3)	(4.6)	(14.4)

Source: Thomson Datastream, Morningstar, Bloomberg. Note: *11-month period due to change in financial year end. Discrete total return performance in euros.

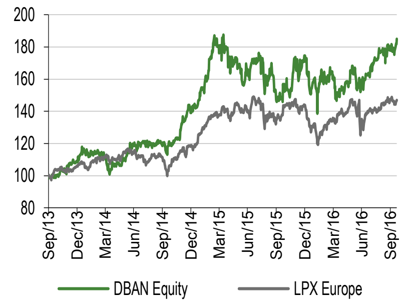
Price	€30.98
Market cap	€466m
NAV*	€354m
Estimated NAV per share*	€24.60
Premium to estimated NAV	25.9%
FY16 proposed dividend yield	3.9%

*Edison estimate of NAV at 30 September 2016 based on preliminary results announcement and €38.6m capital increase.

Share price/discount performance



Three-year cumulative perf. graph



Share details

Code	DBAN
Listing	Frankfurt
Shares in issue	15.0m

Business description

Deutsche Beteiligungs is a Germany-based and listed private equity company focused on mid-sized companies in Germany and neighbouring German-speaking countries.

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EDISON

Ferratum

Mobile financial services

Innovative consumer finance

Having exceeded consensus revenue and EPS estimates in 2015, Ferratum aims to continue its strong customer, revenue and profit growth by adding new products to its offering and selling more established products in new areas. Mobile banking and peer-to-peer lending were launched in 2016 to strong demand: mobile bank deposits stood at €63m in August 2016, up from €30m at 30 June, and Ferratum has sold all the loan series it securitised for P2P. Continued strong growth is expected from both.

Diversifying product portfolio…

Mobile banking and Ferratum P2P were launched in H116. The first is potentially transformative: deposit taking has been well ahead of expectations, demonstrating the attraction of a user-friendly platform freedom from legacy banking infrastructure. It is likely to attract longer-term customers and provide a steady source of capital for lending as well as making its own earnings free of legacy infrastructure, which affects longer-established banks. The P2P product allows private individuals to invest in consumer loan series in a process Ferratum manages: scoring borrowers, administering loan accounts and collecting late payments if necessary. The company also guarantees it will buy back any loan more than 60 days in arrears at 85% of the remaining principal amount. The impact of diversification has been clear in the past: the lead Microloans product accounted for 60% of revenue in H115 and 35% in H116, while Credit Limit and PLUS loans were up from 31% and 9% of revenue respectively in H115 to 42% and 18% in H116. This diversification is likely to continue as PLUS loans and the two new services mature.

…available in more countries

Ferratum now offers financial services in 19 European countries plus Australia, New Zealand, Canada and Mexico. Microloans (€25-1000 for seven to 90 days) are available in all 23 territories; PLUS loans (up to €3,000) are available in 11 countries, up from nine at year end; Credit Limit, similar to an overdraft, is available in eight (six); and SME loans are available in five markets (two). Mobile banking is live in Germany, Norway and Sweden and P2P lending will grow from its current base in the Czech Republic. Future geographic expansion is expected in 2017.

Valuation: Hard to compare

There is no other mobile consumer lender that is also a mobile bank in Europe, which makes comparison difficult. The 2016e P/E multiple of c 20x is below more mature consumer finance businesses such as Cash America (35x) but higher than traditional lenders, which may reflect expectation that growth forecasts will be met.

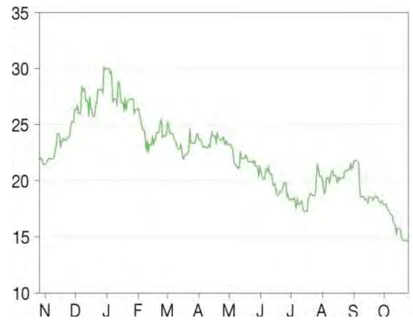
Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/15	111.0	12.4	50.8	10.0	28.9	0.7
12/16e	158.0	18.0	73.0	14.7	20.1	1.0
12/17e	219.7	30.0	123.3	22.5	11.9	1.5
12/18e	296.0	41.9	170.5	30.0	8.6	2.0

Source: Bloomberg

Price	**€14.67**
Market cap	**€317m**

Share price graph



Share details

Code	FRU
Shares in issue	21.58m
Net debt (€m) as at 30 June 2016	77.4m

Business description

Ferratum provides small loans and lending facilities to consumers and SMEs in Europe, North America and Australasia using proprietary IT and credit scoring systems. P2P lending and mobile banking were launched in H16. The company has 3.5 million registered customers in 23 countries.

Bull

- Rapid revenue growth supported by new products and geographic expansion.
- Diversifies regulatory and economic risk.
- Profitable and well capitalised, with the business underpinned by an EU banking licence.

Bear

- Highly competitive market.
- Significant compliance and regulatory burden.
- Geographic expansion beyond Europe more difficult than within.

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EDISON

MyBucks

Financial services

Microfinance in growing markets

Founded in 2011, MyBucks has been profitable since its second year of operations, providing microloans via the internet primarily to low- and middle-income customers in sub-Saharan Africa. With smartphone ownership ahead of bank account penetration in many countries in the region, MyBucks seeks to use the internet to gain access to a large population with an increasing demand for small loans and other financial services. The recent acquisition of six banks from a not-for-profit organisation will provide a future source of funds for lending and the ability to offer a broader range of services to a wider market.

Existing products and market

The core GetBucks lending products account for 95% of MyBucks' revenues. The €37m loan book (average loan size: €230) is spread across 14 countries with Botswana, Kenya, Malawi, South Africa and Zimbabwe making up 84%. GetSure credit cover is available in MyBucks' main markets, with legal and funeral cover available in four of them. GetBanked has been launched following the acquisition of Opportunity Bank in June 2016. It will offer savings accounts, mobile transactions and transaction cards initially and other financial solutions in future.

Platform and execution

Customers typically come across MyBucks' offerings though internet search engines, then sign up and provide personal and credit information online too. This keeps the loan approval process under 15 minutes and allows the use of machine learning programmes to assess credit quality: the default rate was 7.2% at 31 December 2015 and the impairment rate had fallen from 21% to 19% over the six months to that date. This is helped by 69% of interest and capital payments being taken at source, as a payroll deduction from the customer's employer.

Growth to come

Management targets a 20% revenue contribution from the insurance business in the long term, but in the nearer term organic lending growth is likely to be the main driver. Loan book growth of 50% per year has been possible to date and across MyBucks' target markets only c 15% of people have smartphones, leaving considerable room for growth. MyBucks is particularly well-placed as a market leader in Botswana, Malawi, Zambia and Zimbabwe, where GDP growth has been relatively strong in recent years.

Valuation: Earnings growth expected

MyBucks currently trades at c 75x FY16e consensus EPS, falling to c 16x FY17e EPS, indicating that the market is pricing in considerable earnings growth.

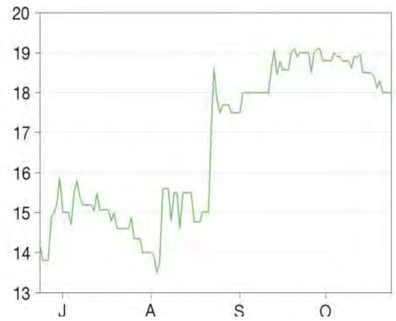
Consensus estimates*

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
06/15	31.3	5.7	0.13	0	138.5	N/A
06/16e	45.9	7.9	0.24	0	75.0	N/A
06/17e	98.1	24.0	1.16	0	15.5	N/A

Source: Bloomberg. Note: *Only one analyst covers MyBucks.

Price	€18.00
Market cap	€198m

Share price graph



Share details

Code	MBC
Shares in issue	11m
Net debt (€) as at 31 December 2015	45.7m

Business description

MyBucks, a fintech company based in Luxemburg and listed in Frankfurt in June 2016, provides unsecured loans, banking solutions and insurance to consumers and SMEs in 12 African and 2 European countries. It assesses creditworthiness using a proprietary AI decision-making and is fully integrated with local banking systems in all areas of operation.

Bull

- Mobile and internet penetration is ahead of banking in MBC's key markets, providing access to the unbanked population.
- MBC is well capitalised and banking licenses should help ensure future funding for lending.
- Integration of systems with local bank and government systems makes credit scoring and repayments easier, reducing default rates.

Bear

- Competitive markets with major players including savings banks, development banks, charities and other commercial lenders.
- Governments could impose more restrictive legislation, interest rate caps or distort markets with subsidies.
- Sub-Saharan Africa is relatively more at risk from financial shocks than more developed regions.

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Real Estate

DEMIRE

Real estate

Aiming to be first in secondary locations

After considerable portfolio growth in 2015 and early 2016, including the acquisition of 77.7% of Fair Value REIT in December, DEMIRE's portfolio is valued at c €1bn. The FVI acquisition has given investors access to growth through FVI's closed-end fund investment platform as well as adding €306m in assets and €25m in revenue.

Strategic realignment nearing completion

In 2012 DEMIRE's board decided to move away from investment in Central and Eastern Europe to refocus on German commercial property in secondary locations which are seen as having attractive and stable returns and at the same time strengthening the balance sheet. The portfolio is now exclusively German, LTV has fallen from 87% in 2014 to 64% and the average cost of debt is down from 6.4% to 4.4% over the same period. Almost all properties are managed internally, generating additional revenue and the potential for further economies of scale.

Fair Value REIT

The acquisition of 77.7% of FVI's shares was instrumental in achieving new scale and efficiency: DEMIRE's H116 results showed rental income of €37.5m, almost treble H115's €13.8m with FVI contributing €11.4m. FFO moved from a slight loss to 5c per share after minorities. EPRA NAV per share rose from €4.23 at 30 June 2015 to €4.37 while LTV fell from 75% to 64%, helped in particular by the FVI acquisition, but also by the refinancing of bond and bank debt which brought the average interest rate on debt down to 4.4% compared to 5.1% at 31 December.

Outlook

Management will continue to streamline the portfolio; the aim is to reduce the number of properties from 190 to 93 and increase rental income from €75m in 2016 to €77m in 2017, reducing vacancy from 12.2% at the end of 2015 to 10% by the end of 2017. The German prime office market in particular is experiencing a supply shortage which market commentators expect to continue, driven by a strong economy and low interest rates. With prime yields continuing to contract and rents rising strongly, secondary office properties look increasingly appealing and DEMIRE is well placed to benefit.

Valuation: Price/NAV below peers

The company currently trades on a price to EPRA NAV ratio of 0.85, vs an average of c 1.1 in the sector and a prospective P/FFO of c 10x (using management's guided €19.1m 2016e FFO), well below the sector average of c 17x. Higher occupancy and a reduction in the LTV ratio might see a re-rating closer to peers.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (c)	P/E (x)	Yield (%)
12/15	43.3	33.0	0.71	0.0	5.2	N/A
12/16e	76.0	52.3	0.47	0.0	7.9	N/A
12/17e	78.0	56.7	0.63	0.0	5.9	N/A
12/18e	80.0	58.1	0.63	0.1	5.9	0.3

Source: Bloomberg

Price	€3.72
Market cap	€202m

Share price graph

Share details

Code	DMRE
Shares in issue	54.2m
Net debt (€m) at 30 June 2016	649

Business description

DEMIRE has €1bn of investment property, mainly in office and industrial real estate in secondary locations across Germany. In December 2015 it completed the acquisition of a majority (77.7%) stake in Fair Value REIT, which historically has had more focus on office and retail property.

Bull

- Diverse portfolio and rising occupancy.
- Now a leader in secondary commercial property markets.
- Strong property market with record office take up expected in Germany in 2016.

Bear

- No dividend yet.
- Relatively high LTV at 64%.
- Vacancy rate relatively high at 10.7%

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Demire is a client of Edison Investment Research Limited

Industrials

![EDISON]

FACC

Aerospace and defence

Growing composites return

We find FACC's position as a growing Tier 1 supplier of composite structures and components to the civil aerospace and aeroengine segments to be almost unique. There are few other pure investment opportunities in the civil aircraft volume ramp-up that is now in train at its primary customers. However, the cyber fraud and subsequent managerial upheaval has made 2016 a very challenging year. The incoming executive team needs to restore trust and credibility, rebuild confidence and execute the production plan, with recovered margins and improved cashflow.

Composite material supplier

FACC (Fischer Advanced Composite Components) was established in Austria some 35 years ago as a niche specialist in providing carbon composite structures to the aircraft industry. It was taken over by the Chinese aerospace group AVIC in 2009, and following an IPO in 2014, 45% of the company is held by other investors.

Civil aircraft programmes growing

As the proportion of composite materials has increased on aircraft to reduce weight, the opportunities and order book at FACC have grown substantially. With 50% of structural components on the newest generation of widebody aircraft (A350, B787) made from composites, compared to 28% on the A380 and just 3% in 1970, shipset values have increased. The shipset value for an A350 is £1.5m, for example. As production rates continue to increase, revenue growth for FACC should remain in excess of 10%, with potential for margin expansion through improved pricing, operational leverage and cost reductions.

Cyber attack has been disruptive

A cyber attack on the company early in 2016 led to a €52m loss for shareholders before it was uncovered and contained. Compounding a series of profit warnings since the IPO in 2014, the "fake president" fraud led to the exit of the CFO and ultimately the CEO in May. A new CFO has been in place since the start of October, and the interim CEO has an established financial background, which appears to be helping to recover credibility.

Valuation: Significant potential for investors

The existing medium-term targets include revenue of €1bn by FY21, with margins restored to historical levels in the range of 7-10%. While new management may flex this ambition, civil aerospace market dynamics support the expectation of higher earnings and cashflow. In turn these indicate the potential for investors.

Consensus estimates

Year end	Revenue (€m)	Net income* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
02/16	587.5	9.6	0.21	0.00	27.0	N/A
02/17e	635.0	25.6	0.56	0.15	10.1	2.6
02/18e	688.0	30.7	0.67	0.17	8.5	3.0

Source: FACC, Bloomberg consensus estimates *adjusted for one-off items

Price	**€5.68**
Market cap	**€261m**

Share price graph

Share details

Code	FACC
Shares in issue	45.8m
Net debt (€m) as at 31 August 2016	218.8

Business description

55% owned by AVIC of China, FACC is an Austrian Tier 1 supplier to the aerospace industry. It supplies composite structural components for Aerostructures (46% of FY16 sales), Cabin Interiors (34%) and Engines & Nacelles (20%). It employs 3,400 people with four plants and two engineering centres in Austria.

Bull

- Civil aerospace programmes continue to ramp up, especially the Airbus A350 programme.
- Margins expected to improve to 7-10% due to operating leverage as volumes rise.
- Improved financial controls and security should result from adverse cyber fraud.

Bear

- Executive management team being rebuilt following the departures of both CEO and CFO.
- Chinese majority shareholding unlikely to decline, with a possible conflict of interest between AVIC and minority shareholders.
- Cash unavailable to company as a result of fraud impinges on strategy and dividend flow.

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EDISON

Masterflex SE

General industrials

Securing flows for investors

Masterflex continues to grow its position in a variety of end market segments, as well as increasing its international presence. The focus on innovative and technically capable products provides the basis for organic growth, with operational efficiency measures expected to recover margins to historical >10% levels over the next couple of years. Further supported by a healthy balance sheet, we expect M&A to be a tool for augmenting growth. Enhanced shareholder returns should include a return to dividend payments, providing an attractive proposition for investors.

Capacity and M&A to enhance returns

Operating through five brands, Masterflex is a leading and innovative producer of high performance tubes, hoses and connectors for a variety of global industries, with an addressable global market of c €2bn. The strategy remains unaltered. With Europe still accounting for some 72% of FY15 sales, there is considerable scope for the continued international expansion of the business, with a focus on Asia and the Americas. This complements the development and introduction of technologically-advanced products which should stimulate organic development. A €7m investment to extend the main Gelsenkirchen facility is due to be commissioned at the end of 2016. This not only adds new capacity but also provides significant scope for achieving further manufacturing efficiencies.

Ongoing activities improving returns

Trading performance remains encouraging with sales growth ahead of company expectations year to date, although constrained by the Russian disposal in October 2015. While net income has been reduced by a €0.5m provision against a legal judgement on an historical issue, EBIT margins have bounced back to over 10%. Management retains FY16 guidance of at least €66m of sales, generating EBIT significantly ahead of FY15, which is consistent with consensus expectations.

Valuation: Potential for rerating

Management has also indicated a medium-term target to recommence paying dividends, last done in 2008. Significant undrawn headroom on the new €45m loan agreement supports capital allocation priorities to grow organically via capex as well as M&A to expand the hose business, but likely limits initial dividend payout ratios. However, such a move would enhance shareholder returns, should instil investor confidence, and provide potential for the shares to be positively rerated.

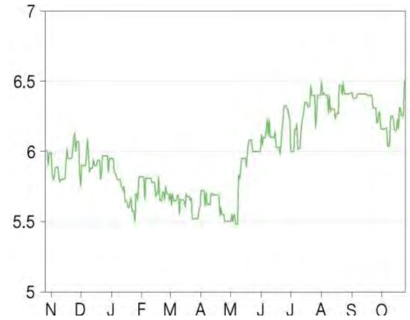
Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	62.5	5.2	0.34	0.00	18.4	N/A
12/15	64.1	3.9	0.22	0.00	28.4	N/A
12/16e	66.5	5.2	0.37	0.00	16.9	N/A
12/17e	70.9	6.1	0.46	0.05	13.6	0.8

Source: Company data, Thomson Reuters

Price	€6.25
Market cap	€54m

Share price graph



Share details

Code	MZX
Shares in issue	8.7m
Net debt (€m) at June 2016	18.8

Business description

Masterflex is a leading manufacturer of high-tech advanced polymer hoses and connectors for numerous special environments and performance criteria for the food, pharma, industrial, rail, aerospace, auto, HVAC and medical markets. Based in Gelsenkirchen c 70% of sales are made in Europe.

Bull

- Strong brands and innovative, technically-advanced products
- Broad product range and customer range
- International expansion continues to provide growth potential

Bear

- Dividends yet to be restored
- Still significantly eurocentric
- Fragmented market could increase execution risk on consolidation and disruptive pricing practices by competitors

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EDISON

Nanogate

Technology

International and technology expansion

Nanogate has delivered a further year of expansion, both in revenues and in international reach and technology. Through opening a US subsidiary in May 2016 and the acquisition of a 75% majority stake in Walter Goletz, Nanogate has demonstrated that its Phase5 strategy is consistently guiding its growth and investment path. With revenues set to break the medium-term €100m target, 2016 stands to be a pivotal year for the group and, with increasing visibility being driven by a number of larger value orders, we see no end to growth in the medium term.

Innovation partner to advanced industries

Nanogate has positioned itself as a leading international systems provider for high-tech surfaces and components. It is a key innovation partner for high-tech industries, where surface finishes are key, not only to functionality but also to design. With added focus applied in the two strategic growth areas of advanced metals (N-Metals) and advanced polymers (N-Glaze), Nanogate is continuing to expand its reach in high-performance surfaces.

H116 showed significant growth despite investment

H116 results demonstrated the benefits of Nanogate's growth strategy and were driven by internationalisation and acquisition, with revenues increasing 20% to €52.2m. Despite significant investments including establishing subsidiaries in Turkey and the US, EBITDA increased to €5.9m (H115: €4.9m), while consolidated EBIT increased by c 40% to €2.3m. The acquisition of a 75% stake in plastics specialist Walter Goletz expands Nanogate's systems expertise and the benefits have already been seen with the award of a multi-year order covering a total volume in excess of €20m from an automotive OEM for the supply of high-quality interior parts for the central console of an SUV.

Valuation: Expansion and increasing visibility

Nanogate has demonstrated that the group's Phase5 strategy has consistently delivered growth since its inception. With a strong growth outlook across both the group's core and strategic areas, consensus estimates are for a sustained increase in revenues and profit, while the 30% increase in cash flow from operations in H116 signals growth is also delivering improved cash flow generation.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	68.6	0.8	0.15	0.11	N/A	0.3
12/15	90.9	0.6	0.16	0.11	N/A	0.3
12/16e	105.7	2.4	0.39	0.12	94.4	0.3
12/17e	120.0	4.3	0.70	0.13	52.6	0.3

Source: Bloomberg

Price	**€36.8**
Market cap	**€139m**

Share price graph

Share details

Code	N7G
Shares in issue	3.8m
Net debt (€m) at 30 June 2016	45.2

Business description

Nanogate is a leading international systems provider for high-tech surfaces and components. The group is headquartered in Göttelborn (Saarland), Germany, and enables the integration of multifunctional properties such as non-stick, scratchproof and anti-corrosive into materials and surfaces.

Bull

- High growth potential with increasing number of multi-million euro orders.
- Opening of US sales office and expansion provides further potential.
- Acquisition of Walter Goletz adds new expertise in areas such as systems design.

Bear

- Investment requirement continues in support of short-term Phase5 growth targets.
- Start-up risk of new multifunctional metallisation of surfaces platform now easing.
- Some market uncertainty in broader economy, particularly following UK's Brexit vote.

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paragon

Automobiles & parts

Charging ahead

paragon has consistently shown its ability to innovate and deliver leading-edge technology development for both top tier automotive OEMs and increasingly for blue-chip customers across its Electromobility division. Addressing several emerging global themes, paragon has positioned itself as a strategic partner to many global players, including recent announcements with Joy Global and KUKA, both of which take the group into new and developing end-markets and further reduce reliance on pure automotive drivers. While electromobility is set to become the main driver over the medium term, the group's core businesses continue to grow with technology development and international reach.

Strategy delivering enhanced offering

Founded in 1988, paragon's core business has been built on a strategy of identifying emerging trends and developing systems ahead of, rather than in response to, requests from OEMs. This has seen the group deliver significant growth in its core automotive markets and, through expansion into electromobility, we see rapid acceleration from late 2017, while also broadening the group's exposure to less cyclical, higher-margin markets.

Recent contracts support medium-term acceleration

paragon has delivered a series of new contacts, partnerships and production expansions that support medium-term acceleration in revenues and profitability. These have seen the group expand into adjacent end-markets utilising the group's core technological capability and have allowed it to support key blue-chip partners such as Vossloh, Triathlon Batterien, Joy Global and KUKA. When combined with capacity expansion on the core business in both Germany and China, paragon has numerous growth drivers that are set to support our forecast 19% CAGR in revenues and 36% in EPS from 2015-18e.

Valuation: Support from visibility, delivery key

With a lifetime order book in excess of €1.2bn and an expanding product line targeted at emerging megatrends, we believe that paragon is positioned to deliver superior returns over the medium term. While the current rating appears relatively full, the significant growth potential to 2018 and upside potential thereafter suggests that medium-term growth rates should warrant a premium. The catalyst will be the demonstration of paragon's ability to ramp up production in electromobility.

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/15	95.0	5.0	0.83	0.0	49.3	N/A
12/16e	103.0	6.4	1.02	0.0	40.1	N/A
12/17e	123.7	9.4	1.39	0.0	29.4	N/A
12/18e	159.2	13.3	1.97	0.0	20.8	N/A

Source: paragon accounts, Edison Investment Research. Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Price	€40.88
Market cap	€184m

Share price graph

Share details

Code	PGN
Shares in issue	4.5m
Net debt (€) at 30 June 2016	45.5

Business description

paragon designs and manufactures advanced automotive electronics solutions as a direct supplier to the automotive industry. Products include sensors, acoustics, cockpit, electromobility and body kinematics.

Bull

- Growth potential across all divisions, supported by blue-chip customer base.
- Significant pipeline of new product introductions coming to market through R&D investment.
- Electromobility underpinned by contracts and production expansion.

Bear

- Continued investment easing over medium term.
- Reliant on small number of key personnel.
- Significant production ramp-up needs to be delivered.

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EDISON

Phoenix Solar

Alternative energy

Market growth, financials recovering

Phoenix is a Germany-based, solar power EPC player with significant exposure to the US, Middle-Eastern and European markets. The group restructured between 2011 and 2014 as the solar industry contracted. Since experiencing financial difficulties Phoenix has been steadily improving its pipeline, revenues and cost management as part of its objective of returning to operating profit. The company recently guided to a positive EBIT for FY16.

EPC contractor emerging from difficulties

Phoenix specialises in EPC (engineering, procurement and construction) of solar power plants globally. Its team has a deep expertise in this field and a reputation for delivering projects on time and on budget. In 2015, the company embarked on a 'six-point plan' to return the group to profitability. Several initiatives – such as an increased focus on sales and marketing, a shift to EPC rather than solar panel wholesaling and a focus on cost management – have combined to return the company to the cusp of profitability. The company is therefore in a much improved position from which to capitalise on increased global investment in solar generation.

US exposure: Good for the medium term

The US is Phoenix's largest end-market. The extension of tax credits for renewable power generators has been a double-edged sword for Phoenix as the company now expects a longer period of growth but has noted that short-term demand has subsided as generators feel under less pressure to commission projects. Ultimately, however, the US remains an exciting market opportunity. Even with drop in short-term demand in the US, the company still expects the market to grow by 40% with regions such as Texas of particular interest to solar investors.

H1: Order book strong, balance sheet still stretched

Given its healthy order book, Phoenix was able to maintain FY16 guidance of full year revenues of €180m-210m: a large increase on FY15's figure. Its FY16 EBIT guidance of €2-4m, if met, would be the group's first operating profit since 2010.

Valuation: Rising attraction, turnaround nears end

Currently trading on an EV/sales (FY16e) of 0.2x, Phoenix trades at a discount to its closest peers. According to consensus, the company is trading on 9x FY18e earnings – an attractive valuation for a recovering growth company.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	33.8	(9.741)	(1.38)	0.0	N/A	N/A
12/15	119.4	(5.946)	(0.71)	0.0	N/A	N/A
12/16e	175.0	(1.300)	(0.09)	0.0	N/A	N/A
12/17e	194.0	0.400	0.10	0.0	29.2	N/A

Source: Phoenix Solar, Bloomberg

Price	**€2.92**
Market cap	**€22m**

Share price graph

Share details

Code	PS4
Shares in issue	7.37m
Net debt (€m) at December 2015	34.2

Business description

Phoenix Solar is an integrated solar project developer with global activities. Its business comprises EPC and O&M of large-scale solar projects. Its activities encompass industrial and commercial rooftop-mounted and utility-scale ground-mounted systems.

Bull

- Exposure to fastest-growing solar markets with €182m order book.
- Lean structure and absence of exposure to manufacturing competition from the Far East. Falling module prices are a positive driver of profitability.
- Potential for significant increase in revenues and profitability.

Bear

- Execution risk on project closure and turnaround.
- Stretched balance sheet.
- Exposure to regulatory risk: US and EU import tariffs and solar incentives globally.

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PNE Wind

Alternative energy

Tailwinds in renewable energy

PNE Wind is a leading international turnkey wind farm developer and the company is positioned well for continuing global investment in onshore and offshore wind. Governmental support globally for reducing carbon emissions, reinforced at the 2015 Paris Climate Conference, underwrites the need for low emission technologies. 2016 looks to be a record year and PNE has maintained its FY16 guidance of up to €100m of EBIT.

International wind farm construction

With operations in 13 countries, PNE offers investors exposure to wind energy internationally. To date, the company has delivered 2,160MW of offshore and 2,385MW of onshore capacity, with a further 10,000MW of pipeline. PNE's expertise is in the design-build phase of wind farm development. It typically sells its assets to either utilities or infrastructure investors once commissioned. Cash flow comes at the time of sale as well as in the form of milestone payments. PNE often continues servicing the assets post-disposal for a fee.

Wind investment underpinned by regulations

The 2015 COP21 Paris Agreement marked a substantial milestone in the drive to reduce carbon emissions. The commitment to prevent long-term, global, annual average temperatures from rising by above 2 degrees, bolstered existing legislation in key end-markets for PNE. Germany committed to doubling its renewable mix to 55-60% by 2035. France committed to 40% by 2030. In the US, tax credits for renewable generators were extended to 2021. PNE's demonstrable track record of delivering quality projects positions it well as a long-term partner for infrastructure investors and utilities who are actively investing in the sector on the back of favourable regulations.

H1: Lower, as expected, but FY16 guidance retained

Due to the 'lumpy' nature of PNE's revenues, H116 sales were much lower, down 38% from H115, reflecting the completion in H115 of a substantial project with Brookfield. However, 2016 looks to be a record year and PNE maintained its FY16 guidance of up to €100m of EBIT as it expects to sell a 150 MW portfolio of operational wind farms in Germany in Q416.

Valuation: Uneven earnings muddy the water

PNE's EV/EBITDA is 3.5x FY16e and 10.6x FY17e. High earnings volatility makes valuation difficult, but the dividend yield should provide a floor.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	211	(15.17)	(0.22)	0.04	N/A	1.9
12/15	110	(4.96)	0.05	0.04	42.4	1.9
12/16e	230	75.35	0.87	0.08	2.4	3.8
12/17e	224	20.00	0.21	0.06	10.1	2.8

Source: PNE Wind, Bloomberg

Price	€2.12
Market cap	€162m

Share price graph

Share details

Code	PNE3
Shares in issue	76.6m
Net debt (€m) at 30 June 2016	219.5

Business description

PNE Wind is based in Germany and develops and operates onshore and offshore wind projects. The company is developing nearly 10,000MW of onshore and offshore projects in various stages of development. Customers include investors/utilities such as EnBW, DONG Energy, Enel, Brookfield. and Allianz.

Bull

- Exposure to long-term wind farm demand.
- Stable regulatory environment in target regions.
- Paris Agreement bolsters long-term government support for renewables.

Bear

- Limited geographic diversification; execution risk.
- Exposure to regulatory risk.
- Recent re-election of new supervisory board, as well as new CEO, provides relief, although some reputational impact remains.

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Pharmaceutical & healthcare

EDISON

4SC

Pharma & biotech

Positive detailed analysis of Phase II trial data

4SC has announced positive Phase II results from a more detailed analysis of the HCC Yakult Phase II trial data, which we believe could lead to further clinical development. It has also recently announced the sale of its immunology portfolio (Vidofludimus and a cytokine inhibitor), which further streamlines the company's focus on its core business of epigenetics while retaining potential upside (via milestones and royalties). We increase our rNPV to €117m from €110m to reflect the increase in the potential of resminostat development in Japan.

Positive potential following further analysis

Despite not meeting the primary end point previously, further in-depth analysis of the HCC Phase II clinical trial data, conducted by its partner Yakult, has reportedly demonstrated a substantial improvement in overall survival (OS). 4SC has reported that this is an important end point in advanced HCC and this improvement was in a large subgroup, defined by greater than median platelet count at study entry (50% of all patients in the study). As a result of this positive further analysis, plans for continued clinical development of resminostat in Japan are being discussed.

Recent deal enables greater focus on core

4SC also recently announced the disposal of its immunology portfolio to Immunic, which includes two drug development programmes (Vidofludimus and a cytokine inhibitor) and its associated IP. The deal included an upfront payment, milestones and royalties although it does not give any further details. While the deal is not transformative in terms of its impact on cash, it does streamline focus further on 4SC's core business of epigenetic research and treatments while retaining upside.

CEO appointment underpins the next stage for 4SC

Dr Jason Loveridge has recently been appointed CEO. He has an investment-focused background that should prove useful in driving partnerships forward and delivering future fund-raising requirements and value from its core business.

Valuation: Increased to €117m

We have increased our rNPV-based valuation to €117m or €6.2 per share (previously €5.8), as we have raised our probability of resminostat success in Japan to 20%. We will review this again with clarity of timing and details of further clinical development of resminostat in Asia. We have not altered our forecasts as the company has guided that the recent deal with Immunic does not affect cash guidance and we do not have clarity on the details of the deal.

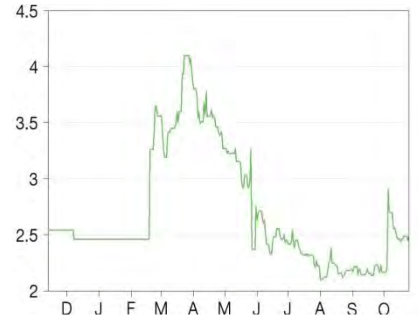
Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	7.1	(8.8)	(0.88)	0.0	N/A	N/A
12/15	3.3	(8.4)	(0.59)	0.0	N/A	N/A
12/16e	3.8	(14.8)	(0.78)	0.0	N/A	N/A
12/17e	4.0	(4.0)	(0.21)	0.0	N/A	N/A

Source: Company data, Edison Investment Research

Price	€2.49
Market cap	€47m

Share price graph



Share details

Code	VSC
Shares in issue	19.0m
Net cash (€m) at 30 June 2016	13.8

Business description

4SC is a Munich-based cancer R&D company. Epigenetic compound resminostat (HDAC inhibitor) is the lead candidate for Cutaneous T-Cell Lymphoma (Phase II planned in Q416), partnered with Yakult Honsha (Japan) and Menarini (Asia ex-Japan). 4SC is partnered with Link Health for a Phase I oncology asset.

Bull

- Resminostat CTCL Phase II trial due to initiate Q416.
- Further more detailed analysis of HCC Phase II trial data (Yakult) indicates possible positive potential.
- 4SC-202 positive early data and recent licensing and development partnership for 4SC-205 in China.

Bear

- Risk of failure and read-across from Yakult Phase II studies.
- Low free-float (38%); low liquidity.
- Financing likely to be required to complete CTCL study.

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EDISON

aap Implantate

Healthcare equipment & services

Continuing to execute strategy on core focus

Q216 results were in line with the upper end of company guidance, with sales of €3.4m and an EBITDA loss of €1.4m. aap Implantate continues to focus on its strategic transition to a pure trauma company following the recent sale of its Biomaterials business. As the company continues to drive sales of LOQTEQ in Western Europe and the US alongside the implementation of cost reduction measures, we could see a return to sustained growth.

Q216 results

aap Implantate reported sales and EBITDA in line with the upper end of its guidance. It reported sales of €3.4m (guidance €2.5-3.5m) and an EBITDA loss of €1.4m (guidance loss of €1.5-2.5m). This was achieved against the backdrop highlighted by the company in which a number of BRICS and SMIT states' markets remain volatile such as China, Russia and Turkey and continue to make no contribution to sales. It is encouraging that aap Implantate delivered on guidance as it announced in Q1 that it had started a number of initiatives to drive Trauma sales in more established markets (Western Europe and the US). US sales were reported at €0.7m in Q216, an increase of 250% from Q215 (€0.2m). In our opinion, the progress of uptake in the US market is key to the success of LOQTEQ.

Key growth drivers

Key growth drivers in FY16 and FY17 include growing sales in more established markets (Western Europe and the US), increasing LOQTEQ indication coverage, CE marking and submission for FDA approval for its antibacterial silver coating. Management guidance remains at 20% revenue growth for Trauma products in FY16.

Valuation: Upside potential with continued focus

Q2 results demonstrate that aap has taken the first step to move back to revenue growth through various initiatives. The company is well funded following the sale of its Biomaterials business in Q2, with reported cash of €32.2m for the group at 30 June 2016. It intends to use part of the proceeds from the sale of its Biomaterials business to drive its pipeline forward and distribute part of it to its shareholders, for example, a dividend payment possibly in FY17. We expect upside potential if the increased initiatives to drive sales in the more established markets (US and Western Europe) continue to prove fruitful.

Historic financials

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/14	30.6	(1.7)	0.0	0.0	N/A	N/A
12/15	28.0	(5.3)	(0.2)	0.0	N/A	N/A

Source: aap Implantate accounts

Price	€1.39
Market cap	€43m

Share price graph

Share details

Code	AAQ
Shares in issue	30.8m
Net cash (€) at 30 June 2016	32.2m

Business description

aap Implantate is a German medtech company, focused on developing, manufacturing and selling products for bone fractures. This is primarily the LOQTEQ trauma plating system alongside earlier-stage innovations including antibacterial silver coating technology and magnesium-based implants.

Bull

- Proven technology and strong IP protection.
- Transition to a pure trauma player enables a focus on building the core business.
- Focused on driving sales in more established markets – increased distributors in the US and an experienced head of US sales engaged.

Bear

- FY15 sales were down by 9% on FY14. Trauma sales were down 16%. Q2 demonstrated an improvement, but risk remains in the execution of the strategy.
- The orthopaedic space is dominated by a few large players, making it difficult for a small player to gain traction.
- Impact of increased sales focus on established markets will not be fully demonstrated until H216.

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Epigenomics

Pharma & biotech

Half-year results published

Epigenomics has announced H116 results, which highlight the launch of Epi proColon in the US jointly with Polymedco, the largest distributor of colorectal cancer (CRC) screening tests. Epi proColon has been included in the guidelines of the US Preventive Services Task Force (USPSTF), which underscores the potential of the test as a valid screening method for CRC and recognises the need for additional screening options. The test is also now commercially available through LabCorp's website. The company expects available cash to last into 2017.

Epi proColon launched in the US

Following FDA approval in April 2016, Epigenomics and its partner Polymedco have started the first phase of Epi proColon's commercialisation by training laboratory customers. Alongside this, the test has started to be marketed through LabCorp's (Laboratory Corporation of America Holdings) website. Epi proColon is intended for a population of patients who cannot or are unwilling to take current methods such as colonoscopy and faecal test which, according to the company, represents a $2bn opportunity in the US.

Business and company update

Epigenomics has licensed commercialisation rights for its Epi proLung (lung cancer detection test) to BioChain in China. BioChain will conduct a clinical trial to validate the test and will be entitled to milestones and royalties on sales on approval. Additionally, Epigenomics recently named Gregory Hamilton as CEO. He brings 20 years' experience and a track record in the US molecular diagnostics area.

Cash runway into 2017

The June 2016 cash position was €12.5m. Cash burn guidance remains at c €9m for 2016. The cash position will be further bolstered by the conversion of the remaining five notes outstanding in H216, which will raise €2.6m and provide further runway into 2017. The outlook for 2016 is revenues of €3-7m and EBIT loss between €9.5m and €11.5m. We expect the majority of revenues in H2 as a result of the US launch of Epi proColon in April 2016.

Valuation remains attractive

Epigenomics' current EV of c €100m reflects uncertainty about the success of commercialisation of Epi proColon. Progress in the US screening market over the next few months, should be supportive of the shares, in our view.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	1.5	(8.8)	(0.65)	0.0	N/A	N/A
12/15	2.1	(9.2)	(0.52)	0.0	N/A	N/A
12/16e	4.9	(10.2)	(0.50)	0.0	N/A	N/A
12/17e	20.6	(1.7)	(0.09)	0.0	N/A	N/A

Source: Company data, Bloomberg

Price	€5.38
Market cap	€111m

Share price graph

Share details

Code	ECX
Shares in issue	20.5m
Net cash (€m) at 30 June 2016	12.5

Business description

Epigenomics is a German-American molecular diagnostics company focused on the detection of cancer. Its main product is Epi proColon, a blood-based DNA test for CRC, based on a PCR assay to detect methylated copies of the Septin9 gene. The test is marketed in the US, Europe, China and other countries. Epigenomics has 43 employees as at June 2016.

Bull

- Blood-based test likely to be preferred above existing standard stool-based FIT testing.
- Commercial agreement with established CRC test distributor.
- In the US, CRC detection screening is recommended on an annual basis.

Bear

- Cost and reimbursement may be key issues.
- Higher overall efficacy of Exact Sciences' combined FIT and a stool DNA test.

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EDISON

Evotec

Pharma & biotech

Solid H116, 2016 EBITDA guidance upped

Evotec delivered its Q216 and full H116 results in August, with sales largely in line with our expectations, while profits were boosted by lower than expected operating costs and higher other income. The company has raised its guidance and now expects adjusted EBITDA to more than double in 2016. Evotec delivered a dense newsflow recently, with the most prominent being Bayer's move to Phase I with endometriosis. In our view, healthy cash flows and a maturing preclinical pipeline should support the share price in 2016 and 2017.

Sales in line, better profits, decent H216 ahead

Evotec's Q216 revenues were largely in line with our expectations and grew 13.6% y-o-y to €38.0m driven by a strong performance in both segments: EVT Execute, the drug discovery services business, and EVT Innovate, the collaborative academic/pharma drug discovery business. Q216 also included Sanofi revenues, consolidated from Q215 and thus more reliably reflecting organic y-o-y growth. Adjusted Q216 EBITDA of €8.6m was better than our forecast of €4.2m, mainly due to lower operating costs and significant net other income. Evotec has raised its guidance for FY16 adjusted EBITDA and now expects it to more than double y-o-y.

Eventful H116, Bayer moves to Phase I

Evotec has delivered a flurry of news recently. The major achievement was its progress into Phase I with the endometriosis project, which also triggered an undisclosed milestone payment. Both Evotec and Bayer contributed to preclinical development, while Bayer will be solely responsible for clinical development. The deal is valued at c €590m, with additional royalties up to double digits. It centres around the endometriosis indication, which in our view is a highly complex disease still representing a high unmet need. Other notable events include Evotec's second equity investment in Carrick Therapeutics during a $95m financing round co-led by ARCH Venture Partners and Woodford Investment Management with another four VCs. This followed a spin out of Topas Therapeutics earlier this year co-financed with a number of VCs as well. Recently, Evotec has also expanded its relationship with C4X Discovery with a new long-term, multi-target drug discovery agreement.

Valuation: Under review

Our valuation is under review following the dense newsflow since our last update. Healthy cash flows and a maturing preclinical pipeline should support the share price in 2016 and 2017, in our view.

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	89.5	(0.7)	(0.02)	0.0	N/A	N/A
12/15	127.7	1.2	(0.01)	0.0	N/A	N/A
12/16e	157.4	15.0	0.07	0.0	N/M	N/A
12/17e	177.4	21.2	0.11	0.0	N/M	N/A

Source: Company data, Edison Investment Research

Price	€4.99
Market cap	€663m

Share price graph

Share details

Code	EVT
Shares in issue	133.0m
Net cash (€m) at June 30 2016	100

Business description

Evotec is a drug discovery alliance and development partnership company that provides outsourcing solutions to pharmaceutical companies, among others, Bayer, CHDI, Janssen, Pfizer and Sanofi. It has operations in Germany, France, the UK and the US.

Bull

- Innovative pipeline and partnerships to drive long-term growth.
- Growing and differentiated drug discovery services business.
- Well capitalised to accelerate its innovative drug discovery strategy.

Bear

- Services business growth dependent on outsourcing strategy of pharma companies.
- Pipeline products could fail in clinical trials.
- Progress of partnered products/programmes depends on licensing partners.

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Kiadis Pharma

Pharma & biotech

A smart approach to stem cell transplantation

Kiadis Pharma is developing T cell-based therapies to address the issues associated with haematopoietic stem cell transplantation (HSCT). The company is leveraging its Theralux technology to develop ATIR101 and ATIR201 as adjunct therapies to HSCT in leukaemia and thalassemia, respectively. On the back of Phase II data, Kiadis is aiming for accelerated filing of ATIR101 with the European Medicines Agency (EMA) in Q117. A Phase III trial will start in H216. ATIR201 will start a Phase I/II trial in H216. Cash at end June 2016 was €23.7m, sufficient to fund operations until early 2018. We value the company at €327.3m or €27.1/share.

Looking to a fast path to market

Following ATIR101 Phase II data, Kiadis has decided to file for conditional approval with the EMA in Q117, setting a potential approval date in Q118. We believe it is possible that Kiadis may get approval given the precedent set by MolMed, which recently received Conditional Marketing Authorisation (CMA) from the European Commission on data from a small Phase II study that showed a one-year survival rate of 49% vs 37% for historical control. The regulatory pathway is also clear in the US; the Phase III primary endpoint and active comparator arm have been defined after an end of Phase II meeting with the FDA. This Phase III trial is needed for full approval in both the US and EU.

A smart approach in a rapidly growing market

Kiadis's Theralux platform is a photodynamic system that removes donor cells that are reactive to the host's immune cells and may cause complications after HSCT, thereby providing immunological support post-transplantation without increasing the risk of graft vs host disease (GVHD). This allows for a better response to tumour (graft vs leukaemia effect), reduces opportunistic infections, diminishes treatment-related mortality (TRM) and prolongs survival. The EMA has granted orphan drug designation expansion to ATIR101 for its use in HSCT regardless of the underlying cause of disease, expanding its market potential.

Valuation: Starting with an rNPV of €327.3m

We estimate a risk-adjusted value of €27.1/share, using a 12.5% discount rate. We assume ATIR101 will be approved in the EU in Q118 and sales will ramp up quickly to combined peak sales of \$501m. We estimate a 70% probability to reach the market in the EU and 50% in the US, where a full Phase III study is needed for approval. Our valuation includes net cash of €7.7m at end of June 2016.

Edison estimates						
Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	0.00	(7.21)	(0.07)	0.0	N/A	N/A
12/15	0.00	(17.35)	(0.14)	0.0	N/A	N/A
12/16e	0.00	(9.99)	(0.08)	0.0	N/A	N/A
12/17e	0.00	(13.47)	(0.11)	0.0	N/A	N/A

Source: Company data, Edison Investment Research

Price	**€10.83**
Market cap	**€152m**

Share price graph

Share details

Code	KDS
Shares in issue	14.0m
Net cash (€m) at 30 June 2016 (excluding Hospira debt)	16.2

Business description

Kiadis Pharma is a Dutch biotech company focused on cell-based immunotherapies to overcome complications associated with stem-cell transplants in blood diseases. Lead product ATIR101 for leukaemia is undergoing a Phase II trial and will file for EU approval in Q117. ATIR201 is in preclinical stage and has potential for thalassemia. A Phase I/II study will start in H216.

Bull

- Conditional EMA approval for ATIR101 in leukaemia possible in Q118.
- Theralux platform could have broader use in HSCT despite underlying cause of disease.
- Sufficient cash to fund operations until early 2018.

Bear

- Full Phase III study needed in US for ATIR101 approval.
- Cash burn to increase significantly over 2017 and 2018.
- ATIR201 still at the preclinical stage.

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LifeWatch

Pharma & biotech

Back to the rhythm

LifeWatch specialises in ECG-based cardiac monitoring services. The company reported decent adjusted FY15 results delivering revenue growth of 8.3% y-o-y and its strongest adjusted EBITDA in six years. However, 2016 turned out to be turbulent, mainly as a result of costly but one-off legal settlements. Continued good organic growth of the existing service offering and new revenue sources all point to a brighter future.

Turbulent 2016, but…

LifeWatch has been experiencing a rather turbulent 2016 following several unfortunate events coinciding over a period of just a few months and weighing on the share price. These include costly outcomes from the settlements in two lawsuits, several one-off costs pressuring the margins and a force majeure in the form of a coupe in Turkey somewhat delaying the entry into a new market. The total cost of the legal settlements amounted to $26m, which led to a significant equity raise of CHF43.7m net in July. The successful completion of the fund-raise demonstrated strong shareholder support for the current management.

…brighter 2017 with clean slate and growth potential

Prospects for 2017 look brighter, with the legacy legal cases involving the previous management's billing practices now settled, which eliminates uncertainty. LifeWatch's H116 revenues of $57m were up 8.6% y-o-y, which compares to full FY15 adjusted revenue growth of 8.3%. Due to one-off costs LifeWatch expects negative EBIT in 2016 vs $6.3m in 2015 (adjusted for legal settlement). Management expects single-digit total revenue growth in FY16 following a slower than expected Q216 (Q116 growth was 12.3% y-o-y), although additional revenue sources may provide a boost in 2017.

New revenue sources

In 2015, LifeWatch established a joint venture to provide digital health services in Turkey with the first sales expected in 2017 marking the first step outside the US and, if successful, the company may ramp up their expansion across geographies, in our view. The company has also introduced the new MCT 1-Lead Patch in Q316 (an extension of the core cardiac monitoring services) and rolled out the INR monitoring service for coagulation management in 2016. All these new initiatives are expected to generate additional revenues in 2017.

Valuation: Undemanding price/sales of 1.6x

The last 12-month Price/sales ratio of just 1.6x looks undemanding, given the good organic growth to date and new service offerings currently being rolled out.

Historical financials

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (c)	P/E (x)	Yield (%)
12/13	91.1	(2.5)	0.22	0.0	N/M	N/A
12/14	98.5	(0.2)	(0.21)	0.0	N/A	N/A
12/15*	106.6	5.8	0.12	0.0	N/M	N/A

Source: LifeWatch, Bloomberg. Note: *Adjusted for Highmark arbitration award.

Price	CHF9.30
Market cap	CHF172m

Share price graph

Share details

Code	LIFE
Shares in issue	18.5m
Estimated net cash* (CHFm) at 31 July 2016	35.7

*Includes CHF43.7m net placing proceeds in July 2016, but excludes payable of US$26m for legal settlement costs.

Business description

LifeWatch, headquartered in Switzerland and listed on SIX, specialises in wireless remote diagnostic patient monitoring services (eg ambulatory cardiac telemetry, ACT). Its primary operations are in the US, Switzerland and Israel, with the main target market being the US.

Bull

- Established US business with cardiac monitoring unit outperforming the market.
- Well positioned to benefit from expected advance of digital health solutions.
- Ramp-up of expansion in Turkey represents the first step outside the US.

Bear

- Digital health is a highly competitive and rapidly evolving market.
- Relatively low-margin business (7.1% adjusted operating margin in 2015); challenge to grow margins against need to reinvest.
- Modest net cash position limits capacity/flexibility to strike transformational deals.

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MagForce AG

Pharma & biotech

Steady progress on defined strategy

MagForce is moving forward with its strategy to drive uptake and acceptance of its NanoTherm nanoparticle-based therapy for cancer. The first NanoActivator device in the US has been installed in readiness for the start of the planned pivotal prostate clinical trial. Initiation is dependent on securing FDA IDE approval (we assume in late 2016). The start of this trial will broaden the geographic and therapeutic reach of NanoTherm therapy beyond Europe, where it is already approved for brain cancer. Our valuation is currently under review.

First NanoActivator installed in the US

MagForce has now installed the first NanoActivator in the US ahead of the planned prostate cancer trial. This device is similar to those currently installed in Germany for glioblastoma (GBM), with specific modifications for both the US market and treatment of prostate cancer. MagForce USA is in possession of four NanoActivators; we expect the remaining three to be installed within the next 12 to 18 months for use in the forthcoming clinical trial.

Prostate IDE approval expected late 2016

MagForce filed an investigational device exemption (IDE) in May 2015 which, if approved, would allow the planned pivotal prostate clinical trial to start in the US (the trial plans to assess NanoTherm therapy as focal treatment for prostate cancer). With investigators and a NanoActivator already in place, we believe the trial will be able to start promptly on IDE approval; MagForce is in active dialogue with the FDA.

Six installations in the EU; strong uptake in treatment

In Europe six NanoActivators are now installed in Germany and commercial GBM patients have received therapy at three centres to date. MagForce reported revenues of €0.6m for H116, an increase in treatment sales compared with H115. The majority of H115 revenues were attributed to the sale of two NanoActivator devices to MagForce USA (€1.277m of the €1.293m in H115 revenues). MagForce recently announced that it is halfway through the second phase of its European plan to increase patient inquires to 100 per month.

Valuation: Strategy on track

With increasing treatment numbers in the EU and an IDE approval in the US a possibility in the near term, MagForce is well placed to drive value over the next 12-24 months. Our valuation is currently under review.

Historical financials

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/13	0.0	(6.7)	(0.30)	0.0	N/A	N/A
12/14	0.0	(7.9)	(0.33)	0.0	N/A	N/A
12/15	2.6	(4.5)	(0.18)	0.0	N/A	N/A
12/16e	N/A	N/A	N/A	N/A	N/A	N/A

Source: Company data

Price	€4.24
Market cap	€109m

Share price graph

Share details

Code	MF6
Shares in issue	25.6m
Net cash (€m) at 30 June 2016	3.4

Business description

MagForce is a German firm with a European approved nanotechnology-based therapy to treat brain tumours. NanoTherm therapy consists of nanoparticle injection into the tumour, activated by an external magnetic field, producing heat and thermally destroying or sensitising the tumour.

Bull

- NanoTherm treatment numbers increasing.
- Defined strategy in place to drive value.
- NanoTherm development on track in the US.

Bear

- Uptake of NanoTherm has initially been slow.
- US plans dependent on IDE approval.
- Treatment areas facing increased competition.

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Mologen

Pharma & biotech

'Next Level' on track

Mologen are focused on the development and commercialisation of lead candidate lefitolimod (oncology and HIV) and the next-generation molecules EnanDIM (TLR9 agonist). Partnering opportunities for lefitolimod are being actively sought. We anticipate Phase II IMPULSE (SCLC) data in early/mid-2017 and initial Phase III IMPALA (mCRC) data 24 months after final patient recruitment to drive the shares. Following the capital raise we now value Mologen at €251m (€7.39/share).

Capital increase complete

Mologen recently announced the completion of capital increase raising gross proceeds of €13.6m. Additionally Mologen will issue a convertible bond to Global Derivative Trading GmbH with a total nominal value of €2.54m, bringing total gross proceeds to €16.1m. The shares were issued at a price of €1.20 to existing shareholders by indirect subscription rights as well as an international private placement that was oversubscribed. This will extend Mologen's cash runway and is critical to fund lefitolimod's development up to Q417.

IMPULSE and IMPALA critical share price drivers

Focus in the near term will naturally centre on lefitolimod and its four ongoing clinical trial programmes; notably Phase III (IMPALA) and Phase II (IMPULSE) maintenance trials for mCRC and SCLC respectively. We anticipate IMPULSE (SCLC) data in early/mid-2017 and IMPALA (mCRC) initial data approximately 24 months after final patient recruitment to be the next major share price drivers. Additionally, during the past six months Mologen has extended the TEACH study (HIV) following positive initial results and has announced a collaboration with the MD Anderson Cancer Center on recruitment of the first patient in the Phase I combination study with the immunotherapy ipilimumab (Yervoy) for advanced solid malignancies.

Valuation: €251m or €7.39 per share

Our valuation of Mologen has changed to €251m or €7.39/share (vs €201m or €8.87/share). This change is attributed to the rolling forward of our model and the addition of new shares following the capital increase. We assume lefitolimod will be out-licensed in oncology in 2018 and have valued royalties accordingly; however, we do not model in any potential upfront or milestone payments. Mologen has recently announced the completion of a capital increase through both a rights issue and issuance of a convertible bond (gross proceeds €16.1m).

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14	0.0	(17.0)	(1.01)	0.0	N/A	N/A
12/15	0.0	(20.5)	(0.99)	0.0	N/A	N/A
12/16e	0.0	(24.9)	(0.73)	0.0	N/A	N/A
12/17e	0.0	(25.8)	(0.76)	0.0	N/A	N/A

Source: Mologen, Edison Investment Research

Price	€1.50
Market cap	€51m

Share price graph

Share details

Code	MGN
Shares in issue	33.95m
Net cash (€m) at 30 June 2016	15.3

Business description

Mologen is a German biotech company developing novel immunotherapies. Lead product lefitolimod (TLR9 agonist) is being evaluated in metastatic colorectal cancer maintenance, small cell lung cancer maintenance, HIV and a combination trial in advanced solid malignancies.

Bull

- Phase II study with lefitolimod showed pronounced OS benefit in certain subgroups.
- Lefitolimod's broad mechanism of action means use could be extended beyond current indications.
- Immunotherapy is a multi-billion dollar market.

Bear

- Dependent on fresh financing/partnership to complete IMPALA study.
- Partner not secured on back of IMPACT study.
- Trials conducted to date in small patient numbers.

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MorphoSys

Pharma & biotech

Partnered and proprietary success

Top-line clinical data from the 837-person Phase III trial of Guselkumab for the treatment of plaque psoriasis was recently released by MorphoSys's development partner, Janssen. It showed statistically significant improvements compared to Humira in Investigator's Global Assessment (IGA, 85.1% grade 1 or 2 vs 65.9%, p<0.001) and the fraction of patients with Psoriasis Area and Severity Index response greater than 90% (PASI 90, 73.3% vs 49.7%, p<0.001). Compelling data on MOR202 and MOR208 were also presented at recent medical conferences.

Guselkumab competitive with half as many shots

The PASI 90 reported for Guselkumab (73.3%) is comparable to other studies of the recently approved next-generation psoriasis treatments Cosentyx (79%) and Taltz (71%). The benefit of Guselkumab is that it can be dosed every eight weeks as opposed to every four for the other treatments.

MOR202 + Dex + Pom might improve CR

The company investigated MOR202 in combination with dexamethasone alone or with Revlimid or Pomalyst. The most interesting result from the study was that the Pomalyst combination arm increased the rate of complete response (CR) from 1% (in the Pomalyst registration trial in combo with Dex) to 50% for patients enrolled per protocol. These results are with only four patients in this arm, so more investigation will be needed to confirm.

MOR208 response independent of Rituxan status

The company presented a subgroup analysis of MOR208 investigating the response to the drug among patients with DLBCL and indolent NHL, as well as the effect of prior treatments on drug efficacy. The most significant result was that response rate and progression-free survival did not vary between patients that were Rituxan resistant and Rituxan susceptible. Historically, Rituxan-resistant patients have responded proportionally worse in other clinical trials.

Valuation: DCF valuation of €1.72bn

We value Morphosys at €1.72bn or €64.92 per share. As the company has 27 clinical programmes, there are many potential catalysts that could increase the valuation. We expect a regulatory filing for Guselkumab by the end of the year, data from the Phase IIb of MOR103 in rheumatoid arthritis in 2017 as well as the start of a pivotal study for MOR208 in diffuse large b-cell lymphoma in 2017.

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	64.0	(1.6)	0.01	0.0	N/A	N/A
12/15	106.2	22.1	0.63	0.0	65.9	N/A
12/16e	48.6	(58.6)	(1.53)	0.0	N/A	N/A
12/17e	56.0	(66.5)	(1.72)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Price €41.52
Market cap €1,084m

Share price graph

Share details

Code	MOR
Shares in issue	26.1m
Net cash (€m) at end Q216	279.5

Business description

MorphoSys is a German biotechnology company. It uses its proprietary technologies to develop human antibodies and peptides for therapeutic use and has 28 antibodies in its clinical pipeline. Its lead proprietary R&D programmes are MOR208 for diffuse large b-cell lymphoma and chronic lymphocytic leukemia (CLL), and MOR202 for multiple myeloma (MM).

Bull

- A large, diverse pipeline of 104 programmes, including 28 in the clinic.
- MOR208 and MOR202 are proprietary programmes targeting large commercial opportunities.
- Well-funded through at least 2017 and longer with additional partnership deals and partnered programme approvals.

Bear

- Developing proprietary programmes can be expensive and risky.
- Partnered programmes will not contribute meaningful royalties until 2018-19 at the earliest.
- Novartis partnership scheduled to expire at the end of 2017 (although there is an option for a two-year extension). Its conclusion could eliminate €40m in annual funding.

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Newron Pharmaceuticals

Pharma & biotech

Back on track

Xadago (safinamide) for Parkinson's disease (PD) is back on track in the US as the FDA has informed the company and its partners, Zambon and US WorldMeds, that no further clinical studies will be required following the 29 March complete response letter. Newron resubmitted Xadago's NDA in September; US PDUFA date is set for 21 March 2017. In Europe the Xadago roll-out is ongoing, with commercial partner Zambon having launched the product in multiple European countries. We value Newron at CHF494m or CHF34.7/share.

Xadago US NDA resubmitted

Newron has resubmitted the Xadago NDA (PDUFA date set for 21 March 2017); the FDA no longer requires any extra clinical studies on Xadago's potential abuse liability or dependence/withdrawal effect. This removes uncertainty surrounding Xadago's US future filing. We have reinstated our forecasts and now anticipate US launch in H217. Importantly, partner Zambon continues its roll-out of the drug across Europe; it is now available in 11 European countries.

Evenamide schizophrenia Phase II data due in Q416

The US Phase II proof-of-concept trial is ongoing, assessing the novel mechanism of action drug, evenamide (NW-3509), as an add-on to antipsychotics in patients with positive symptoms of schizophrenia. Phase II data are expected in Q416. NW-3509 is a partnering candidate, given the potential size of the indication and its differentiating mode of action. Partnering activities could provide upside.

Sarizotan potentially written in the STARS

Sarizotan remains a priority given the potentially rapid clinical development path, in addition to the size of the Rett syndrome (RS) market (c 36,000 patients in the US and EU). STARS, the potentially pivotal clinical trial evaluating breathing disorders associated with RS, has now begun. We forecast potential first approval and launch in 2018 and peak sales of €260m; given the size of the indication, Newron could commercialise in RS alone with a small salesforce.

Valuation: Risk-adjusted NPV of €376m/CHF494m

Our updated Newron valuation is CHF494m (from CHF504m) or CHF34.7/share, reflecting primarily a push back to US Xadago launch by six months. Our valuation includes risk-adjusted contributions for Xadago in PD and dyskinesia indications, sarizotan in RS and evenamide in schizophrenia, and reflects 2015 year-end net cash of CHF44.1m. We have not yet adjusted our valuation following the H116 results and the recent CHF26m new share placement (October 2016).

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14**	1.6	(8.6)	(0.63)	0.0	N/A	N/A
12/15	2.4	(18.3)	(1.17)	0.0	N/A	N/A
12/16e	2.1	(23.3)	(1.48)	0.0	N/A	N/A
12/17e	6.4	(11.3)	(0.72)	0.0	N/A	N/A

Source: Company data, Edison Investment Research

Price	CHF20.75
Market cap	CHF327m

Share price graph

Share details

Code	NWRN
Shares in issue	15.8m
Net cash (€m) at June 2016	34.3

Business description

Newron Pharmaceuticals is an Italian CNS-focused biotechnology company. Xadago (safinamide) for Parkinson's disease has been launched in Europe; Xadago is partnered with Zambon (EU), Meiji Seika (Japan); and US WorldMeds (US).

Bull

- Xadago approved in Europe and launched in Germany by partner Zambon.
- Xadago could have a unique profile (once a day, clean safety) in the growing PD market.
- Pipeline of orphan drugs, which could be commercialised alone.

Bear

- Xadago US regulatory setbacks or delays.
- Zambon does not have a presence in certain markets, including the US.
- Clinical trial failures with the orphan drug pipeline.

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Paion

Phase III confirms remimazolam saves time

Paion has reported positive results from the first pivotal US study of its ultra-short-acting sedative remimazolam in procedural sedation. Induction and recovery from sedation was 23 minutes faster for remimazolam than the widely used drug midazolam, which could speed patient throughput in colonoscopy screening. Paion out-licensed US rights to Cosmo Pharmaceuticals for c €20m cash, €42.5m milestones and a 20-25% royalty. A second pivotal study is expected to complete recruitment in Q217.

Positive results from US colonoscopy Phase III

Paion reported positive results from the first of two US pivotal studies of short-acting anaesthetic remimazolam in procedural sedation; 91% of patients in the remimazolam arm achieved the primary outcome (completion of the colonoscopy procedure without rescue medication) and 1.7% on placebo. The time from start of medication to start of procedure was four minutes for remimazolam vs 19 minutes for midazolam, while time from end of procedure to fully alert was 7.2 minutes vs 15.7 minutes for remimazolam and midazolam, respectively.

Opportunities in Japan and Europe

Paion is well placed to file for a general anaesthesia indication for remimazolam in Japan following guidance from the PMDA (Japanese regulator), which regarded the non-clinical and clinical data packages as complete for filing. We estimate that it could file for approval in Japan in H217, subject to partnering or raising funds to self-file. The company also has the option to seek a partner or raise additional funding to recommence development in Europe, which was suspended in February.

Cosmo deal reduces funding and execution risk

The licence deal brings €10m upfront cash, an equity injection of €10m (€0.4m deferred), plus regulatory and sales milestones of €42.5m and a tiered royalty of 20-25%. Cosmo will fund regulatory filing and commercialisation in the US, while Paion will fund the ongoing bronchoscopy Phase III. The €32.1m cash at 30 June plus the €10m upfront from Cosmo received in July and anticipated milestone payments is sufficient to fund operations to potential US approval in H218/H119.

Valuation under review: Previously €203m

We have placed our forecasts and valuation under review as we assess the implications of the potential time savings if remimazolam replaces midazolam for procedural sedation. Our last published valuation was €203m or €3.65/share.

Historic financials

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/14	3.5	(11.6)	(22.9)	0.0	N/A	N/A
12/15	0.1	(34.0)	(55.7)	0.0	N/A	N/A
12/16e	N/A	N/A	N/A	N/A	N/A	N/A
12/17e	N/A	N/A	N/A	N/A	N/A	N/A

Source: Paion, Edison Investment Research

Pharma and biotech

Price	€2.66
Market cap	€148m

Share price graph

Share details

Code	PA8
Shares in issue	55.7m
Net cash (€m) at Q216	32.1

Business description

Paion is an emerging specialty pharma company developing anaesthesia products. Lead product remimazolam is undergoing US Phase III trials and is partnered with Cosmo (US), Yichang (China), Hana Pharma (South Korea), Pendopharm (Canada) and R-Pharm (CIS, Turkey, MENA).

Bull

- Colonoscopy Phase III confirmed efficacy and time savings vs midazolam.
- Remimazolam has an excellent safety profile and a substantial body of clinical data.
- Paion is funded to potential US approval.

Bear

- Generic sedatives are available.
- Single clinical product in development.
- Additional funding would be required to resume development in Europe.

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EDISON

Probiodrug

Pharma & biotech

Combo trial data may boost early R&D

Probiodrug has announced the results of a combination study of its lead Phase IIa product, glutaminylcyclase-inhibitor PQ912, and its specific monoclonal antibody PBD-C06, the company's second asset in preclinical stage. This is the first preclinical proof-of-concept data and showed an additive effect of this two-pronged approach of inhibiting the formation and increasing the clearance of pyro-glutamyl-Amyloid beta (pGlu-Abeta), the toxic version of amyloid beta, potentially a key pathophysiological component in Alzheimer's disease (AD). While PQ912 remains Probiodrug's key asset, the encouraging preclinical findings in the combo study may boost the company's earlier-stage programme, especially in light of Eli Lilly's recent data from a Phase I study with a peer compound to PBD-C06 (see our latest Outlook report).

Additive effect in lowering pGlu-Abeta

The results from the study with PQ912 and PBD-C06 (mouse version) in the double transgenic AD animal model showed an additive effect in lowering pGlu-Abeta as well as total Abeta. The study involved parallel trials with low doses of each of the drugs and then a combination trial at the same doses, with the treatment lasting four months. No signs of toxicity were observed. Single agents led to a c 35% reduction in hippocampal pGlu-Abeta load, while the combination treatment significantly reduced plaque load by about 65% with total Abeta reduced as well.

Scope for more combination studies

There is also scope to explore Probiodrug's products in combination with other compounds targeting AD. For example, the company is also running a preclinical trial with PQ912 in combination with BACE inhibitors. In addition to BACE inhibitors, which act upstream in the Abeta cascade, therapies targeting tau (a misfolded protein that is also a pathological hallmark of AD), acting on downstream effects, could theoretically be another potential combination partner. As they all act via a different approach, Probiodrug's candidates could be well suited as part of a combination therapy targeting multiple steps in the Abeta cascade.

Valuation: rNPV of €309m or €41.5/share

We maintain our valuation of Probiodrug at €309.1m or €41.5/share. We will revisit our valuation to reflect the combination product once the company clarifies further development plans and progresses into the clinic. The upcoming first Phase IIa data due around end-2016 and full readout in early 2017 are the main catalysts in the near term. The capital raise of €14.9m gross in October 2016 extends the cash runway well beyond the SAPHIR data readout.

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	0.0	(11.4)	(2.35)	0.0	N/A	N/A
12/15	0.0	(13.5)	(1.96)	0.0	N/A	N/A
12/16e	0.0	(14.2)	(1.82)	0.0	N/A	N/A
12/17e	0.0	(11.0)	(1.35)	0.0	N/A	N/A

Source: Company data, Edison Investment Research

Price	**€18.96**
Market cap	**€155m**

Share price graph

Share details

Code	PBD
Shares in issue	8.2m
Estimated net cash (€m) at end October 2016, including €14.9m placing proceeds in October 2016	25.0

Business description

Probiodrug is a German biopharmaceutical company developing its clinical pipeline for the treatment of Alzheimer's disease. Lead product candidate PQ912 is in Phase IIa. PQ912 is a small molecule inhibitor of glutaminyl cyclase (QC), which is essential for the formation of pGlu-Abeta. Two further products are in preclinical stages.

Bull

- Disease-modifying therapy would have blockbuster potential; AD market growing
- Recent R&D successes of therapies targeting Abeta.
- Cash to reach major milestone.

Bear

- AD drug development has high failure rate.
- Will require further funding and/or partner to advance preclinical pipeline before SAPHIR data.
- Regulatory setbacks or delays.

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EDISON

Stratec Biomedical

Healthcare equipment

Digesting acquisitions after Chinese hiccup

Stratec, a designer and builder of automated OEM diagnostic systems made two acquisitions during 2016. The first (from April), was Diatron, a leading Hungarian OEM manufacturer of differential haematology analysers; 2015 sales were €34m. The second (from July), was DADC, now Stratec Consumables (SC). SC (which is Austrian) designs and manufactures precision consumables for high-end diagnostic systems; 2016 sales may be €17m. Core Stratec sales in 2016 will be affected by a slowdown in China. Guidance is for total 2016 sales of €175-182m and €205-220m in 2017. 2016 EBIT margin should be 16-17% rising slightly in 2017.

Two 2016 acquisitions

Diatron, acquired in March 2016 for €67m, is a leading OEM manufacturer of differential haematology analysers. Diatron had 2015 sales of c €34m targeting smaller laboratories at lower test per hour rates. Each analyser requires some bulk standardised chemicals. Stratec Consumables (SC) was acquired in July for about €30m. SC designs and sells high-value consumable parts for high-end diagnostics systems. As these systems gain market share and test volume, SC should become increasingly profitable giving Stratec strong recurrent revenues. Stratec management disclosed sales annualised at €17m with slightly positive earnings as volumes need to grow to cover fixed costs. The acquisitions also increase costs with an extra 400 employees (now 960) since March 2016.

Core business strong but affected by China

Stratec's core business grew steadily in 2015 but was affected in Q116 by a slowdown in orders destined for China and Asia (Stratec sells to major diagnostics companies that then sell or lease the systems to the end customers). H116 sales were €78m including €10.5m from Diatron in Q2. This means that core sales in H1 were €67.5m, down on €70m in H215. The two acquisitions have lower EBIT margin; the Stratec core margin in Q216 was 17.5% vs 16.2% for overall in H116.

Valuation: Growth boosted by acquisitions

Stratec has a high market cap driven by limited liquidity and a substantial number of shares held by the founding family (about 42%). The dividend was increased to €0.75 in 2015 from €0.70 in 2014. However, core sales growth was 6% in Q2 vs 11% when Diatron is included; SC will only contribute in H2 and will lower the EBIT margin. Management guides to €175-182m in 2016 with 16-17% EBIT margin. In 2017, revenues are guided to €205-220m and the EBIT margin may rise slightly.

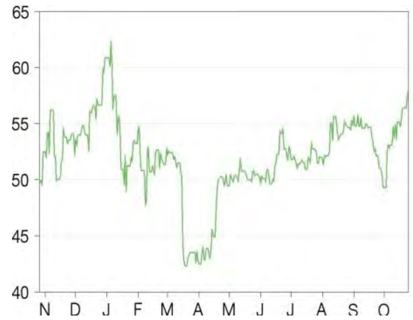
Edison estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	144.9	24.1	2.16	0.70	26.1	1.2
12/15	146.9	26.9	2.53	0.75	22.3	1.3
12/16e	183.5	30.5	2.49	0.80	22.7	1.4
12/17e	220.1	36.1	2.86	0.85	19.7	1.5

Source: Edison Investment Research. 2015 revenues and EBIT as disclosed.

Price	€56.41
Market cap	€669m

Share price graph



Share details

Code	SBS
Shares in issue	11.86m
Net debt (€m) as at 30 June 2016	53.3

Business description

Stratec Biomedical designs and manufactures OEM diagnostic systems. A US subsidiary designs advanced optics and there is a UK software company and Berlin DNA business. Diatron (blood analysers), was consolidated from April and the consumables acquisition is included from July.

Bull

- Strong core business with excellent reputation with global diagnostic clients.
- Diatron adds higher volumes in new OEM sector.
- DACC should add reoccurring revenues giving more consistent revenue base.

Bear

- China may continue to be a weak area.
- Over reliant on service parts for profits.
- DACC may take some years to deliver profitable revenue streams.

Analyst

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EDISON

Sygnis

Healthcare equipment & services

Bigger, stronger, faster

Following the acquisition of Expedeon, Sygnis expects to achieve profitability in 2017 if sales grow to about €7m; management is focused on achieving sales synergies and controlling costs. The acquisition was funded by issuing 20.54m shares at €1.10 each including a cash fund-raising of €5.3m gross. Sygnis produces innovative molecular biology kits, while Expedeon makes well-designed products for protein analysis. Expedeon has a UK- and US-focused, 13-person sales and marketing team and a five-year sales CAGR of about 20%. Integration and sales training will take most of 2016. Guidance on sales is expected in November 2016.

Expedeon financials and deal structure

The acquisition cost of Expedeon at the rights issue price of €1.10/share was €19.0m (£16.4m), about 4.6x its 2016e sales of €3.5m as guided by Sygnis, up from €2.5m in 2015. We estimate that sales of up to €1.7m will be consolidated in H216. Expedeon's EBITDA margin in 2015 is stated to be 13% (about €325k), suggesting a purchase price of about 49x 2015 EBITDA. We estimate the margin may increase to 15% in 2016. The acquisition is crucial for the medium- to long-term profit potential.

Sygnis H1 results and rights issue

Sygnis reported €319k in sales in H116. The reported H116 net loss was €1.4m, down from a €1.9m loss in H115. The H116 cash outflow including capitalised R&D was €1.74m before other costs and capital expenditure of €0.41m, giving an H1 cash use of €2.15m. Cash was €2.4m as of 30 June. We estimate 2016 year-end cash of €5m after the funding and acquisition. Sygnis issued 20.5m new shares in July, making 37.3m in issue; there were 16.5m in issue as of 30 June.

Valuation: Acquisition gives sold basis for growth

Our May 2016 forecast is for 2016 consolidated revenues of around €3.2m (€5m annualised), with the loss reducing to about €1.0m. Revised guidance is expected from Sygnis with Q3 results in November. At the current price the enlarged group market cap is €48m, about 7x our combined 2017e sales estimate of €6.9m. From 2017 onwards, sales synergies, growth and cost control could enable profitability. Expedeon has a strong OEM sales channel with Sigma and a Chinese deal with Tanon. These deals might offer further opportunities for Sygnis's molecular biology products. Sygnis also plans to use its innovative molecular biology technology to enter the research market for liquid biopsy tests – tests for DNA fragments in the blood that can track and detect cancers. This could be a major product but is still in late-stage development.

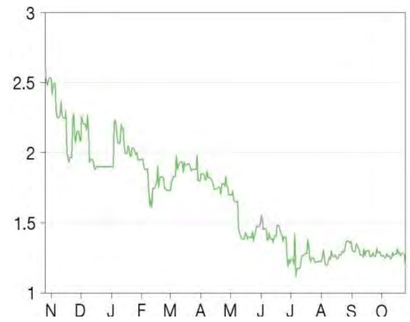
Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14	0.39	(1.92)	(19.27)	0.0	N/A	N/A
12/15	0.56	(2.62)	(19.31)	0.0	N/A	N/A
12/16e	3.18	(1.01)	(3.79)	0.0	N/A	N/A
12/17e	6.90	0.73	1.94	0.0	67.0	N/A

Source: Company data, Edison Investment Research

Price	**€1.28**
Market cap	**€48m**

Share price graph



Share details

Code	LIO1
Shares in issue	37.3m
Net cash (€m) at 30 June 30 2016 (excluding rights issue proceeds)	2.4

Business description

Sygnis develops polymerases for the amplification and sequencing of DNA. It launched a directly sold web range of products in 2015, with more products due in 2016. It also uses distributors. Sygnis acquired Expedeon, a larger proteomics business with direct sales capability, in July 2016.

Bull

- Expedeon acquisition improves medium term growth and profit potential.
- Revised guidance in November (Q3 results) should improve visibility.
- Access to strong OEM sales channels via the Expedeon acquisition.

Bear

- Recent rights issue causes short-term dilution and stock overhang.
- Integration risk from new acquisition.
- Challenge to gain market share in a competitive market.

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TxCell

Pharma & biotech

Increasing CAR Treg emphasis

TxCell's new and novel CAR-modified regulatory T-cell (CAR Treg) platform has developed rapidly since June with three key academic collaborations aimed at progressing a range of indications including an important one aimed at controlling transplant rejection. CAR Treg trials may start from 2018. The Ovasave Crohn's Phase IIb will now start in 2018, formerly H216, with faster manufacturing. We expect a cash inflow in H216 of €7m with forecast cash of €3.5m at year end after a cash burn of €12m.

Two patent-protected Treg technologies

TxCell is developing two platform technologies: ASTrIA and ENTrIA. ASTrIA is based on naturally occurring Tregs that have been targeted to a specific antigen. The lead product in this indication is Ovasave. A new manufacturing process cuts the time required to produce this autologous therapy from 12 to seven weeks. This process will be validated over 2017, allowing the planned Phase IIb study to start in 2018. The new ENTrIA platform uses chimeric antigen receptor (CAR) technology similar to that used in the CAR T-cell cancer area. ENTrIA has been granted European patent protection and we anticipate that it is an excellent basis for partnering and technology licensing; deal values of over €300m are seen in the cancer area. CAR Treg trials may start from 2018.

Financing from convertible loans and tax credits

In a July deal with Yorkville Advisors Global (YAG), TxCell secured up to €30m gross funding through a convertible loan note deal. TxCell drew a €2.9m loan from this facility in August and expects to receive a further €2m loan by the end of December. Warrants are issued at a rate of 50% of the loan value. In August, TxCell received €1.1m in advance research tax credits and expects to receive a further €1m by early 2017. Management is reducing the expected 2016 cash burn to about €12m; H1 operational cash use was €6.1m; June cash was €3.2m.

Valuation: CAR Treg is the future

TxCell's valuation still depends on Ovasave, but the Phase IIb has shifted from 2016 to 2018 while the manufacturing is automated and validated. Deals using the CAR platform offer TxCell's most immediate route to value generation. The indicative value published on 24 June 2016 was €6.30/share before any 2017 dilution. Our estimated diluted number of shares has increased to 15.5m by the year end due to loans and warrants before management options (1.5m), up from an estimate of 14.5m in June. Our valuation and financial forecasts are under review.

Edison estimates

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/14	1.39	(8.7)	(82.6)	0.0	N/A	N/A
12/15	1.61	(10.7)	(87.4)	0.0	N/A	N/A
12/16e	0.00	(14.5)	(111.8)	0.0	N/A	N/A
12/17e	0.00	(18.3)	(135.1)	0.0	N/A	N/A

Source: Company data, Edison Investment Research

Price	€2.88
Market cap	€38m

Share price graph

Share details

Code	TXCL
Shares in issue (15 September 2016)	13.14m
Cash (€m) at 30 June 2016	3.2

Business description

TxCell is a pioneer in developing regulatory T-cell immune therapies against autoimmune and inflammatory disorders. The lead product in Crohn's refractory disease is due to restart Phase IIb in 2018 if funded. A novel CAR Treg technology platform is in early development with trials possible form 2018.

Bull

- Focussed T-reg company targeting major immune indications like Crohn's and transplant
- Patented CAR T-reg technology platform with high deal potential
- Funding in place and reduced cash burn

Bear

- Phase IIb trial start postponed until 2018 and currently unfunded
- Dilutive convertible loan funding plus warrants
- CAR T-reg approach remains preclinical till 2018

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Technology

All for One Steeb

Software services

Investing in the digitisation opportunity

All for One Steeb is the leading supplier of SAP solutions into the German-speaking mid-market. The company is well placed to benefit from accelerating investment in digital and cloud transformation although the investment to secure this opportunity will suppress margins near term.

Acquisitions to drive scale and expand offering

All for One Steeb has successfully operated a buy-and-build strategy over the past six years. The initial focus was building scale and expanding customer footprint to the extent that the company is now the clear leader in the target segment, providing SAP solutions to the mid-market with over 2,000 clients and 1,200 experts. Recent acquisitions have focused on expanding the breadth of solutions deliver integrated solutions across key industry verticals and supporting on premise, private, public and hybrid cloud environments. The company's latest acquisition of a 70% stake cloud specialist B4Bin (amount undisclosed) was made to enhance the group's cloud-based delivery capability and accelerate growth in this area.

Digital transformation opportunity

The accelerating pace at which companies are investing in digital transformation and cloud presents a long-term structural growth opportunity for All for One Steeb, as it does for SAP, in which its prospects are closely tied. In the near term investment is required to ensure the business remains well placed to capture this opportunity through developing its cloud delivery capability (such as through the B4Bin acquisition) and boosting delivery capability in SAP's higher growth cloud product lines such as Business by Design, Success Factors Hybris and S/4HANA. Recruitment constraints are also a factor due to high demand for SAP consultants.

Investing to capture the opportunity

Sales growth has remained solid this year (+11% to €199.9m for 9M16) but margins and earnings growth have moderated (EBIT +1% to €14.6m; EBIT margin of 7.3% vs 8.0%). We believe that structural growth drivers are likely to remain robust although the uncertain economic picture is clearly a factor. We can see scope for margin expansion in the medium term but caution against assuming any significant recovery near term – high-margin licensing revenues have been strong in FY16 to date, while FY15 benefited from high utilisation levels.

Valuation: Factoring in sustained earnings growth

In the near term, we believe that All for One Steeb's FY17e P/E rating of c 18x looks fair. A key catalyst for upside would be visibility that the current investment phase will drive an acceleration in growth or that margins are set to expand again.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/15	241.6	16.1	2.25	0.80	22.6	1.6
12/16e	264.0	17.1	2.40	0.91	21.2	1.8
12/17e	280.0	20.1	2.86	1.11	17.8	2.2
12/18e	295.0	22.8	3.17	1.22	16.0	2.4

Source: Thompson Eikon consensus

Price €50.8
Market cap €253m

Share price graph

Share details

Code	A1OS
Shares in issue	4.98m
Net cash (€m) at 30 June 2016	3.1

Business description

All for One Steeb is the leading supplier of SAP industry solutions to mid-market companies in German speaking countries.

Bull

- Market leadership position.
- Well placed to benefit from digital and cloud transformation.
- High recurring revenues (46% in FY15) and scope for take-off of SaaS to boost this further.

Bear

- Investment fees and recruitment constraints may suppress margins near term.
- Low free float and liquidity.
- Valuation is not compelling.

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GFT

Consulting and IT services for banks

GFT is building a global IT services and consulting business, focused on the growing opportunity in the financial services sector. It is diversifying geographically and broadening its customer base, and we estimate that two-thirds of revenues are recurring in nature. GFT benefits from high levels of IT spending, complex business requirements in the financial services industry and favourable outsourcing trends in banking. Revenue growth picked up in Q2, despite the challenging banking sector backdrop, as strong demand for digitisation projects in the commercial banking sector in Europe outweighed project deferrals in the Anglo Saxon investment banking markets (though we note this sector needs to invest in IT to remain competitive). Trading on c 12x our FY18e EPS, the stock looks attractive on strong earnings momentum and attractive business drivers.

Q216 results: Underlying organic growth was 19%

Q2 organic revenue grew by 19.2% y-o-y at constant currencies, or 17.1% after the currency headwind due to the decline in sterling. Revenue from Adesis Netlife, acquired in June 2015, along with an initial contribution from Habber Tec, took total Q2 group revenue to €110.6m. Q2 adjusted EBITDA rose by 11% to €11.4m, reflecting a 106bp decline in the margin. For the full H1 period, organic revenue grew by 13.5%, before a 1.7% currency headwind, to €199.8m. The acquisitions took the total H1 revenue to €208.0m, up 16.4%. While net debt rose from €36.4m to €70.3m over H1, we note that the group generates its strongest cash flows in H2. Outstanding acquisition liabilities of €15.9m take the adjusted net debt to €86.2m.

Acquisition of Habber Tec Brazil

In April, GFT acquired Habber Tec Brazil for an undisclosed sum. Habber Tec Brazil specialises in the implementation and ongoing support of business process management (BPM), big data, analytics and mobile solutions and is Brazil's largest IBM partner for BPM. It adds expertise in BPM integration and mobile solutions, especially in the fields of credit and digital banking applications.

Valuation: Attractive if it can sustain the growth

The stock trades on 1.1x FY17e EV/sales and c 10x EV/EBITDA, which is at the lower end of its larger global IT services peers, which typically trade in the ranges of c 1.7-2.1x revenues and c 8.6-11.4x EBITDA. Our DCF model (which assumes a WACC of 9%, 10% pa revenue growth to 2020 and 12% long-term EBITDA margins) values the shares at €26.46.

Edison estimates

Year end	Revenue (€m)	EBT* (€m)	EPS* (c)	Adj EPS** (c)	P/E (x)	Yield (%)
12/14	279.2	25.4	75.8	96.5	18.0	1.4
12/15	373.5	32.5	96.2	119.5	14.5	1.7
12/16e	420.0	33.0	92.9	115.2	15.1	1.9
12/17e	460.0	39.4	103.4	125.4	13.9	2.1

Source: Company data, Edison Investment Research

Software & comp services

Price €17.38
Market cap €458m

Share price graph

Share details

Code	GFT
Shares in issue	26.3m
Net debt (€m) at 30 June 2016	70.3

Business description

GFT (legal name: GFT Technologies) is a global technology services business primarily focused on banks and insurance companies.

Bull

- The business is growing very quickly, supported by strong structural drivers in the banking industry (digitisation and regulation/compliance).
- FinTech sector continues to be hot.
- Acquisitions in Italy, UK, Spain and Brazil have significantly scaled up the business internationally.

Bear

- Turmoil across the European banking sector has increased the uncertainty
- Deutsche Bank generates c 40% of revenues.
- The group has moved into a net debt position to finance its acquisitions.

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ISRA VISION

Software

Thriving on the industrial automation trend

ISRA VISION is a leading global supplier of surface inspection and 3D machine vision systems. These products help customers optimize product quality, reduce labour costs and collect valuable production data. The company looks well placed to continue to benefit from structural investment in industrial automation and the Industry 4.0 transition.

Helping customers optimize and automate production

ISRA VISION operates in two segments: **Surface Vision** (77% of 9M15/16 sales) sells applications for defect recognition and classification in several steps of the production process in the glass, solar, plastics, print, paper, security paper, metal and semiconductor industries. The company's systems help optimize production yields by analysing visual data at high speeds. **Industrial Automation** (23% of 9M15/16 sales) focuses on the automotive industry, providing machine vision systems to guide robots, hence making them more flexible and efficient.

Innovation lead growth, more acquisitions planned

ISRA's core competence lies in its proprietary machine vision software, BrainWARE, which combines deep know-how in fields such as optics, lighting, image processing and classification algorithms. ISRA invests significantly in R&D (15% of 9M15/16 sales, target 14%), developing both its core platform and industry-specific solutions. This is key to maintaining technology leadership, opening up new growth opportunities and enabling cross-selling and upgrades from the company's 10k+ reference installations. The company plans to supplement organic growth with acquisitions, targeting promising verticals such as pharma, food or electronics.

Double-digit growth and margin expansion

Over the last five years, ISRA has grown revenues consistently at a high single-digit/low double-digit rate, with EBIT margins consistently in the high teens touching 20% in FY14/15. Performance for 9M15/16 has been robust, with revenues up 10% to €84.3m and EBIT up 14% to €16.7m. Supported by a healthy order backlog of €85m, up 21%, management is now guiding to double-digit revenue growth for FYE16/17 with margins expansion driving earnings at a somewhat higher level.

Valuation: Healthy rating, healthy prospects

ISRA VISION's FY16/17e PE rating of c 25x is a growth multiple, but we do not believe it looks overly demanding considering the company's strong IP and market position, healthy financials and prospects. If the company can meet FY16/17 guidance and sustain this performance, we see good scope for stock appreciation.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
09/15	112	21.8	3.4	0.42	30.9	0.4
09/16e	125	25.2	4.0	0.46	26.5	0.4
09/17e	137	28.4	4.4	0.49	24.9	0.5
09/18e	149	31.6	4.8	0.53	21.9	0.5

Source: Bloomberg

Price €104.9
Market cap €460m

Share price graph

Share details

Code	ISR
Shares in issue	4.38m
Net debt (€) at 30 June 2016	26m

Business description

ISRA VISION provides surface inspection and image processing systems worldwide. The company's products support industrial producers in optimizing product quality, reducing labor costs and collecting valuable production data.

Bull

- Market leadership position in a fragmented market.
- Well placed to benefit from Industry 4.0.
- Improving prospects, not fully reflected in consensus estimates.
- Strong IP position.

Bear

- Relatively high rating, low dividend yield.
- Working capital can be volatile.

Analyst

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EDISON

Keywords Studios

Software & comp services

Unique position in outsourced games services

Keywords is uniquely positioned in the global games development industry, with more touch points than other service providers. It has an excellent growth record and plenty of scope for continued organic growth, including more cross-selling and extending its geographic reach. The fragmented nature of the technical services industry offers further acquisition opportunities. The market backdrop is favourable, with digital and mobile gaming growing rapidly, a need for regular updates of ever higher-definition games content, and virtual and augmented reality likely to open up significant new opportunities in the medium term.

Becoming a 'go to' global services provider

Keywords' scale and ability to provide services across the games development lifecycle is a key competitive advantage. From its original focus on localisation services it has successfully expanded its product range, particularly into audio and art creation, with many new opportunities for cross-selling. Keywords services 21 of the top 25 games companies (eg EA, Nintendo) and seven of the top 10 mobile games developers (eg Supercell, Tencent). Its key skills are the timely delivery of technically complex, high-quality services while maximising staff utilisation.

Favourable industry trends

The global games industry is forecast to grow at 4.8% CAGR between 2015 and 2020, to $90.1bn (source: PWC) driven by more digital purchases on consoles and PC and strong growth in mobile gaming. We believe the market for technical services is growing at a higher rate as developers look for ways to increase efficiency, particularly as games now need more regular updates and releases.

EPS growth of 42% in 2016e

Keywords' normalised EPS more than doubled between 2013 and 2015 and we expect a further 42% growth in 2016e. The H116 results were especially strong (normalised PBT up 177% to €6.0m) but this partly reflected an unusually strong Q2. The underlying business is cash generative and there was net cash of €3.5m on the balance sheet in June. See the Edison Update report dated 13 September.

Valuation: Premium justified by unique position

Keywords offers investors a low-risk way into the high-growth video games industry. Management has an excellent track record of delivering on its growth strategy and while this has been reflected in a strong share price performance, its growth prospects fully justify a premium rating. The 2017e EV/EBITDA is c 14x.

Edison estimates

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS* (p)	P/E (x)	Yield (%)
12/14	37.3	5.1	8.5	1.10	53.8	0.2
12/15	58.0	8.0	12.5	1.21	36.6	0.3
12/16e	87.0	12.2	17.8	1.33	25.7	0.3
12/17e	102.8	15.0	21.8	1.46	21.0	0.3

Source: Company data, Edison Investment Research. *DPS in distributable currency.

Price	457.5p
Market cap	£249m

Share price graph

Share details

Code	KWS
Shares in issue	54.3m
Net cash (€m) at 30 June 2016	3.5

Business description

Established in 1998, Keywords Studios provides integrated art creation, audio, localisation (eg translation and cultural adaptation), testing and customer support services to the video games industry. It is looking to consolidate the currently fragmented market for technical services to the global video games market.

Bull

- Market-leading position demonstrated by an impressive customer list.
- Scope for further cross-selling and geographic expansion.
- Fragmented market ripe for consolidation.

Bear

- Competition from small regional players and internal teams within games developers.
- Needs to manage peaks and troughs in workload.
- Some currency exposure.

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Keywords Studios is a client of Edison Investment Research Limited

EDISON

Mensch und Maschine

Technology

CAD/CAM software specialist

Mensch und Maschine has seen strong growth in its proprietary CAM software business combined with exceptional growth in its Autodesk reseller business, as customers have sought to beat the deadline for the shift to a subscription licensing model. The company has made good progress in expanding margins and continues to work towards its longer-term margin targets.

Price	€12.62
Market cap	€206m

Share price graph

Share details

Code	MUM
Shares in issue	16.3m
Net debt (€m) at end Q316	22.6

Business description

Mensch und Maschine Software (M+M) sells proprietary and Autodesk CAD/CAM software. It reports across two business lines: M+M Software (26% of H116 revenues) and VAR (74% of H116 revenues). The company has operations in Europe, the US and Asia Pacific.

Bull

- Largest European Autodesk value-added reseller.
- High-margin, internally developed software.
- Loyal workforce.

Bear

- Reliant on Autodesk's technology development.
- Net debt position.
- Change in Autodesk's licensing model to subscription model.

Analyst

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Sales growth & margin expansion for both divisions

9M16 revenues grew 6.9% y-o-y (Software +12.0%, VAR +5.3%), driving the group EBITDA margin up to 8.5% compared to 7.5% a year ago and the group's longer-term EBITDA margin target of 13%. The Software division's EBITDA margin reached 21.0% (9M15: 18.6%, FY15: 19.8%), as strong demand for its proprietary software dropped through to the bottom line, and is now approaching its 25% target margin. VAR profitability has been steadily improving as the business has grown – the adjusted EBITDA margin (excluding Distribution earn-out up to FY14) was -5.3% in FY12, increasing to 0.7% in FY14, 3.9% in FY15 and 4.0% in 9M16. The longer-term EBITDA margin target for VAR is 10%, which we would expect to take several years to achieve, and will also depend on how the new Autodesk subscription model affects the business.

Autodesk shift to subscription model

Autodesk has stopped selling its software on a perpetual licence basis and shifted completely to a subscription licensing model (single products since February and suites since August). The VAR business saw strong growth in FY15 and a large uptick in sales in Q116 as customers bought perpetual licences and associated support contracts in anticipation of the deadline; we saw a smaller uplift in Q316 and from Q416, expect revenues to fall back to more normalised levels. Even before the deadline, M+M was signing up subscription licences, which should reduce the potential impact of the business model shift.

Valuation: Growth has driven upside

Management expects FY16 EBITDA of €15.5-16m (H116 €8.3m), EPS of 42-46c and DPS of 30-35c. Consensus estimates are in line with this guidance which, based on nine months performance, looks achievable. Recognising the strong growth in revenues and margins, the stock has gained c 75% over the last year. Continued revenue and margin growth, combined with an attractive dividend yield, have the potential to drive further upside to the stock price, although investors are likely to want confirmation that the effect of the Autodesk business model shift on profitability is not material.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	140.0	5.6	0.24	0.20	52.6	1.6
12/15	160.4	7.5	0.24	0.25	52.6	2.0
12/16e	170.1	12.9	0.46	0.34	27.4	2.7
12/17e	184.0	17.5	0.68	0.45	18.6	3.6

Source: Mensch und Maschine, Thomson

EDISON

Nemetschek

Software

Building on its strengths

Nemetschek is a leading provider of software for the AEC (architecture, engineering & construction) industry, with a particular focus on supporting open standards. Supported by the digitisation of the AEC industry, we see good scope for the company's strong financial performance in the last few years to continue. Hence we feel a premium rating is merited.

Software solutions across AEC lifecycle

Nemetschek offers a range of solutions covering the entire life cycle of buildings. These are represented in three reporting segments: **Design** focuses on building information modeling (BIM) oriented solutions for computer-aided design and computer-aided engineering **Build** offers solutions for BIM from tender, award and final accounting to costing, scheduling and cost accounting; and **Manage** specialises in information technology solutions for the administration of complex commercial properties. The **Media & Entertainment** division provides solutions for 3D modelling, painting, animation and rendering, primarily for media - film, TV, advertising and games but also others such as architecture and product design.

Eyeing greater synergies and international growth

The company has successfully deployed a buy-and-build strategy to expand its product portfolio and operates 13 key brands across the business. Acquired businesses operate with relative autonomy, gaining sales leverage from Nemetschek's global customer base and sales and marketing platform. A chief strategy officer was appointed this year with the remit of aligning the brand companies and M&A strategy to accelerate the growth of the group, particularly in North America and Asia where the business is currently underrepresented.

Consistent strength priced in

Nemetschek has delivered consistent double-digit organic revenue growth supplemented by acquisitions, and EBITDA margins have consistently been in the mid-teens. This year has seen an acceleration in revenue growth (9M16 19.2%, 17.1% organic) and EBITDA margin expansion (to 27% in 9M16) prompting guidance to be increased. While these higher rates may not be sustainable, market dynamics are attractive. Spend on technology in the global construction industry is expected to grow at a healthy 19% CAGR between 2015 and 2025 (source: McKinsey). With an FY17e P/E of c 34x, the company's premium rating clearly reflects these strong prospects, although we feel that upgrades will be required to drive significant upside and margin for error is low.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/15	285.3	54.2	1.1	0.50	52.7	0.9
12/16e	339.6	72.1	1.4	0.56	41.4	1.0
12/17e	389.7	84.8	1.7	0.66	34.1	1.1
12/18e	440.6	100.9	2.0	0.76	29.0	1.3

Source: Bloomberg

Price	**€58.0**
Market cap	**€2.2bn**

Share price graph

Share details

Code	NEKG
Shares in issue	38.5m
Net cash (€m) at H116	13.5

Business description

Nemetschek is a leading provider of software for the AEC (architecture, engineering and construction) industry. The company's products are used by about 2.1 million users in 142 countries. The company has a strong focus on open standards, particularly OPEN BIM.

Bull

- Strong industry fundamentals.
- Robust growth, high margins.
- Could become a target.

Bear

- Limited free float (46%)/liquidity.
- High P/E rating.
- Recent surge in growth and margins may not be sustainable.

Analyst

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EDISON

Reply SpA

Technology

Profitable growth engine

Reply's ability to stay ahead of technology trends through its entrepreneurial business model has resulted in an impressive track record of strong profitable growth. We expect the group to continue on this path, with expansion into the US likely to accelerate growth. We believe further share price upside is possible as the market recognises the company's strong financial performance.

Applying the successful Italian model to other target geographies

The Reply group is a network of independent companies operating in specialist technology areas. Management is keen to replicate the Italian breadth of expertise across its two other divisions, which broadly represent the DACH Region (Germany division: 16.5% of FY15 revenues) and the UK and Benelux (UK division: 12.5% of FY15 revenues). Current areas of technology focus include blockchain, Industry 4.0, machine learning and virtual reality. The growth strategy has been to invest in developing in-house expertise, supplemented with the acquisition of businesses in key new areas of technology. Reply has recently made acquisitions in the UK, Germany and Italy to bolster its technology offering and continues to add investments to its Internet of Things incubator, Breed Reply. Reply is keen to enter the US market and is undertaking a careful evaluation of US acquisition targets.

H116 results confirm growth trend continues

Up to FY15, Reply achieved a five-year revenue CAGR of 12.9% and continued the double-digit growth trend with revenue growth of 11.9% for H116 (11% organic). The company's target of reaching revenues of €1bn looks on track to be achieved in FY19 if not earlier. H116 adjusted EBIT margin of 12.0% (H115 12.4%, FY15 12.7%) saw the effect of staff changes in the UK, but H216 is expected to return to previous levels.

Valuation: Solid growth warrants premium rating

Consensus forecasts reflect the company's targeted double-digit organic revenue growth and 12-14% EBIT margins. Estimates for 2016 appear more than achievable, bearing in mind typical Q4 seasonality and recent acquisitions. The stock is trading in line with its peer group. However, we believe that the company's ability to grow consistently at double digits, while achieving operating margins above 10% should warrant a premium.

Consensus estimates

Year end	Revenue (€m)	PBT (€m)	EPS (€)	DPS (€)	P/E (x)	Yield (%)
12/14	632.2	79.3	5.12	0.85	23.1	0.7
12/15	705.6	88.9	6.06	1.00	19.5	0.8
12/16e	788.8	97.5	6.94	1.20	17.1	1.0
12/17e	860.6	105.0	7.77	1.35	15.2	1.1

Source: Reply, Thomson Reuters

Price	**€118.4**
Market cap	**€1,113m**

Share price graph

Share details

Code	REY
Shares in issue	9.4m
Net cash (€m) at end H116	20.2

Business description

Reply offers consulting, systems integration and application management services, specialising in the creation and implementation of solutions based on new communication networks and digital media. The main regions of focus are Italy, Germany and the UK.

Bull

- Innovative, entrepreneurial attitude.
- Experienced management.
- Strong margins.

Bear

- Acquisition risk.
- Challenge of finding enough sufficiently qualified staff.
- Large exposure to Italian economy.

Analyst

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EDISON

RNTS Media

Media

Leading mobile ad tech group

The launch and integration of new products has resulted in a pick-up in momentum; pro forma H116 revenues grew 90%. Management has subsequently increased its FY16 PF revenue guidance by more than 10%. As the fastest growing ad tech company in the sector, RNTS's premium rating is increasingly justifiable.

Group structure now in place

The last year has seen considerable change at RNTS, which has exited non-core operations and placed €150m convertible bonds to fund its ambitious strategy. Following the acquisition of Inneractive, which completed in July 2016, RNTS now has two complementary mobile advertising technology (ad tech) platforms at its core: Fyber and Inneractive. Together the platforms have an MAU (monthly active user) reach of around one billion, which we believe makes RNTS one of the leading SSPs in Europe and the US in terms of audience reach.

Strategy – monetising its widening reach

Historically, Fyber mainly traded 'offer wall' formats, a small part of the overall market. However, by the end of FY16 it expects to have a near-complete product and technology stack, which should enable it to deepen product penetration into its customer base. Integral to this has been the launch of Fyber RTB (real-time bidding) services and more recently a private programmatic market place, as well as the addition of rewarded video (RV) on the Fyber exchange.

H116: Near doubling of pro forma revenue

PF H116 revenues increased by 90% to €94.8m. All business units performed well, but the Fyber RTB services were particularly strong, contributing €20m from a near-standing start last year, as was RV, which launched in H215. Inneractive is also performing ahead of plan, with revenues up 158% y-o-y. The recent 10% increase in FY16 revenue guidance to €205m indicates that the strong momentum has continued into H216, accelerating the company's path to adjusted EBITDA break-even – now expected in Q4 this year, 12 months ahead of its previous plan.

Valuation: Growing into its premium rating

RNTS is the fastest growing listed ad tech company in Europe and the premium 1.4x FY17e EV/Sales rating on which it trades relative to peers is increasingly justified. Putting in place additional funding to satisfy the earn-outs for Inneractive and Heyzap in early 2017 is the next hurdle for the company, as well as reaching adjusted EBITDA profitability. Continued evidence of the success of its newer formats and technologies should ease this path.

Edison estimates*

Year end	Revenue (€m)	EBITDA cont (€m)	EBIT cont (€m)	PBT cont** (€m)	PBT reported (€m)	EV/Sales (x)
12/14	64.0	0.7	(1.5)	(2.0)	(10.8)	5.7
12/15	81.1	(13.7)	(15.2)	(18.6)	(40.3)	4.5
12/16e*	158.8 (189**)	(13.4)	(18.6)	(24.6)	(33.2)	2.3 (1.9**)
12/17e*	252.3	(4.2)	(9.8)	(17.3)	(22.5)	1.4

Note: *Under review at time of writing. **Pro forma 12 months of Inneractive.

Price	€2.36
Market cap	€271m

Share price graph

Share details

Code	RNM
Shares in issue	114.5m
Net debt (€m) at June 2016	92

Business description

RNTS Media has two complementary mobile ad tech platforms at its core: Fyber and Inneractive. Their supply-side platforms help app developers and publishers overcome the challenges of a fragmented ecosystem by consolidating a wide range of advertising demand onto one platform. It is one of the world's largest independent groups in this space.

Bull

- Large and expanding global addressable market.
- Early positioning in mobile, programmatic and video.
- Very strong revenue momentum from new products.

Bear

- Volatile industry with very limited visibility in trading trends.
- Offer wall, currently the largest format, is mature.
- Funding required by Q117.

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RNTS Media is a client of Edison Investment Research Limited

EDISON

SinnerSchrader

Software & comp services

Well placed in a dynamic sector

SinnerSchrader (SZZ) reported a solid finish to an excellent financial year, which saw double-digit growth in underlying revenues and EBIT margin expansion. Underpinned by the Audi deal, we believe FY17 will be another strong year and see scope for continued share price appreciation.

Digital transformation driving growth

With digital transformation project budgets increasing, global consultancies and systems integrators have become more active in the sector. Despite this rising competition, SZZ's strong reputation as an innovative independent technology lead agency has enabled it to deliver a CAGR in revenues of 11% over the last five years (principally organically) and we believe the organic growth outlook remains robust; however, management may also need to deploy some of its rising cash balance to meet its medium-term ambition to double revenues again.

Recent trading: Solid end to a strong year

After three quarters of strong growth, revenues in Q4 were down slightly y-o-y, with FY16 revenues up 7% (+13% excluding the impact of the discontinued Next Audience business). FY16 adjusted EBIT was approximately €5m, in line with guidance, and adjusted EBIT margins of 10% compare with 9% last year, despite margin pressure from the Audi pitch process and a few agile project overruns.

Audi win: A gear change for the group

In July, SZZ announced that it had been appointed as Audi's worldwide lead digital agency. This is potentially its largest win to date and demonstrates its capacity to win major projects despite the more difficult competitive backdrop. It also underpins our revenue growth forecast for the year ahead. Resourcing larger projects can put pressure on margins; however, SZZ has maintained its staff numbers at the end of the year, despite the closure of NA, and realigned divisions to enable more effective resource sharing across the group; we see scope for margins, which remain below historic levels, to expand further.

Valuation: Scope for further upside

On a FY17 annualised P/E of c 17x, the shares trade in line with the broader European digital agency peer group. However, as one of the fastest growing companies in this peer set and given the rarity value of German digital agencies in a consolidating market (for instance its closest German peer, Syzygy, trades on 27x FY17e P/E), a premium rather than a discount is justified.

Edison estimates

Year end	Revenue (€m)	EBITA* (€m)	EPS (c)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
08/14	48.6	4.6	16.5	27.8	12.0	19.3	2.2
08/15	47.7	4.2	13.4	25.1	12.0	21.3	2.2
08/16e	51.0	5.0	26.4	29.2	13.0	18.3	2.4
08/17e	58.7	5.9	34.1	34.0	13.7	15.7	2.6

Source: Company data, Edison Investment Research. Note: *EBITA and EPS are normalised, exclude exceptional items, share-based payments and discontinued items.

Price	€5.35
Market cap	€62m

Share price graph

Share details

Code	SZZ
Shares in issue	11.4m
Net cash (€m) at end August 2016	6

Business description

SinnerSchrader is a leading European independent digital agency that specialises in helping companies use the internet to sell and market goods and services. The majority of sales originate in Germany, servicing accounts such as Allianz, Volkswagen, Deutsche Bank, Telefonica and Unity Media.

Bull

- Leading German independent agency.
- Buoyant market for digital transformation products.
- Scope for EBIT margin expansion as the group reallocates resources.

Bear

- Growing competition from global groups.
- Tight labour market makes resourcing difficult.
- Relatively dependent on key clients.

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SinnerSchrader is a client of Edison Investment Research Limited

SNP Schneider-Neureither & Partner

Software & comp services

Firing on all cylinders

In September, SNP announced that it has won a record $10m+ contract to combine the IT landscapes of two US chemical companies (we assume Dow and DuPont) that are merging. This comes on the back of the landmark Hewlett-Packard carve-out contract that SNP delivered in record time in H215. The contract win, which will be delivered over 18 months, is a further indication that SNP's growth strategy is paying off. SNP has been experiencing strong demand, particularly in the German and US markets and this year it has significantly expanded its operations in Asia and in the UK. In July it raised €29m (net) via a rights issue and there is no sign that activity is slowing. Given the attractive growth opportunities, we believe the shares look attractive on c 17x our cash-adjusted FY18e EPS.

Huge transformation opportunities

SNP's T-B is the only off-the-shelf software solution that automates the process of combining, upgrading or carving out data from ERP systems. The global ERP market was valued at $25.4bn in 2013 (Gartner), and is growing in the mid- to high single digits, which provides a huge opportunity for IT landscape transformations. Further, M&A activity is clearly an important driver in ERP transformation, while global M&A activity remains active with $2.2tn of deals in 9M15 (Mergermarket), which is in line with CY10-13 full years, albeit 20% down on the record in 2015.

Q2 results: Revenue growth was 32%

It has been another hectic year for SNP, with two acquisitions is Asia (Astrums in Singapore/Malaysia and Hartung in China) and another in the UK (Harlex), a record contract win with merging US chemicals companies, another major order from a German industrial group, and a rights issue to raise funds to finance the growth. SNP's accelerated growth strategy is bearing fruit, with Q2 revenue growth of 32% y-o-y and the operating margin rising by 180bp to 9.2%.

Valuation: Strong growth play in the ERP space

The stock trades on c 33x our FY16e EPS, falling to c 25x in FY17e and to c 20x in FY18e. However, following the recent capital-raising, the group is in a net cash position, and we forecast €20.5m net cash at end-FY16 (before adjusting for c €4.9m of other financial liabilities – mainly acquisition liabilities and a small pension deficit). Adjusted for the net cash, the ratings fall to c 33x in FY16e, c 21x in FY17e and c 17x in FY18e. We believe the ratings continue to look attractive given the forecast strong growth and continued margin recovery potential.

Edison estimates

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14	30.5	(0.1)	(13.9)	13.0	N/A	0.4
12/15	56.2	3.4	58.8	34.0	62.6	0.9
12/16e	77.0	7.3	111.4	40.0	33.0	1.1
12/17e	95.9	10.9	148.2	50.0	24.8	1.4

Source: Company data, Edison Investment Research

Price	€36.80
Market cap	€183m

Share price graph

Share details

Code	SHF
Shares in issue	4.98m
Net debt* (€m) as at 30 June 2016	6.4

*Pre-rights issue.

Business description

SNP Schneider-Neureither & Partner (SNP) is a software and consulting business focused on supporting customers in implementing change, and rapidly and economically tailoring IT landscapes to new situations. It has developed a proprietary software product called SNP Transformation Backbone with SAP Landscape Transformation software (T-B).

Bull

- SAP deal in 2015 creates substantial new revenue opportunities, and means working with SAP rather than competing against the ERP giant.
- Broadening the functionality to include any-to-any transformations will give it a big advantage.
- Utilisation rates remain very high.

Bear

- The group was loss-making in FY13.
- Software sales cycle can be long and lumpy.
- Recruiting challenges in consulting.

Analysts

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SNP Schneider-Neureither & Partner is a client of Edison Investment Research Limited

11880 Solutions

11880 Solutions AG is the second-largest German service provider for regional advertising and directory inquiries. Via the www.11880.com directory, the corresponding smart phone and iPad apps as well as klicktel's software products, consumers can access contact details for private subscribers, business information and regional news.

Media

Market cap* **€16m**

*As at 21 October 2016

Share details	
Code	TGT

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

2G Energy

2G Energy AG is amongst the world's leading manufacturer of cogeneration systems (CHP) for decentralized energy production and supply by means of combined heat and power. The company's product portfolio includes systems with an electrical capacity between 20 kW and 4,000 kW for the operation with natural gas, biogas or bio methane and other lean gases.

Industrials

Market cap* **€75m**

*As at 21 October 2016

Share details	
Code	2GB

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

3W Power/AEG Power Solutions

3W Power S.A., based in Luxembourg, is the holding company of AEG Power Solutions Group. AEG Power Solutions Group is a global provider of UPS systems and power electronic solutions for industrial, commercial, renewable and distributed energy markets.

Industrials

Market cap* **€24m**

*As at 21 October 2016

Share details	
Code	3W9K

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Abivax

Pharma & Biotech

ABIVAX is an innovative biotechnology company focused on targeting the immune system to eliminate viral disease. ABIVAX leverages three technology platforms for drug discovery: an anti-viral platform, an immune enhancement platform, and a polyclonal antibody platform. ABX464, its most advanced compound, is currently in Phase II clinical trials and is a first-in-class oral small anti-viral molecule which blocks HIV replication through a unique mechanism of action. In addition, ABIVAX is advancing multiple preclinical candidates against additional viral targets.

Market cap* **€72m**

*As at 21 October 2016

Share details

Code ABVX

Designated sponsor(s)

N/A

Information from http://www.abivax.com/en/

adesso

Software

With about 2, 000 employees and expected annual sales of more than EUR 230 million in 2016, adesso Group is one of the largest German IT service providers and has outstanding opportunities for growth. At its own locations in Germany, Austria, Switzerland, Turkey, USA and the UK as well as numerous customer sites, adesso offers consulting and software development services for optimising core business processes and reducing operating costs.

Market cap* **€253m**

*As at xx October 2016

Share details

Code ADN1

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Adler Modemärkte

Consumer

As one of the leading textile retailers in Germany, Austria, Luxembourg and Switzerland, and with more than 60 years of tradition and a high level of customer loyalty, Adler is, in its own estimation, the market leader among textile retailers for customers over 45 in Germany in the value price segment.

Market cap* **€89m**

*As at 21 October 2016

Share details

Code ADD

Designated sponsor(s)

ODDO SEYDLER BANK AG, M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

Adocia

Pharma & Biotech

Adocia is a clinical-stage biotechnology company that specializes in the development of innovative formulations of already-approved therapeutic proteins. Adocia's insulin formulation portfolio, featuring four clinical-stage products and one preclinical product, is among the largest and most differentiated in the industry. The proprietary BioChaperone ® technological platform is designed to enhance the effectiveness and/or safety of therapeutic proteins while making them easier for patients to use.

Market cap*	€337m

*As at 21 October 2016

Share details

Code	A89

Designated sponsor(s)

N/A

Information from http://www.adocia.fr/WP/

Advanced Vision

Industrials

AVT (Advanced Vision Technology) is the global leader in print process control, quality assurance, and press control for the packaging, labels, and commercial print industries. Backed by state-of-the-art technology and field-proven solutions, more than 7,000 AVT systems are installed at customer sites worldwide.

Market cap*	€69m

*As at xx October 2016

Share details

Code	VSJ

Designated sponsor(s)

HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

Affimed

Pharma & Biotech

Affimed is a clinical-stage biopharmaceutical company focused on discovering and developing highly targeted cancer immunotherapies. Its product candidates are being developed in the field of immuno-oncology, which represents an innovative approach to cancer treatment that seeks to harness the body's own immune defenses to fight tumor cells.

Market cap*	$75m

*As at 21 October 2016

Share details

Code	AFMD

Designated sponsor(s)

N/A

Information from http://www.affimed.com/

Ahlers

Ahlers AG is a leading listed manufacturer of men's fashion in Europe. This innovative and well-capitalised company looks about on almost ninety years of swift and flexible adjustment to the requirements of the times and the markets. For many decades Ahlers has been a reliable partner to mid-sized and major specialist retailers.

Consumer

Market cap* **€54m**

*As at 21 October 2016

Share details

Code AAH

Designated sponsor(s)

N/A

Information from http://www.boerse-frankfurt.de/

Aroundtown Property

Aroundtown Property Holdings PLC is a Cyprus-based real estate holding company. It mainly invests in the European real estate market, with a focus on Germany. The Company holds a real estate portfolio through publicly traded subsidiaries and affiliates.

Real Estate

Market cap* **€2975m**

*As at 21 October 2016

Share details

Code AT1

Designated sponsor(s)

ODDO SEYDLER BANK AG, M.M. WARBURG & CO (AG & CO.) KGAA, JOH. BERENBERG, GOSSLER & CO. KG

Information from http://www.boerse-frankfurt.de/

artnet

artnet is an online business offering an integrated range of information and transaction services in the fine art, design and decorative art markets. It has four segments: Price Database, Galleries, Auctions and News.

Retail

Market cap* **€15m**

*As at 21 October 2016

Share details

Code ART

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

asknet

Technology

asknet is an innovative provider of e-business solutions for the global distribution of digital and physical goods. The company has been enabling manufacturers across the globe to successfully distribute their products online for over 20 years, which makes it a pioneer of e-commerce. asknet was founded in 1995 as an e-procurement facilitator for the distribution and management of software and hardware for customers from the research and education sector.

Market cap* **€7m**

*As at 21 October 2016

Share details

Code A5A

Designated sponsor(s)

LANG & SCHWARZ BROKER GMBH

Information from http://www.boerse-frankfurt.de/

ATOSS Software

Software

ATOSS Software AG is a provider of software, consulting and professional services in the field of demand-oriented deployment of staff, and ranks as a forward-thinking pioneer in the workforce management sector. The company offers solutions for enterprises of all sizes, whatever their requirement scenarios. ATOSS solutions are renowned for maximum functionality and modern JAVA technology, offering users the benefits of total platform independence.

Market cap* **€215m**

*As at 21 October 2016

Share details

Code AOF

Designated sponsor(s)

DERO BANK AG

Information from http://www.boerse-frankfurt.de/

AURELIUS SE & Co.

Other

A total of over 60 company acquisitions make us a reliable partner for medium-sized enterprises and corporate groups. We understand how important profitable growth is for the future of both companies and their workforces. With a strong capital base, international contacts and a large team of specialists in financial and corporate management we will bring your company back on the road to success.

Market cap* **€1753m**

*As at 21 October 2016

Share details

Code AR4

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://aureliusinvest.com/en/about-us/portrait-aurelius/

AutoBank

Banks

Autobank AG provides motor vehicle leasing and financing solutions in Austria. It finances new and used, and demonstration vehicles for car dealerships, as well as inventories of automotive businesses. The company also leases equipment, and construction and agricultural machinery. In addition, it provides day and time deposits, as well as factoring services.

Market cap* **€9m**

*As at 21 October 2016

Share details

Code	AW2

Designated sponsor(s)

N/A

Information from http://www.boerse-frankfurt.de/

Basler

Industrials

Basler AG is one of the largest vision technology companies in the world. While we are firmly rooted in Germany, we operate on an international level. At the same time, we are players in the world market of vision technology with seven subsidiaries and representative offices. More than 80% of our products are manufactured for export.

Market cap* **€206m**

*As at 21 October 2016

Share details

Code	BSL

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Bastei Lübbe

Media

Bastei Lübbe AG is an international media group based in Cologne. The business operations focus on the development and licensing of content distributed worldwide physically and digitally. The company's core business includes the traditional publishing business and the periodical puzzle magazines and novel booklets in the "Book" segment. At the same time, Bastei Lübbe is driving innovation in the field of digital media.

Market cap* **€78m**

*As at 21 October 2016

Share details

Code	BST

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Berentzen-Gruppe

The Berentzen Group is one of the leading beverage groups in Germany and with a corporate history of over 250 years, at the same time, has been one of the oldest manufacturers of spirits.

Consumer

Market cap* **€67m**

*As at 21 October 2016

Share details

Code	BEZ

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Biofrontera

Biofrontera AG is a biopharmaceutical company specializing on the development of drugs and medicinal cosmetics for the treatment of skin diseases and the regenerative care of damaged skin.

Pharma & Biotech

Market cap* **€89m**

*As at 21 October 2016

Share details

Code	B8F

Designated sponsor(s)

LANG & SCHWARZ BROKER GMBH

Information from http://www.boerse-frankfurt.de/

B.R.A.I.N.

BRAIN is one of Europe's leading technology companies in the field of industrial biotechnology, the core discipline of Bioeconomy. As such, BRAIN identifies previously untapped, efficient enzymes, microbial producer organisms or natural substances from complex biological systems that can be put to industrial use.

Technology

Market cap* **€231m**

*As at 21 October 2016

Share details

Code	BNN

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

CANCOM

As one of the largest vendor-independent IT systems integrators in Germany, CANCOM group achieves sales revenues of more than 930 million euros and holds about 30 locations in Germany and Austria as well as a subsidiary on the US Westcoast.

Software

Market cap* **€743m**

*As at 21 October 2016

Share details

Code COK

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Capital Stage

Capital Stage focuses on investments in solar parks and wind farms, mainly in Germany, but also in other European countries that operate with stable feed-in tariff (FIT) systems. In Germany and France the company is already involved in the construction phase of large projects.

Industrials

Market cap* **€864m**

*As at 21 October 2016

Share details

Code CAP

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

CENIT

CENIT is a leading provider of product lifecycle management (PLM) and enterprise information management (EIM) consultancy services and software. It resells software from Dassault Systèmes, IBM and SAP and is also developing proprietary software to add functionality.

Software

Market cap* **€190m**

*As at 21 October 2016

Share details

Code CSH

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

CENTROTEC Sustainable

Industrials

CENTROTEC Sustainable AG, which has its registered office in Brilon, Germany, focuses on the area of energy-saving technologies in buildings. CENTROTEC posted revenue of EUR 550 million in 2015 and expects a growth up to million 570 EURO in 2016.

Market cap* **€265m**

*As at 21 October 2016

Share details

Code	CEV

Designated sponsor(s)

ODDO SEYDLER BANK AG, HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

CEWE Stiftung & Co.

Consumer

CEWE Europe's online printing and photo service. CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales.

Market cap* **€651m**

*As at 21 October 2016

Share details

Code	CWC

Designated sponsor(s)

BAADER BANK AG, ODDO SEYDLER BANK AG, BHF-BANK AG

Information from http://www.boerse-frankfurt.de/

CHORUS Clean Energy

Industrials

CHORUS Group was founded in 1998 and operates over 80 solar and wind parks with a capacity of more than 400 megawatts in five European countries.

Market cap* **€316m**

*As at 21 October 2016

Share details

Code	CU1

Designated sponsor(s)

BAADER BANK AG, JOH. BERENBERG, GOSSLER & CO. KG, BHF-BANK AG

Information from http://www.boerse-frankfurt.de/

CoreState Holding AG

Since its founding in 2006, CORESTATE Capital Holding S.A. (CORESTATE) has grown to become a leading fully integrated real estate investment management firm and co-investor. The company assists its customers throughout the entire value creation chain of real estate investments. CORESTATE covers mainly deal sourcing and the development of investment products, structuring and execution of transactions, real estate investment management services and the development and execution of exit strategies.

Real Estate

Market cap* **€224m**

*As at 21 October 2016

Share details

Code CCAP

Designated sponsor(s)

Equinet Bank AG

Information from http://ir.corestate-capital.com/websites/corestate_capital/English/3600/factsheet.html

CropEnergies

CropEnergies - a member of the Südzucker Group - is a leading European supplier of sustainably produced bioethanol for the fuel sector. Energy in the form of bioethanol is produced from renewable resources - grain and sugar beets. The components of the raw materials not used to produce bioethanol, such as proteins, are processed into high-quality food and animal feed products.

Industrials

Market cap* **€450m**

*As at 21 October 2016

Share details

Code CE2

Designated sponsor(s)

DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSB.*ICF BANK AG WERTPAPIERHANDELSBANK, LANDESBANK BADEN-WUERTTEMBERG

Information from http://www.boerse-frankfurt.de/

curasan

curasan develops, produces and markets medical products in the area of bone and tissue regeneration. As a global technology leader, our company specializes in the future-oriented growth market of regenerative medicine specializes primarily in synthetic bone replacement materials for use in orthopedics and dental implantology.

Pharma & Biotech

Market cap* **€11m**

*As at 21 October 2016

Share details

Code CUR

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.curasan.de/en/company/about-us/

Daldrup & Söhne

Industrials

Daldrup & Söhne AG (D & S) is a leading drilling technology specialist and full-service provider of power station projects in the geothermal sector. D & S holds stakes in geothermal power stations in Germany as well. The Company is active in four business segments "Geothermal Energy", "Resources and Exploration", "Water Supply" and "Environment, Development & Services (EDS)".

Market cap*	€45m

*As at 21 October 2016

Share details

Code	4DS

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

Datagroup

Software

DATAGROUP is a leading German IT service company. Over 1700 employees (including the new specialists taken over from HPE) in locations across Germany design, implement and operate IT infrastructures and business applications such as SAP. With its product CORBOX, DATAGROUP is a full-service provider, serving over 550,000 global IT workstations for medium and large enterprises as well as for public-sector clients.

Market cap*	€179m

*As at 21 October 2016

Share details

Code	D6H

Designated sponsor(s)

SUEDDEUTSCHE AKTIENBANK AG

Information from http://www.boerse-frankfurt.de/

DEAG Deutsche Entertainment AG

Media

DEAG Deutsche Entertainment AG is an integrated Entertainment company and a leading provider of Live Entertainment in Europe. Its own distribution business, mytic myticket AG (MyTicket), which is also share-held by two large print and TV media companies, increases the company's profitability and scales its business model. DEAG realizes around 2,000 concerts and events a year, selling about 5 million tickets.

Market cap*	€41m

*As at 21 October 2016

Share details

Code	ERMK

Designated sponsor(s)

HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA, DERO BANK AG

Information from http://www.deag.de/navi-bottom/investors/investor-relations.html?PHPSESSID=009ae76b6eb0dc09e10178346595d2dc

Decheng Technology

Decheng is engaged in the research & development, production and marketing of polyurethane resin and related additives in the People's Republic of China.

Industrials

Market cap* **€80m**

*As at 21 October 2016

Share details

Code 333

Designated sponsor(s)

DERO BANK AG, ACON ACTIENBANK AG*DERO BANK AG

Information from http://www.boerse-frankfurt.de/

DEFAMA

DEFAMA is a real estate company with a focus on small retail assets in small and medium cities, mainly in northern and eastern Germany.

Real Estate

Market cap* **€19m**

*As at 21 October 2016

Share details

Code A13SUL

Designated sponsor(s)

N/A

Information from http://www.boerse-frankfurt.de/

Delticom

Delticom is Europe's leading online tyre retailer. Founded in 1999, the Hanover-based company has nearly 200 online shops in 41 countries, among others ReifenDirekt, www.mytyres.co.uk in UK and www.123pneus.fr in France, as well as the Tirendo shops which enjoy a high level of recognition, not least due to its brand ambassador, Sebastian Vettel.

Retail

Market cap* **€217m**

*As at 21 October 2016

Share details

Code DEX

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Deutsche EuroShop

Deutsche EuroShop is Germany's only public company, that invests solely in shopping centers in prime locations. The Company currently has equity interests in 20 European shopping centers in Germany, Austria, Hungary and Poland. The market value of these shopping centers, which are predominately in city center locations, amounts to EUR 4.5 billion.

Real Estate

Market cap*	**€2150m**

*As at 21 October 2016

Share details

Code	DEQ

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, ODDO SEYDLER BANK AG

Information from http://www.deutsche-euroshop.de/des

Deutsche Lufthansa

The Lufthansa Group is a global aviation group with a total of around 540 subsidiaries and equity investments, which in the financial year 2014 were organised into five business segments: Passenger Airline Group, Logistics, MRO, Catering and, up to the end of 2014, IT Services. All the segments occupy a leading position in their respective markets. In 2014, the Lufthansa Group generated revenue of EUR 30.0bn and employed an average of 118,973 staff.

Transportation + Logistics

Market cap*	**€5316m**

*As at 21 October 2016

Share details

Code	LHA

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, BNP PARIBAS ARBITRAGE SNC

Information from http://www.boerse-frankfurt.de/

DEUTZ

Originally founded as N.A. Otto & Cie. in Cologne, Germany, in 1864, DEUTZ AG is now the world's oldest engine company and one of the world's leading independent engine manufacturers. Its core competences are the development, design, production, distribution and servicing of diesel engines for professional applications.

Industrials

Market cap*	**€552m**

*As at 21 October 2016

Share details

Code	DEZ

Designated sponsor(s)

HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

Dürr

Industrials

The Dürr Group is one of the world's leading mechanical and plant engineering firms with outstanding automation expertise. Products, systems and services offered by the Group enable highly efficient manufacturing processes in different industries.

Market cap* **€2444m**

*As at 21 October 2016

Share details

Code DUE

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Eckert & Ziegler

Pharma & Biotech

Eckert & Ziegler Strahlen- und Medizintechnik is one of the world's largest providers of isotope technology for radiation therapy and nuclear medicine.

Market cap* **€113m**

*As at 21 October 2016

Share details

Code EUZ

Designated sponsor(s)

DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSB.*ICF BANK AG WERTPAPIERHANDELSBANK

Information from http://www.boerse-frankfurt.de/

Einhell Germany

Consumer

Einhell Germany AG is developing and distributing solutions for craftsmen and "do-it-yourselfers" to use at home, in the garden and in leisure time. The company serves specialised trade as well as other distribution channels with assortment competence in the DIY field.

Market cap* **€66m**

*As at 21 October 2016

Share details

Code EIN3

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

Elmos Semiconductor

Elmos Semiconductor AG is a developer and manufacturer of system solutions on semiconductor basis. For electronics in the automobile, Elmos supplies a very broad range of sensor readout ICs and sensor elements, motor control semiconductors, and embedded solutions. For the sector of industrial and consumer goods, Elmos semiconductors are used e.g. for applications in industrial plants.

Technology

Market cap* **€278m**

*As at 21 October 2016

Share details

Code ELG

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

Energiekontor

Formed in Bremerhaven in 1990, the Company was one of the pioneers in the industry and is now one of the leading German project developers. The Company's core business covers the planning, construction and operational management of wind farms in Germany and abroad, and was expanded to include solar power in 2010. In addition, Energiekontor also currently owns and operates 33 wind farms with a total rated power of around 269 megawatts (MW).

Industrials

Market cap* **€215m**

*As at 21 October 2016

Share details

Code EKT

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Ergomed

Ergomed plc is a profitable UK-based company, operating in two complimentary businesses:

(1) The Services Business – a clinical research business providing services to the pharmaceutical and biotechnology industry; and

(2) The Co-Development Business – a portfolio of partnerships with pharmaceutical and biotech companies, providing its drug development services in exchange for a carried interest in revenues attributable to the drug asset, including out licensing milestones as well as sales.

Pharma & Biotech

Market cap* **€57m**

*As at 21 October 2016

Share details

Code ERGO

Designated sponsor(s)

ODDO SEYDLER BANK AG, NUMIS

Information from www.ergomedplc.com

Erytech Pharma

Erytech Pharma is a clinical-stage biopharmaceutical company developing innovative therapies for rare forms of cancer and orphan diseases. Leveraging our proprietary ERYCAPS platform, which uses a novel technology to encapsulate therapeutic drug substances inside erythrocytes, or red blood cells.

Information from http://erytech.com/about.html

Pharma & Biotech

Market cap* **€133m**

*As at 21 October 2016

Share details

Code ERYP

Designated sponsor(s)

N/A

euromicron

euromicron AG (www.euromicron.de), a company that unites medium-sized high-tech companies from the fields of Digital Buildings, Critical Infrastructures and Smart Industry. As a German specialist for the Internet of Things, euromicron enables its customers to network business and production processes and successfully move to a digital future.

Information from http://www.boerse-frankfurt.de/

Technology

Market cap* **€55m**

*As at 21 October 2016

Share details

Code EUCA

Designated sponsor(s)

EQUINET BANK AG

Fair Value REIT

Fair Value REIT-AG, based in Munich, focuses on the acquisition, leasing, property management and sale of commercial properties in Germany. At the core of its investment activities are retail and office properties in German secondary locations as well as property participations with a unique focus on closed end funds.

Information from http://www.boerse-frankfurt.de/

Real Estate

Market cap* **€92m**

*As at 21 October 2016

Share details

Code FVI

Designated sponsor(s)

ODDO SEYDLER BANK AG

FinLab

As one of the first and largest company builders and investors in the Financial Services Technologies ("FinTech") we set a new course not only on the Frankfurt Exchange (A7A). Our focus is the development of German FinTech start-up companies and the provision of venture capital for their financial needs. We also invest globally as part of venture rounds in FinTech companies, especially in the US and in Asia.

Technology

Market cap*	**€57m**
	*As at 21 October 2016
Share details	
Code	A7A
Designated sponsor(s)	
	HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.finlab.de/index.php?id=2

FinTech Group

FinTech Group AG is one of the most significant innovative financial technology companies in Germany. Our brands service a total of 200,000 private clients, and are important technology partners for German and international banks, and financial institutions in the B2B segment. As of the end of June 2016, FinTech Group AG had around EUR 10 billion in assets under administration group-wide.

Technology

Market cap*	**€267m**
	*As at 21 October 2016
Share details	
Code	FLA
Designated sponsor(s)	
	ICF BANK AG WERTPAPIERHANDELSBANK, M.M. WARBURG & CO (AG & CO.) KGAA, HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.fintechgroup.com/en/about-us/our-profile/

First Sensor

First Sensor AG is one of the world's leading suppliers in the field of sensor systems. Our company develops and manufactures standardized and customized sensor solutions for applications in the Industrial, Medical and Mobility growth markets.

Technology

Market cap*	**€141m**
	*As at 21 October 2016
Share details	
Code	SIS
Designated sponsor(s)	
	EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

Formycon

Formycon AG develops biological therapeutics of unsurpassed quality. Its aim, quite simply, is to be the world's best independent developer of biosimilars, thus capturing significant share of major, established biopharmaceutical markets.

Pharma & Biotech

Market cap* **€169m**

*As at 21 October 2016

Share details

Code FYB

Designated sponsor(s)

WOLFGANG STEUBING AG, HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

Francotyp-Postalia

The FP Group, which has its headquarters in Berlin, is a provider of Digital Mailroom. This global company offers corporate and individual clients a full range of products and solutions for communication and documentation processes. It provides not only traditional machines for franking and inserting letters but also services including business mail collection and innovative software solutions such as De-Mail.

Industrials

Market cap* **€69m**

*As at 21 October 2016

Share details

Code FPH

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Fraport

Fraport AG is among the leading groups of companies in the international airport business. With Frankfurt Airport, the company operates one of the world's most important air transportation hubs. Frankfurt Airport has become Germany's largest employment complex at a single location, with more than 500 companies and organizations providing jobs for 78,000 people (including staff employed at The Squaire and the Gateway Gardens).

Industrials

Market cap* **€5031m**

*As at 21 October 2016

Share details

Code FRA

Designated sponsor(s)

TIMBER HILL (EUROPE) AG

Information from http://www.boerse-frankfurt.de/

German Startups Group

German Startups Group is a listed investment company based in Berlin that focuses on young, fast-growing companies, so-called startups. The company acquires majority and minority shareholdings mainly by providing venture capital. Since it commenced with operations in 2012, German Startups Group has been the second most active venture capital investor in Germany (CB Insights, Germany Venture Capital Overview).

Financial Services

Market cap* **€27m**

*As at 21 October 2016

Share details

Code GSJ

Designated sponsor(s)

HSBC TRINKAUS & BURKHARDT AG, HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

GESCO

GESCO AG is a financial holding which acquires highly profitable, strategically attractive SMEs. Its objective is to retain long-term involvement in the companies it acquires while developing their business. Since GESCO was founded in 1989 it has established a portfolio of companies rich in substance which it is enhancing with further acquisitions.

Industrials

Market cap* **€233m**

*As at 21 October 2016

Share details

Code GSC1

Designated sponsor(s)

ODDO SEYDLER BANK AG, EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

GK Software

GK Software AG is a leading developer and provider of standard software for the retail sector, and currently counts 20 percent of the world's 50 largest retailers among its customer base. The company offers an extensive range of solutions for stores and enterprise headquarters as well as for the implementation of contemporary omni-channel retail concepts.

Software

Market cap* **€105m**

*As at 21 October 2016

Share details

Code GKS

Designated sponsor(s)

ICF BANK AG WERTPAPIERHANDELSBANK

Information from http://www.boerse-frankfurt.de/

GRAMMER

GRAMMER AG, Amberg, Germany, is specialized in the development and production of components and systems for automotive interiors as well as driver and passenger seats for offroad vehicles (agricultural and construction machinery, forklifts), trucks, buses and trains. The Seating Systems division comprises the truck and offroad seat segments as well as train and bus seating.

Automobile

Market cap*	€616m

*As at 21 October 2016

Share details

Code	GMM

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA, BANKHAUS LAMPE KG

Information from http://www.boerse-frankfurt.de/

Grand City Properties

Grand City Properties is a specialist real estate company focused on investing in and managing turnaround opportunities in the German real estate property market. GCP is active in all relevant asset and property management activities along the real estate value chain.

Real Estate

Market cap*	€2524m

*As at 21 October 2016

Share details

Code	GYC

Designated sponsor(s)

BAADER BANK AG, ODDO SEYDLER BANK AG, HSBC TRINKAUS & BURKHARDT AG, DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSB.*ICF BANK AG WERTPAPIERHANDELSBANK, JOH. BERENBERG, GOSSLER & CO. KG

Information from http://www.boerse-frankfurt.de/

Hapag-Lloyd

With a fleet of 170 modern container ships and a total transport capacity of 952,000 TEU, Hapag-Lloyd is one of the world's leading liner shipping companies. The Company has around 9,300 employees at 365 sites in 120 countries. Hapag-Lloyd has a container capacity of 1.5 million TEU – including one of the largest and most modern fleets of reefer containers.

Industrials

Market cap*	€2122m

*As at 21 October 2016

Share details

Code	HLAG

Designated sponsor(s)

DEUTSCHE BANK AG, GOLDMAN SACHS INTERNATIONAL, LONDON*EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

Hawesko Holding

The Hawesko Group is Germany's largest integrated merchant for premium wines and champagnes, and one of the leading sellers of wine in the world. With our three complementary business segments we open up high-end markets: Hawesko.de is Germany´s leading wine mail-order and online business, Jacques´ Wein-Depot is the leading wine shop chain and Wein Wolf is Number 1 in premium wine wholesaling in Germany.

Retail

Market cap* **€365m**

*As at 21 October 2016

Share details

Code HAW

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Heliad Equity Partners

Heliad Equity Partners is a investment company focusing on investments into listed and unlisted companies in German-speaking countries that are facing Special Situations. Our “evergreen” structure allows us to act independently of usual fund lifecycles and to apply a flexible and entrepreneurial approach in order to take advantage of the opportunities that special situations present.

Financial Services

Market cap* **€57m**

*As at 21 October 2016

Share details

Code HPBK

Designated sponsor(s)

HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

HELMA Eigenheimbau

HELMA Eigenheimbau AG is a customer-oriented building services-provider offering a full range of services. The focus is on the development, planning, sale, and construction management of turnkey or partially completed detached and semi-detached houses using the solid construction method.

Real Estate

Market cap* **€236m**

*As at 21 October 2016

Share details

Code H5E

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

Highlight Communication

Highlight Communications AG is the parent company of a media group headquartered in Switzerland. Founded in 1983, it has been listed on the stock exchange in Germany since 1999. As a strategic and financial holding company, it combines the two segments Film and Sports- and Event-Marketing.

Media

Market cap* **€250m**

*As at 21 October 2016

Share details

Code	HLG

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Hochdorf Holding

The HOCHDORF Group is one of the market leaders in Switzerland in developing, producing and marketing wholesome foodstuffs and ingredients from milk and cereals.

Industrials

Market cap* **€363m**

*As at 21 October 2016

Share details

Code	1Z3

Designated sponsor(s)

N/A

Information from http://www.hochdorf.com/en/

HolidayCheck Group

HolidayCheck Group AG is one of Europe's leading digital travel firms for holidaymakers. With a total workforce of around 400, the HolidayCheck Group comprises HolidayCheck AG (which operates hotel review and travel booking portals by the same name and the car rental portal MietwagenCheck) and WebAssets B.V. (which operates the Zoover hotel review portals and the MeteoVista/WeerOnline weather portals).

Travel & Leisure

Market cap* **€130m**

*As at 21 October 2016

Share details

Code	HOC

Designated sponsor(s)

HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

Hypoport

Financial Services

The Hypoport Group is a technology-based financial service provider. The business model is based on its three mutually supporting business units: Private Clients, Financial Service Providers, and Institutional Clients. All three units are engaged in the distribution of financial services, facilitated or supported by finance-technology ('fintech'). With EUROPACE, Hypoport operates Germany's biggest B2B financial marketplace for brokering lending products for private clients.

Market cap*	€497m

*As at 21 October 2016

Share details

Code	HYQ

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

init innovation in traffic

Technology

Init innovation in traffic systems AG specializes in the area of guidance, information and payment systems for local public transport. The company was established in 1983 as a typical university spin-off and now employs more than 400 staff. Apart from its headquarters in Karlsruhe, init has subsidiaries in UK, Finland, United States, Canada, Australia, Dubai as well as in Singapore.

Market cap*	€157m

*As at 21 October 2016

Share details

Code	IXX

Designated sponsor(s)

ODDO SEYDLER BANK AG, COMMERZBANK AG

Information from http://www.boerse-frankfurt.de/

Intershop

Software

Intershop Communications AG is the leading independent provider of omni-channel commerce solutions. Intershop offers high-performance packaged software for internet sales, complemented by all necessary services. Intershop also acts as a business process outsourcing provider, covering all aspects of online retailing up to fulfillment.

Market cap*	€38m

*As at 21 October 2016

Share details

Code	ISH2

Designated sponsor(s)

ODDO SEYDLER BANK AG, DERO BANK AG

Information from http://www.boerse-frankfurt.de/

InVision

Technology

Since 1995, InVision has been helping its clients to optimise their workforce management, increase their productivity and quality of work and reduce their costs. The InVision group incorporates the brands injixo, a cloud platform with training, workforce management and industry network, The Call Center School, offering cloud-learning for call centre professionals, and InVision WFM, a software solution for workforce management.

Market cap*	€86m

*As at 21 October 2016

Share details

Code	IVX

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

IVU Traffic Technologies

Software

IVU Traffic Technologies AG has been working for 40 years with some 400 software engineers to ensure that transport in the world's major cities operates reliably and on time. People and vehicles in expanding cities are continually on the move a logistical challenge which calls for intelligent and reliable software systems.

Market cap*	€65m

*As at 21 October 2016

Share details

Code	IVU

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

JENOPTIK

Financial Services

As an integrated optoelectronics group, Jenoptik divides its activities into five divisions: Lasers & Material Processing, Optical Systems, Industrial Metrology, Traffic Solutions and Defense & Civil Systems. Its customers around the world mainly include companies in the semiconductor equipment manufacturing industry, automotive and automotive supplier industries, medical technology, security and defense technology as well as the aviation industry.

Market cap*	€911m

*As at 21 October 2016

Share details

Code	JEN

Designated sponsor(s)

HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

K+S

K+S is an international resources company. We have been mining and processing mineral raw materials for 125 years. The products we produce from them are used worldwide in agriculture, food and road safety and are important elements in numerous industrial processes.

Mining

Market cap* **€3452m**

*As at 21 October 2016

Share details

Code SDF

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, BNP PARIBAS ARBITRAGE SNC

Information from http://www.boerse-frankfurt.de/

Klöckner & Co

Klöckner & Co is one of the largest producer-independent distributors of steel and metal products and one of the leading steel service center companies worldwide. Based on its distribution and service network of around 200 locations in 14 countries, the Group supplies around 140, 000 customers.

Industrials

Market cap* **€1147m**

*As at 21 October 2016

Share details

Code KCO

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, HSBC TRINKAUS & BURKHARDT AG

Information from http://www.kloeckner.com/en/index.html?langSwitched=1

LANXESS

LANXESS is a leading specialty chemicals company with sales of EUR 7.9 billion in 2015 and about 16,600 employees in 29 countries. The company is currently represented at 52 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of chemical intermediates, specialty chemicals and plastics. Through ARLANXEO, the joint venture with Saudi Aramco, LANXESS is also a leading supplier of synthetic rubber.

Industrials

Market cap* **€5436m**

*As at 21 October 2016

Share details

Code LXS

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, COMMERZBANK AG

Information from http://www.boerse-frankfurt.de/

LPKF Laser & Electronics

LPKF Laser & Electronics AG is a leading global specialist in laser technology, laser material processing and drive technology. LPKF develops and distributes systems used in electronics production, the automotive industry, and in the manufacture of solar cells. Its export share is 90 per cent. The Group has approx. 800 employees worldwide.

Industrials

Market cap* **€195m**

*As at 21 October 2016

Share details

Code LPK

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Manz

As a globally active high-tech equipment manufacturers, Manz AG based in Reutlingen, Germany is a pioneer for innovative productions solutions in fast-growing markets like Electronics, Energy Storage and Solar. The company, founded in 1987, has expertise in seven technology sectors: automation, laser processing, vacuum coating, screen printing, measurement technology, wet-chemical and roll-to-roll processing.

Industrials

Market cap* **€260m**

*As at 21 October 2016

Share details

Code M5Z

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

M.A.X. Automation

M.A.X. Automation AG with its headquarters in Düsseldorf is an internationally active high-tech mechanical engineering Group and a leading full-service supplier of integrated and sophisticated system and component solutions. Its operational business is divided into two segments.

Industrials

Market cap* **€167m**

*As at 21 October 2016

Share details

Code MXH

Designated sponsor(s)

ODDO SEYDLER BANK AG, EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

MBB

MBB SE is a family-owned, medium-sized corporation that has expanded steadily as a result of organic growth and the acquisition of other companies since it was founded in 1995. Achieving a long-term increase in the value of the individual companies and the Group as a whole forms the heart of its business model. This business model has been highly profitable since the outset - substantial growth and sustainable returns will remain MBB SE's goal in future as well.

Industrials

Market cap* **€254m**

*As at 21 October 2016

Share details

Code MBB

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

MLP

The MLP Group is the partner of choice for all financial matters – for private clients, companies and institutional investors. With our four brands, each of which enjoys a leading position in their respective markets, we offer a broad range of services.

Financial Services

Market cap* **€410m**

*As at 21 October 2016

Share details

Code MLP

Designated sponsor(s)

EQUINET BANK AG, HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

msg life

As part of the independent, internationally active msg Group, msg life ag and its subsidiaries are among the leading software and consulting companies for the European insurance sector and concentrate primarily on life insurance companies and pension fund institutions. Their products and services range from standard software through consulting services to the assumption of responsibility for IT operations (cloud solutions).

Software

Market cap* **€97m**

*As at 21 October 2016

Share details

Code MSGL

Designated sponsor(s)

DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSB.*ICF BANK AG WERTPAPIERHANDELSBANK

Information from http://www.boerse-frankfurt.de/

mutares

mutares AG, Munich, acquires companies, or parts of companies that are sold in the course of reorganization by the owner and possess clear potential for operative improvement. mutares actively supports its portfolio companies with its own teams that have the objective to achieve a significant increase in value. Thereby, the main intention is the alignment of the company towards sustainable growth.

Financial Services

Market cap* **€197m**

*As at 21 October 2016

Share details

Code MUX

Designated sponsor(s)

BAADER BANK AG, DERO BANK AG

Information from http://www.boerse-frankfurt.de/

mybet Holding

The mybet Group, licensed in several European countries to offer sports betting and online casino games, has its registered office in Berlin and locations in Hamburg, Cologne and Malta. mybet offers its betting and gaming products over the internet platforms mybet.com and mybet.de as well as at physical betting shops operating under a franchise system. In addition, the group supplies regional betting providers in Europe and Africa as a B2B service provider.

Retail

Market cap* **€15m**

*As at 21 October 2016

Share details

Code XMY

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

NEXUS

NEXUS develops and markets IT-solutions for the healthcare market. NEXUS supports the integrated healthcare approach which ensures the exchange of data between general practitioners, hospitals and rehabilitation clinics. Over 900 employees of the NEXUS group are developing Software- and IT-Solutions which is daily used by about 196,300 users in 19 countries worldwide.

Software

Market cap* **€292m**

*As at 21 October 2016

Share details

Code NXU

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Nicox

Pharma & Biotech

Nicox is an international ophthalmic R&D company, aiming to build a diversified portfolio of therapeutic products addressing the needs of eyecare practitioners and patients around the world. Two of the Company's products are at pre-approval stage with the U.S. Food and Drug Administration (FDA), including latanoprostene bunod, an intra-ocular pressure (IOP)-lowering treatment for glaucoma that has been licensed worldwide to Bausch + Lomb, and AC-170, a novel eye drop formulation of cetirizine for allergic conjunctivitis.

Market cap*	€184m

*As at 21 October 2016

Share details

Code	COX

Designated sponsor(s)

Gilbert Dupont

Information from http://www.nicox.com/about-nicox/who-we-are/

OHB

Technology

With a history spanning almost 30 years, OHB SE is Germany's first listed technology and space Group. Two business units offer international customers sophisticated solutions and systems.

Market cap*	€332m

*As at 21 October 2016

Share details

Code	OHB

Designated sponsor(s)

HSBC TRINKAUS & BURKHARDT AG, DZ BANK AG DT. ZENTRAL-GENOSSENSCHAFTSB.*ICF BANK AG WERTPAPIERHANDELSBANK

Information from http://www.boerse-frankfurt.de/

OTI Greentech

Industrials

OTI Greentech Group provides products and services to the maritime, infrastructure and oil & gas industries worldwide. Advanced engineering services, project management and a wide range of product and technology solutions are provided through its five subsidiaries. The OTI Greentech Group currently has over 120 employees in Europe, USA and West Africa.

Market cap*	€11m

*As at 21 October 2016

Share details

Code	NSA

Designated sponsor(s)

N/A

Information from https://oti.ag/en/company/

PANTALEON

PANTALEON Entertainment AG is a media company with a strong focus on cinema. The core activity of PANTALEON Entertainment AG and its subsidiaries is the development and production of feature films as well as the exploitation of the rights arising therefrom, which are usually marketed by worldwide leading film distributors on a national and international basis along many steps of a chain of rights designed to best exploit them.

Media

Market cap* **€44m**

*As at 21 October 2016

Share details

Code PAL

Designated sponsor(s)

ODDO SEYDLER BANK AG, HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

Peach Property Group

Peach Property Group AG is a leading property investor of residential properties in Germany. Its portfolio focuses on attractiv yields in German B-cities -in close vicinity to the major economic centers. In addition, Peach Property Group develops selected residential properties in Switzerland.

Real Estate

Market cap* **€70m**

*As at 21 October 2016

Share details

Code P6Z

Designated sponsor(s)

N/A

Information from http://www.peachproperty.com/en/

Pfeiffer Vacuum Tech.

Pfeiffer Vacuum is one of the world's leading providers of vacuum solutions. In addition to a full range of hybrid and magnetically levitated turbopumps, the product portfolio encompasses backing pumps, measurement and analysis devices, components as well as vacuum chambers and systems.

Industrials

Market cap* **€832m**

*As at 21 October 2016

Share details

Code PFV

Designated sponsor(s)

COMMERZBANK AG

Information from http://www.boerse-frankfurt.de/

POLYTEC HOLDING

The POLYTEC GROUP is a leading developer and manufacturer of high-quality plastic parts, with 25 sites and over 4,200 employees worldwide. The Austria-based company is a full-service provider in the field of injection moulding, a specialist in fibre-reinforced plastics and a manufacturer of original accessory parts made of plastic and stainless steel. As a competent partner POLYTEC offers customised industrial solutions using polyurethane, along with the machinery required for their production.

Industrials

Market cap* **€179m**

*As at 21 October 2016

Share details

Code P4N

Designated sponsor(s)

N/A

Information from http://www.polytec-group.com/en/The-Group

Progress-Werk Oberkirch

PWO is one of the world's leading developers and manufacturers of advanced metal components and systems in lightweight construction for automotive safety and comfort. The company has developed a unique knowledge in the forming and joining of metals over the course of its 97-year history since it was founded in 1919. The German location at Oberkirch currently employs over 1,500 staff members.

Automobile

Market cap* **€117m**

*As at 21 October 2016

Share details

Code PWO

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Publity

Since more than 15 years publity acts as an established investor in commercial real estate. publity acquires high-yielding commercial assets primarily in german cities like Frankfurt and Munich and delivers performance in applying its 'manage to core' approach.

Financial Services

Market cap* **€192m**

*As at 21 October 2016

Share details

Code PBY

Designated sponsor(s)

BAADER BANK AG, ACON ACTIENBANK AG*DERO BANK AG

Information from http://www.boerse-frankfurt.de/

PVA TePla

PVA TePla AG is an established supplier of systems and facilities for the production and treatment of sophisticated industrial materials, with decades of experience in these fields. As a vacuum specialist for high-temperature and plasma treatment, PVA TePla is specialised in hard-metal sintering systems, crystal growing facilities and systems for surface activation using plasma.

Industrials

Market cap* **€55m**

*As at 21 October 2016

Share details

Code TPE

Designated sponsor(s)

ICF BANK AG WERTPAPIERHANDELSBANK, EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

RedHill Biopharma

RedHill Biopharma Ltd. (NASDAQ/TASE: RDHL) is an emerging biopharmaceutical company primarily focused on the development and commercialization of late clinical-stage, proprietary, orally-administered, small molecule drugs for the treatment of gastrointestinal and inflammatory diseases, including cancer.

Pharma & Biotech

Market cap* **$177m**

*As at 21 October 2016

Share details

Code RDHL

Designated sponsor(s)

N/A

Information from http://www.redhillbio.com/about

R. Stahl

R. STAHL is one of the world's leading suppliers of electrical and electronic products and systems for explosion protection. These products and systems prevent explosions in risk areas, and contribute to the safety of people, machines and the environment.

Industrials

Market cap* **€203m**

*As at 21 October 2016

Share details

Code RSL2

Designated sponsor(s)

LANDESBANK BADEN-WUERTTEMBERG, BANKHAUS LAMPE KG

Information from http://www.boerse-frankfurt.de/

S&T

As a well-known supplier of IT solutions, the core business of S&T AG includes development, implementation and operation of customer-specific solutions as well as outsourcing, integration and consultation in the IT sector. In addition, S&T is a well-known IT manufacturer having a broad portfolio of proprietary products, which extends from PC and server hardware through mobile solutions to special systems based on hardware and software like highly professional security appliances.

Technology

Market cap* **€413m**

*As at 21 October 2016

Share details

Code	SANT

Designated sponsor(s)

ODDO SEYDLER BANK AG, EQUINET BANK AG, KEPLER CHEUVREUX

Information from http://www.boerse-frankfurt.de/

Salzgitter

Salzgitter AG ranks among the leading steel technology groups with around 9 billion in external sales, a crude steel capacity of more than 7 million tons and a workforce of over 25,000 employees. It is one of Europe's largest steel producers and the global market leader in the large-diameter pipes business. The Group operates cutting-edge and resource-efficient production sites in Germany and abroad. It consists of more than 160 subsidiary and holding companies and, headed by Salzgitter AG, is structured as a holding comprising the five business units of Strip Steel, Plate/Section Steel, Mannesmann, Trading and Technology.

Industrials

Market cap* **€1840m**

*As at 21 October 2016

Share details

Code	SZG

Designated sponsor(s)

TIMBER HILL (EUROPE) AG, DEUTSCHE BANK AG

Information from http://www.boerse-frankfurt.de/

Schaltbau Holding

With annual sales of around EUR430 million and a workforce of more than 2,600 employees, the Schaltbau Group is one of the leading suppliers of components and systems in the field of transportation technology and the capital goods industry.

Industrials

Market cap* **€180m**

*As at 21 October 2016

Share details

Code	SLT

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Scout24

Scout24 operates leading digital classifieds platforms in Germany and other selected European countries. The main operations under the umbrella brand Scout24 are the digital marketplaces ImmobilienScout24 and AutoScout24.

Media

Market cap* **€3352m**

*As at 21 October 2016

Share details

Code G24

Designated sponsor(s)

GOLDMAN SACHS INTERNATIONAL, LONDON*EQUINET BANK AG, CREDIT SUISSE SECURITIES (EUROPE) LTD.*ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

SFC Energy

SFC Energy AG (www.sfc.com) is a leading provider of hybrid solutions to the stationary and portable power generation markets. SFC is the number one supplier of fuel cells, with almost 30,000 fuel cells sold to date.

Industrials

Market cap* **€22m**

*As at 21 October 2016

Share details

Code F3C

Designated sponsor(s)

HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA

Information from http://www.boerse-frankfurt.de/

Siltronic

Siltronic is the world's third largest producer of hyperpure silicon wafers and a partner to many top-tier chip manufacturers. The company operates production facilities in Europe, Asia and the USA. Siltronic develops and manufactures wafers with diameters of up to 300 mm.

Technology

Market cap* **€752m**

*As at 21 October 2016

Share details

Code WAF

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

SINGULUS Technologies

SINGULUS TECHNOLOGIES develops innovative technologies for efficient production processes, which only make use of resources conservatively. New production technology combined with sustainable processes and the use of novel materials can decouple the use of resources from economic growth in the long-term. SINGULUS TECHNOLOGIES' innovative power and competitiveness are strengthened by these new technologic developments.

Industrials

Market cap* **€34m**

*As at 21 October 2016

Share details

Code SNG

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

SLM Solutions Group

Lübeck-based SLM Solutions Group AG is a leading provider of metal-based additive manufacturing technology. The company's shares are traded in the Prime Standard of the Frankfurt Stock Exchange. The stock has been listed in the TecDAX index since March 21, 2016.

Industrials

Market cap* **€638m**

*As at 21 October 2016

Share details

Code AM3D

Designated sponsor(s)

DEUTSCHE BANK AG, BHF-BANK AG

Information from http://www.boerse-frankfurt.de/

SMT Scharf

SMT Scharf Group develops, manufactures and services transport equipment for underground mines. The main products are captivated railways that are used all over the world, primarily in black coal mines, but also in mines for gold, platinum and other metals. These are needed to transport material and personnel with payloads of up to 45 tons on gradients of up to 35 degrees.

Industrials

Market cap* **€46m**

*As at 21 October 2016

Share details

Code S4A

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

Softing

Industrials

Softing is a global management holding company. The companies of the Softing Group produce and market hardware and software for in the industrial automation and automotive electronics segments. They develop high-quality standard technology products and customized solutions in close cooperation with their customers. Both of Softing's business segments operate in growth markets.

Market cap* **€88m**

*As at 21 October 2016

Share details

Code	SYT

Designated sponsor(s)

ICF BANK AG WERTPAPIERHANDELSBANK, SUEDDEUTSCHE AKTIENBANK AG

Information from http://www.boerse-frankfurt.de/

Software AG

Software

The digital transformation continues to change enterprise IT landscapes from inflexible application silos to modern digital platform-driven IT architectures that can deliver the openness, speed and agility needed to enable real-time digital enterprises. Software AG offers the first end-to-end Digital Business Platform—based on open standards, with integration, process management, adaptive application development, real-time analytics and enterprise architecture management as core building blocks—to help customers build their digital futures today.

Market cap* **€2671m**

*As at 21 October 2016

Share details

Code	SOW

Designated sponsor(s)

N/A

Information from http://www.boerse-frankfurt.de/

Solutions 30

Technology

The Solutions 30 Group's ambition is to make the technological changes that transform our daily lives accessible to everyone, individuals and businesses alike: yesterday, IT and the Telecom; today, digital; tomorrow, the technologies that will make the world ever more connected in real time.

Market cap* **€264m**

*As at 21 October 2016

Share details

Code	30L2

Designated sponsor(s)

LANG & SCHWARZ BROKER GMBH

Information from http://www.solutions30.com/

SURTECO

SURTECO SE is the holding company for a group of mutually complementary companies in the field of surface technology. The product portfolio of the SURTECO Group comprises edgebandings and finish foils based on paper and plastics, decorative printings, impregnates and release papers for the international wood-based, flooring and furniture industry. The product range is completed by skirtings made of plastics and technical extrusions (profiles) for various industries.

Basic Resources

Market cap* **€357m**

*As at 21 October 2016

Share details

Code	SUR

Designated sponsor(s)

EQUINET BANK AG, JOH. BERENBERG, GOSSLER & CO. KG

Information from http://www.boerse-frankfurt.de/

SÜSS MicroTec

SUSS MicroTec is a leading supplier of equipment and process solutions for microstructuring in the semiconductor industry and related markets. In close cooperation with research institutes and industry partners SUSS MicroTec contributes to the advancement of next-generation technologies such as 3D Integration and nanoimprint lithography as well as key processes for MEMS and LED manufacturing.

Technology

Market cap* **€123m**

*As at 21 October 2016

Share details

Code	SMHN

Designated sponsor(s)

ODDO SEYDLER BANK AG, EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

SYZYGY

SYZYGY is an international agency group for digital marketing with some 600 employees and offices in Bad Homburg, Berlin, Frankfurt, Hamburg, London, Munich, New York und Warsaw. As a provider of creative, technological and media services, SYZYGY helps its clients to use digital media as an innovative communication and marketing tool.

Software

Market cap* **€164m**

*As at 21 October 2016

Share details

Code	SYZ

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

TAKKT

TAKKT is the leading B2B direct marketing specialist for business equipment in Europe and North America. The Group is represented with its brands in more than 25 countries. The product range of the TAKKT subsidiaries comprises more than 200,000 products for the areas of plant and warehouse equipment, office furniture, transport packaging, display articles, supplies for retailers, the food service industry and the hotel market.

Consumer

Market cap* **€1430m**

*As at 21 October 2016

Share details

Code	TTK

Designated sponsor(s)

ODDO SEYDLER BANK AG, HAUCK & AUFHAEUSER PRIVATBANKIERS KGAA, KEPLER CHEUVREUX

Information from http://www.boerse-frankfurt.de/

technotrans

The technotrans group produces, sells, and modernises systems and applications in the field of liquid technology. This includes cooling, temperature control, filtration, measuring, and dosing systems. With 24 sites the company from Sassenberg (Germany) is present in all the major markets worldwide.

Industrials

Market cap* **€149m**

*As at 21 October 2016

Share details

Code	TTR1

Designated sponsor(s)

EQUINET BANK AG, BANKHAUS LAMPE KG

Information from http://www.boerse-frankfurt.de/

Uniwheels

The Uniwheels group of companies is one of the leading manufacturers of alloy wheels in the European aftermarket (Accessory Division) and one of the largest wheels suppliers to the automotive industry (Automotive Division).

Industrials

Market cap* **€564m**

*As at 21 October 2016

Share details

Code	UWH

Designated sponsor(s)

N/A

Information from http://www.uniwheels.com/uwag/de/startseite/

USU Software

USU Software AG and its subsidiaries develop and sell complete software solutions for knowledge-based service management. The range of products includes solutions in the Business Service Management sector for efficient, cost-optimized deployment of the IT infrastructure of a company, in addition to Knowledge Solutions solutions for fine-tuning of knowledge-based business processes.

Software

Market cap* **€226m**

*As at 21 October 2016

Share details

Code OSP2

Designated sponsor(s)

LANDESBANK BADEN-WUERTTEMBERG, DERO BANK AG

Information from http://www.boerse-frankfurt.de/

Valneva

Valneva is a fully integrated vaccine company that specializes in the development, manufacture and commercialization of innovative vaccines with a mission to protect people from infectious diseases through preventative medicine. The Company seeks financial returns through focused R&D investments in promising product candidates and growing financial contributions from commercial products, striving towards financial self-sustainability.

Pharma & Biotech

Market cap* **€196m**

*As at 21 October 2016

Share details

Code VLA

Designated sponsor(s)

N/A

Information from http://www.valneva.com/en/company/about-valneva

Vectron Systems

Vectron Systems AG specialises in the production and sale of intelligent POS systems and communication software for the networking of branch shops. The "Vectron POS" systems ("POS" = "Point of Sale") can be utilised in various sectors - with a special focus on hospitality and bakery chains.

Software

Market cap* **€74m**

*As at 21 October 2016

Share details

Code V3S

Designated sponsor(s)

ODDO SEYDLER BANK AG, M.M. WARBURG & CO (AG & CO.) KGAA

Information from http://www.boerse-frankfurt.de/

VERBIO

VERBIO Vereinigte BioEnergie is one of the leading independent producers and suppliers of biofuels and also the only industrial-scale producer of biodiesel, bioethanol and biomethane in Europe. Nominal capacity currently amounts to around 450,000 tonnes of biodiesel, 300,000 tonnes of bioethanol and 480 gigawatt hours of biomethane per year.

Industrials

Market cap* **€362m**

*As at 21 October 2016

Share details

Code VBK

Designated sponsor(s)

ODDO SEYDLER BANK AG, HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

Villeroy & Boch

Villeroy & Boch, formed in 1748, is a leading ceramics manufacturer and one of the most important international premium brands in the areas of bathroom and wellness, tableware and tiles. The listed company, which is domiciled in Mettlach, Germany, has around 7,400 employees and operates production facilities in Europe, Mexico and Thailand.

Consumer

Market cap* **€196m**

*As at 21 October 2016

Share details

Code VIB3

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

Viscom

Viscom develops, manufactures and sells high-quality inspection systems. The product portfolio encompasses the complete bandwidth of optical and X-ray inspection operations, especially in the area of electronics assemblies. Viscom systems are used whenever 100% automatic inspection of electronics assemblies is required, such as in the production of automotive electronics, aerospace technology and industrial electronics.

Industrials

Market cap* **€117m**

*As at 21 October 2016

Share details

Code V6C

Designated sponsor(s)

ICF BANK AG WERTPAPIERHANDELSBANK, EQUINET BANK AG

Information from http://www.boerse-frankfurt.de/

Vita 34

Vita 34 is a pioneer amongst the private umbilical cord blood banks in Europe and it is the largest stem cell bank in the German-speaking countries. The company is active in two business segments, Stem Cell Banking and Biotechnology, and is currently represented in the European and global markets in a total of 28 countries via subsidiaries and cooperation partners.

Pharma & Biotech

Market cap* **€15m**

*As at 21 October 2016

Share details

Code V3V

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

WashTec

The WashTec Group has its registered office in Augsburg, Germany, and is the leading supplier of innovative solutions for the car wash business worldwide. WashTec employs more than 1,600 persons worldwide and is represented by its subsidiaries in the core markets of Europe, the United States and Canada, as well as in China and Australia.

Industrials

Market cap* **€619m**

*As at 21 October 2016

Share details

Code WSU

Designated sponsor(s)

M.M. WARBURG & CO (AG & CO.) KGAA, HSBC TRINKAUS & BURKHARDT AG

Information from http://www.boerse-frankfurt.de/

WILEX

WILEX AG is a biopharmaceutical company based in Munich, Germany, that serves as a parent and holding company. The Company‘s research and development work is conducted by its subsidiary Heidelberg Pharma who focusses on developing an innovative ATAC technology platform (Antibody Targeted Amanitin Conjugates). The ATAC technology combines the high affinity and specificity of antibodies with the potency of the highly potent substance Amanitin for the development of cancer therapies.

Pharma & Biotech

Market cap* **€20m**

*As at 21 October 2016

Share details

Code WL6

Designated sponsor(s)

EQUINET BANK AG

Information from http://www.wilex.de/

windeln.de

windeln.de is one of the leading pure online retailers for baby, toddler and children's products with a presence in ten European countries, including Germany, Austria, Switzerland, the Czech Republic and Spain. The Company also operates a successful e-commerce business with products for babies and toddlers for customers in China. windeln.de was founded in October 2010 and currently has more than 400 employees in Germany and abroad.

Retail

Market cap* **€107m**

*As at 21 October 2016

Share details

Code	WDL

Designated sponsor(s)

ICF BANK AG WERTPAPIERHANDELSBANK, DEUTSCHE BANK AG, GOLDMAN SACHS INTERNATIONAL, LONDON*EQUINET BANK AG

Information from http://www.windeln.de/

zooplus

As an online retail company zooplus sells pet supplies directly to private customers via the internet, and considers itself to be the clear European online market leader in terms of revenues and active customer base within its segment. In total, zooplus sells around 8,000 food and accessories products for dogs, cats, small animals, birds, reptiles, fish and horses.

Retail

Market cap* **€903m**

*As at 21 October 2016

Share details

Code	ZO1

Designated sponsor(s)

ODDO SEYDLER BANK AG

Information from http://www.boerse-frankfurt.de/

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