



AUDIT & ASSURANCE | TAX & LEGAL | ADVISORY

AUTOMOTIVE SECTOR UPDATE Q4-2022

M&A Environment - Global/Germany

January 2023

Auto suppliers current state – all eyes on 2023 (and beyond)

Outlook into 2023 remains a mixed picture

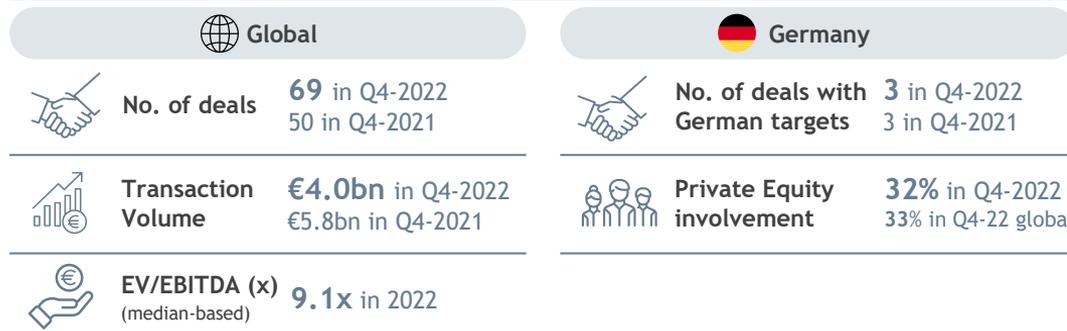
- Uncertainties on the 2023 outlook are a bunch of (well-known) aspects which primarily include lingering supply chain issues, macro demand concerns (in particular in US & EU), and a potential European energy crisis driving downtime. Worth to mention that the chip crunch still remains a key pain point for the automotive industry with some sector commentary suggesting that the situation may marginally be easing into 2023. Further key constraints to suppliers are a still volatile OEM production schedule paired with inconsistent supply chains of their own suppliers
- Generally, the automotive supplier sector should experience better operating margins from easing raw material prices, increasing stability of production schedules and slow volume growth
- But: In a 2023 recession scenario these constructive points might be erased from a number of negative aspects that would first hit the OEM side (and trickle down to suppliers as well) such as (i) global auto market might shift from under- to oversupply, (ii) weakening product mix as consumers need to “downgrade”, (iii) inflationary pressure cannot be passed through, and (iv) higher credit risk
- For 2023E, global Light Vehicle Production (LVP) is ca. 83.2m units (as per RBC Capital) which is 3.6% up vs. prior year while IHS is more bullish with an estimated LVP of 85.9m units (+5.3% y/y); in contrast UBS expects only 80.8m units in 2023E

Global production trend 2022

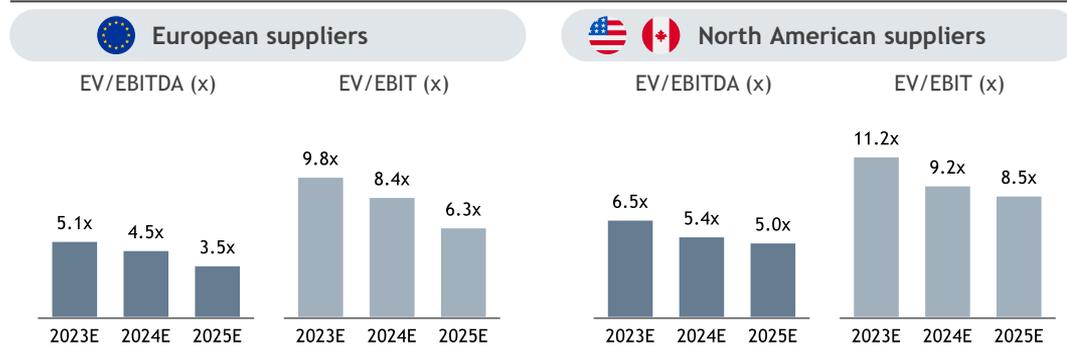
- Actual global production numbers (Q3-2022) compared with IHS’s June 2022 forecast came in +2.7%, and +26% y/y including North America +25% y/y, Europe +22% y/y, and China +25% y/y
- Regional mix was different to expectations – most significant differences being Europe with -8.5% while China was +9.6% stronger than June IHS’s forecasts
- Europe continues to battle supply chain pressures as well as energy and raw material cost inflation. China is driven by pent-up demand as well as from a temporary purchase tax cut (till end of 2022)
- Total 2022 production unit forecast (IHS) now calls for 5.7% y/y growth – North America +11.7% y/y, Europe -0.6% y/y, China +3.8% y/y
- As per J.P. Morgan equity research, the global car market is currently (2022E) ca. 16% off peak levels and each region is off by a double-digit % vs. all-time highs by end year 2022

Executive summary – Automotive Suppliers Q4-2022

M&A sentiment – the “big picture”



Trading multiples* – selection



Selected highlights

– 20th December 2022 –

Magna to acquire Veoneer Active Safety business

► Magna International Inc. (TSX: MG; NYSE: MGA) today announced it has entered into an agreement to acquire the Veoneer Active Safety business from SSW Partners for \$1.525 billion in cash, subject to working capital and other customary purchase price adjustments. The combined business is projected to generate approximately \$3 billion in sales in 2024. The acquisition adds significant engineering resources and expands Magna's ADAS customer base and geographic diversification.



to acquire
Active Safety
business of
veoneer

(USD 1,525m)

Sources: Mergermarket, CapitalIQ, BDO analysis

Note: M&A sentiment transaction volume based on announced deals with disclosed figures.

* EV = Enterprise value (median-based) per 10th January 2023

M&A transactions Q4-2022 (1/2) (selection)



Global

Date	Buyer	Target	Target activity	TX-Vol. (€m)
Dec 2022	TOYOTA BOSCHOKU	十三年車体 TOYOTA AUTO BODY (33.6% stake of Toyota Body Seiko Co Ltd)	Manufacturer and seller of car seats	n.a.
Dec 2022	ABC TECHNOLOGIES TRANSFORMER LA PLASTEE & LIQUIDRESINERIE	WMG Technologies	Leading tier-1 and tier-2 supplier to major global automotive OEMs	114
Dec 2022	MAGNA	veoneer (Active Safety business)	Provider of automotive safety technology, radar sensor system, camera-based vision system and distance measuring system	1,436
Dec 2022	BorgWarner	drivetek	Provider of engineering and product development services for inverters, electric drive solutions and power electronics	35
Nov 2022	TRC TWIN RIDGE CAPITAL ACQUISITION CORP.	CARBON REVOLUTION	Australia-based carbon fiber auto wheel maker	192
Nov 2022	M2	SUPERIOR INDUSTRIES	Supplier of aluminium wheels and other aluminium automotive components	616
Oct 2022	TATNEFT	nokian TYRES (Russian operations)	Russian operations of Nokian Tyres Oyj	400
Oct 2022	Transfar 德化 & 5 other investors	Farizon Auto (Series Pre-A funding)	Electric truck maker owned by Geely Holding	299
Oct 2022	LS Cable & System	LS (remaining 47% Stake of LS EV Korea Ltd)	South Korea-based manufacturer of electric vehicle parts	56

M&A transactions Q4-2022 (2/2) (selection)



Germany

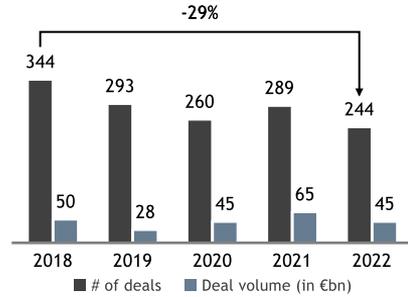
Date	Buyer	Target	Target activity	TX-Vol. (€m)
Dec 2022	 Mobility Technology Group Inc	 IDEENION	Company engaged in the design, development and prototyping of vehicle components and accessories for vehicles	15
Dec 2022	 KME INTEK GROUP	 KME repurchase of 100% KME Connectors Stolberg GmbH	Company engaged in copper connectors for the automobile industry	16
Nov 2022	  无锡威视工业技术股份有限公司 VT Industrial Technology	 Ebmeyer WERKZEUGBAU GMBH	Company engaged in the research, development, manufacturing and sales of automobile stamping dies	9

Automotive Suppliers – M&A activity over time

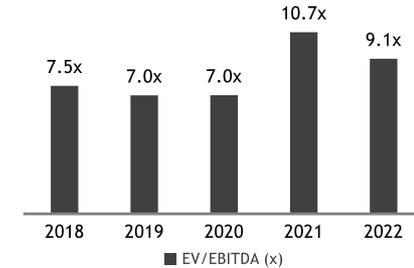
Q4-2022 observed 69 deals – global automotive supplier M&A activity slightly below the previous quarter

Global M&A activity (based on announced deals)

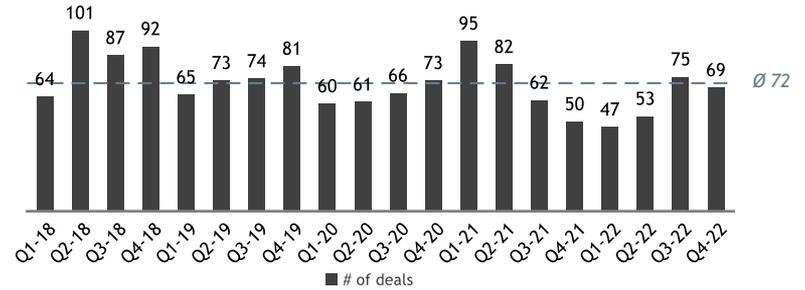
No. of deals and deal volume¹



EV/EBITDA (x) median development²

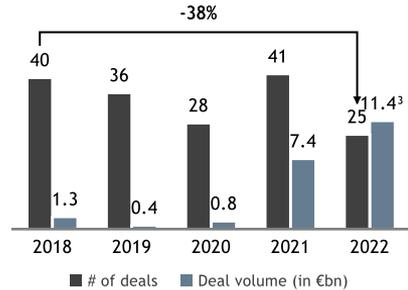


No. of deals per quarter

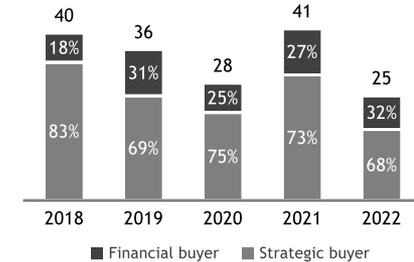


German M&A activity (based on announced deals, German targets)

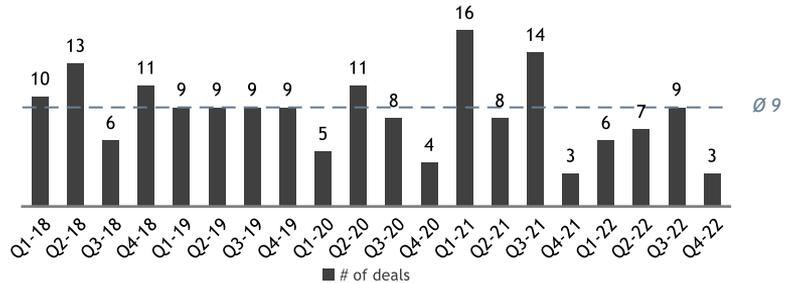
No. of deals and deal volume¹



Deals by buyer type



No. of deals per quarter



Sources: BDO analysis, Mergermarket as of 10th January 2023

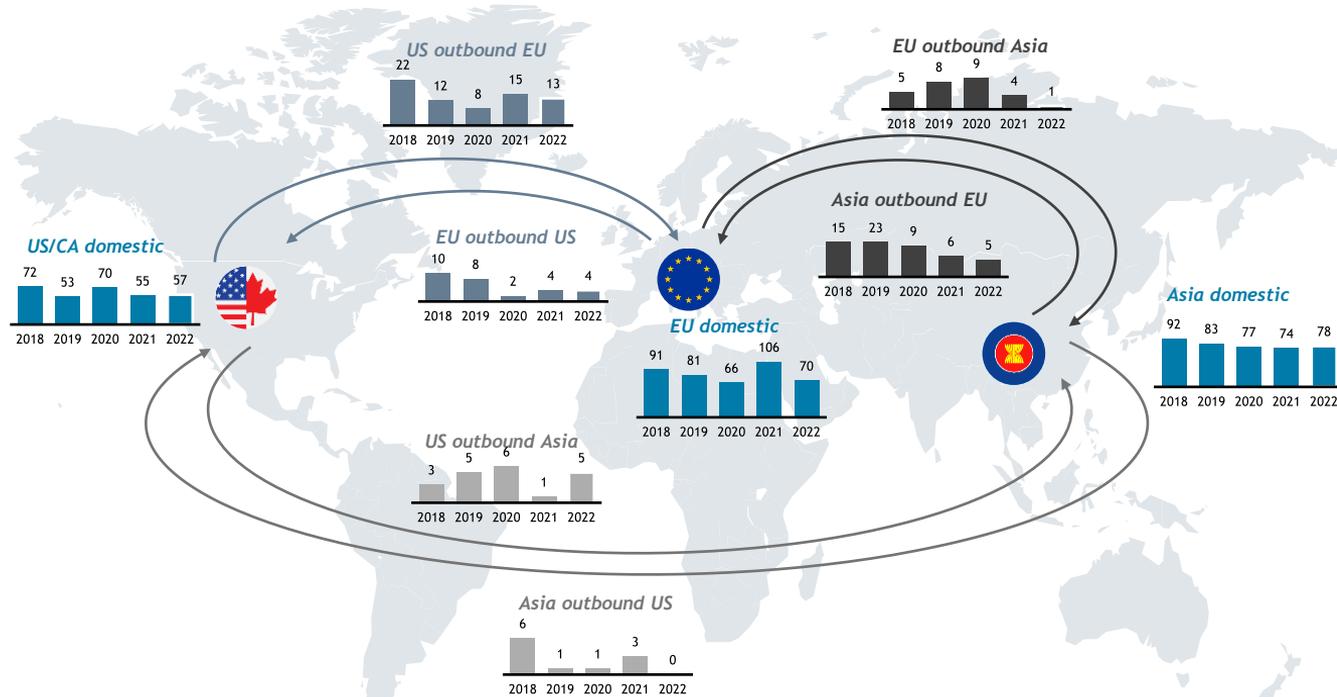
Note: 1) Deal volume data available only for a limited number of precedent transactions

2) Multiples based on data of the latest year-end before deal announcement date

3) Includes Porsche IPO (deal value EUR 10.1bn)

Global Automotive M&A transaction deal flow

Domestic M&A activity remains broadly in line with prior year in the US and Asia while Europe experienced a sharp contraction. Cross-border deal flow remains muted



Sources: BDO analysis, Mergermarket as of 10th January 2023

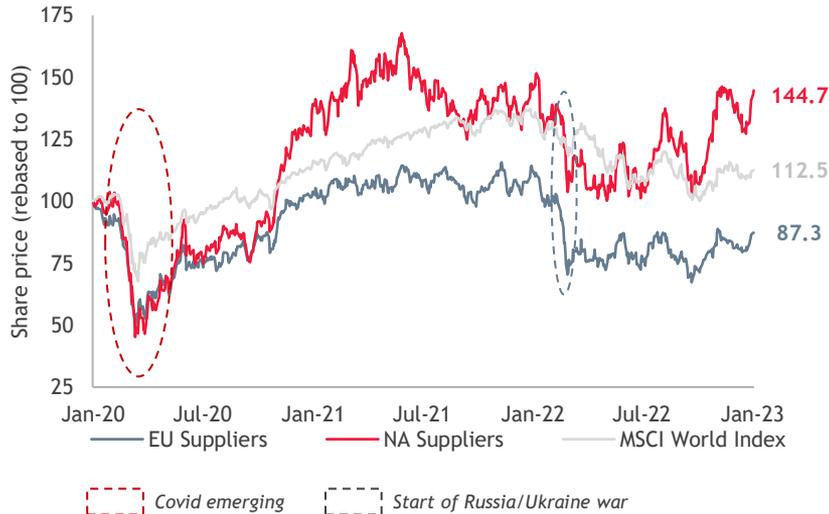
Note: Deal flow analysis excludes M&A activity involving RoW countries

Recent sector share price performance

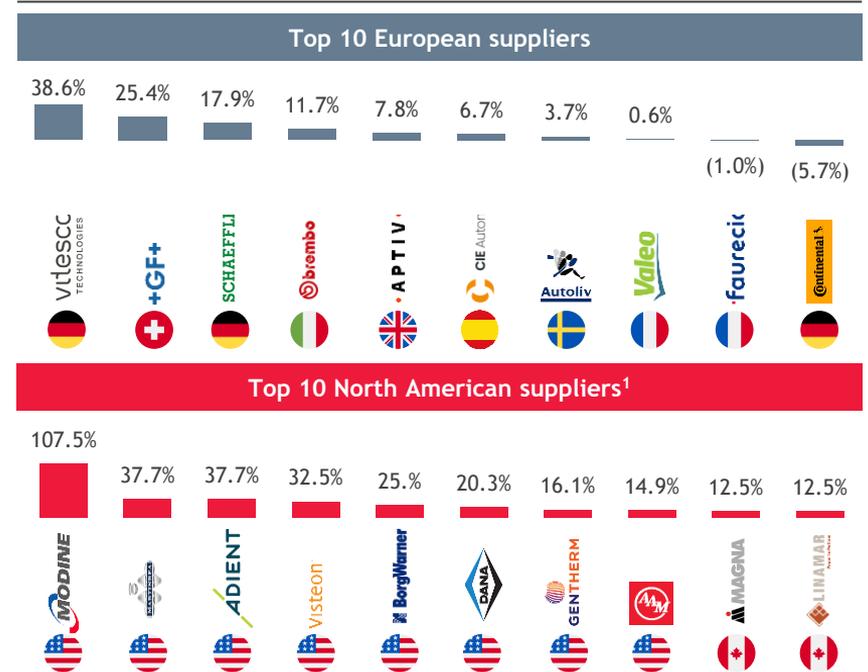
Share prices of US automotive suppliers strongly outperformed European peers over the last three years

Peer group share price performance over time

Change (%)	EU Supplier	NA Supplier	MSCI World
3-year	(12.7%)	44.7%	12.5%
1-Year	(21.4%)	(0.8%)	(15.9%)



Last six month share price development



Sources: CapitalIQ, Equity Research, BDO analysis

Note: Market data as of 10th January 2023. Top 10 ranking is based on market capitalization. Peer group constituents are listed on pages 9 to 12

1) As of 17th November, Apollo Global Management LLC has completed the acquisition of Tenneco Inc. The company was subsequently taken private and excluded from the analysis

Implied multiples

European Suppliers

Companies	Market cap (EURm)	EV (EURm)	EV / Sales			EV / EBITDA			EV / EBIT			P / E			EV / (EBITDA-Capex)		
			2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Europe																	
Aptiv	24,829	27,164	1.5x	1.3x	1.2x	10.6x	8.5x	7.4x	14.2x	11.1x	9.3x	21.1x	14.8x	12.6x	16.2x	12.5x	10.9x
Continental	12,792	21,223	0.5x	0.5x	0.5x	4.2x	3.7x	2.6x	8.6x	7.2x	6.3x	8.2x	6.8x	5.6x	8.6x	7.1x	4.0x
Autoliv	6,317	7,736	0.9x	0.8x	0.7x	6.5x	5.3x	4.7x	9.3x	7.2x	6.2x	11.7x	8.9x	7.3x	10.6x	8.0x	6.8x
Georg Fischer	5,155	5,304	1.3x	1.3x	1.2x	10.4x	9.6x	8.7x	14.3x	12.9x	11.8x	18.3x	16.5x	14.1x	16.0x	14.2x	12.1x
Valeo	4,572	9,653	0.4x	0.4x	0.4x	3.6x	3.1x	2.7x	11.1x	8.2x	6.3x	10.8x	7.3x	5.3x	12.3x	8.5x	6.5x
Schaeffler	4,342	8,595	0.5x	0.5x	0.5x	4.1x	3.7x	3.5x	7.5x	6.4x	6.1x	6.3x	5.2x	5.0x	7.7x	6.8x	6.5x
Brembo	3,569	4,287	1.1x	1.1x	na	6.4x	6.2x	na	10.1x	9.7x	na	11.2x	10.8x	na	10.7x	10.2x	na
Faurecia	3,422	14,173	0.5x	0.5x	0.5x	4.3x	3.8x	3.4x	9.8x	7.5x	6.2x	7.2x	4.3x	3.5x	11.9x	9.3x	7.0x
CIE	3,057	4,451	1.0x	1.0x	0.9x	6.2x	5.8x	5.2x	8.7x	8.0x	7.0x	9.4x	8.4x	7.9x	9.0x	8.2x	7.0x
Vitesco	2,473	2,714	0.3x	0.3x	0.3x	3.2x	2.6x	2.4x	9.0x	5.5x	4.5x	12.9x	7.3x	5.5x	8.9x	5.7x	4.9x
Plastic Omnium	2,211	3,276	0.3x	0.3x	0.3x	3.5x	3.1x	na	7.6x	5.8x	na	9.7x	7.1x	na	7.6x	6.1x	na
Gestamp	2,184	5,011	0.5x	0.4x	0.4x	3.9x	3.6x	3.3x	7.9x	6.9x	6.0x	6.8x	5.8x	5.2x	10.0x	9.1x	7.4x
Stabilus	1,601	1,765	1.5x	1.4x	1.3x	7.8x	7.4x	6.8x	10.6x	9.7x	na	15.4x	13.9x	na	10.7x	10.3x	9.4x
JOST	790	1,085	0.9x	0.9x	0.8x	7.3x	7.0x	na	8.9x	8.7x	na	12.7x	11.9x	na	8.9x	8.4x	na
Autoneum	552	1,184	0.6x	0.6x	0.6x	5.7x	5.1x	na	13.6x	10.7x	9.2x	12.1x	9.2x	na	9.3x	8.3x	na
ElringKlinger	479	1,063	0.6x	0.6x	0.5x	4.9x	4.6x	na	14.0x	9.6x	7.3x	11.9x	7.5x	na	9.6x	9.2x	na
LEONI	194	1,631	0.4x	0.4x	na	7.1x	5.5x	na	nm	15.3x	na	nm	1.4x	na	38.4x	22.4x	na
Grammer	162	763	0.4x	0.4x	0.3x	5.3x	4.5x	na	12.9x	8.9x	8.2x	6.9x	3.6x	na	11.4x	8.8x	na
Sogefi	120	442	0.3x	0.3x	0.3x	2.3x	2.3x	2.1x	5.9x	5.8x	5.2x	4.4x	3.7x	3.0x	5.1x	5.4x	5.2x
Polytec	107	257	0.4x	0.4x	0.4x	4.8x	4.0x	3.5x	13.1x	8.7x	7.5x	9.3x	5.8x	na	15.2x	10.1x	7.2x
		Median	0.5x	0.5x	0.5x	5.1x	4.5x	3.5x	9.8x	8.4x	6.3x	10.8x	7.3x	5.5x	10.3x	8.7x	7.0x
		Average	0.7x	0.7x	0.6x	5.6x	5.0x	4.3x	10.4x	8.7x	7.1x	10.9x	8.0x	6.8x	11.9x	9.4x	7.3x

Source: CapitalIQ

Note: Financials calendarised to 31st December, Market data as of 10th January 2023. "na" = not available

"nm" refers to implied multiples in excess of 30x (EV/EBIT) or 40x (P/E), "na" = not available

Sales growth rates & operating margins

European Suppliers

Companies	Sales growth			EBITDA margin			EBIT margin			Net income margin			CAGR 23E-25E			
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	Sales	EBITDA	EBIT	N.I.
Europe																
Aptiv	12.0%	12.5%	11.6%	14.2%	15.8%	16.1%	10.6%	12.1%	12.9%	6.5%	8.3%	8.7%	12.0%	19.2%	23.4%	29.1%
Continental	5.7%	4.9%	5.6%	12.3%	13.3%	17.7%	6.0%	6.8%	7.4%	3.8%	4.3%	5.0%	5.2%	26.3%	16.9%	21.4%
Autoliv	6.6%	9.2%	8.4%	13.5%	15.1%	15.6%	9.3%	11.0%	11.9%	6.1%	7.4%	8.2%	8.8%	16.9%	22.9%	26.3%
Georg Fischer	0.6%	4.3%	3.0%	12.8%	13.3%	14.3%	9.3%	9.9%	10.5%	7.1%	7.6%	8.6%	3.6%	9.3%	9.9%	13.8%
Valeo	10.8%	8.7%	9.0%	12.1%	13.0%	13.6%	3.9%	4.9%	5.8%	1.9%	2.6%	3.3%	8.8%	15.5%	32.3%	43.2%
Schaeffler	5.5%	4.2%	7.0%	12.9%	13.8%	13.5%	7.1%	7.9%	7.8%	4.3%	4.9%	4.8%	5.6%	8.3%	10.7%	11.9%
Brembo	5.1%	1.6%	na	17.6%	17.9%	na	11.1%	11.4%	na	8.3%	8.5%	na	na	na	na	na
Faurecia	8.8%	7.6%	4.4%	12.1%	12.9%	13.7%	5.3%	6.5%	7.5%	1.8%	2.8%	3.3%	6.0%	12.7%	25.4%	44.4%
CIE	7.0%	5.8%	5.5%	16.8%	17.1%	18.0%	12.0%	12.4%	13.3%	7.7%	8.1%	8.2%	5.6%	9.5%	11.3%	9.1%
Vitesco	1.3%	4.2%	6.8%	9.1%	10.9%	11.2%	3.3%	5.2%	5.8%	2.1%	3.5%	4.4%	5.5%	17.2%	40.8%	52.9%
Plastic Omnium	15.5%	6.7%	7.3%	9.6%	10.3%	na	4.5%	5.5%	na	2.4%	3.0%	na	7.0%	na	na	na
Gestamp	7.6%	7.3%	7.3%	11.8%	11.9%	12.1%	5.8%	6.1%	6.6%	2.9%	3.2%	3.3%	7.3%	8.7%	15.0%	14.6%
Stabilus	5.5%	5.3%	6.4%	18.9%	18.9%	19.3%	14.0%	14.5%	na	8.7%	9.1%	na	5.8%	6.8%	na	na
JOST	(1.1%)	0.6%	6.7%	12.2%	12.7%	na	10.1%	10.3%	na	5.1%	5.4%	na	3.6%	na	na	na
Autoneum	6.9%	5.7%	(1.2%)	10.6%	11.3%	na	4.4%	5.3%	6.3%	2.3%	2.9%	na	2.2%	na	22.0%	na
ElringKlinger	2.6%	5.1%	9.1%	12.0%	12.1%	na	4.2%	5.8%	7.0%	2.2%	3.3%	na	7.1%	na	38.5%	na
LEONI	(2.3%)	(0.2%)	na	5.4%	7.0%	na	0.9%	2.5%	na	(0.3%)	3.2%	na	na	na	na	na
Grammer	2.3%	3.7%	9.7%	7.0%	8.0%	na	2.9%	4.0%	4.0%	1.1%	2.1%	na	6.6%	na	25.5%	na
Sogefi	1.6%	1.2%	2.3%	12.5%	12.5%	12.9%	4.9%	4.9%	5.3%	1.8%	2.1%	2.5%	1.7%	3.5%	6.4%	20.0%
Polytec	4.4%	4.4%	4.2%	8.8%	10.2%	11.2%	3.2%	4.6%	5.2%	1.9%	2.9%	na	4.3%	17.7%	32.5%	na
Median	5.5%	5.0%	6.7%	12.2%	12.8%	13.7%	5.6%	6.3%	7.0%	2.6%	3.4%	4.8%	5.7%	12.7%	22.9%	21.4%
Average	5.3%	5.1%	6.3%	12.1%	12.9%	14.6%	6.6%	7.6%	7.8%	3.9%	4.8%	5.5%	5.9%	13.2%	22.2%	26.1%

Source: CapitalIQ

10 Note: Financials calendarised to 31st December, Market data as of 10th January 2023. "na" = not available

© BDO



Implied multiples

North American Suppliers

Companies	Market cap (EURm)	EV (EURm)	EV / Sales			EV / EBITDA			EV / EBIT			P / E			EV / (EBITDA-Capex)		
			2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
North America																	
Magna	16,172	20,800	0.6x	0.5x	0.5x	5.9x	4.9x	4.3x	9.7x	7.5x	6.3x	10.0x	7.5x	6.5x	11.0x	8.2x	6.8x
BorgWarner	9,335	12,686	0.8x	0.8x	0.7x	5.6x	5.0x	4.7x	7.8x	6.9x	6.2x	9.0x	7.7x	6.9x	8.6x	7.8x	7.5x
Visteon	3,792	4,142	1.1x	1.0x	0.9x	10.4x	8.5x	7.6x	14.7x	11.0x	9.0x	18.7x	14.0x	13.0x	15.2x	12.1x	11.1x
Adient	3,582	5,754	0.4x	0.4x	0.4x	6.9x	5.7x	4.8x	11.2x	8.6x	7.2x	17.2x	10.3x	7.6x	10.7x	8.6x	7.0x
Linamar	2,692	3,006	0.5x	0.5x	na	3.7x	3.3x	na	6.2x	5.4x	na	na	na	na	7.0x	5.8x	na
Dana	2,270	5,089	0.5x	0.5x	0.5x	6.5x	5.7x	5.1x	12.1x	9.9x	8.5x	9.7x	7.7x	7.0x	12.7x	10.6x	9.6x
Gentherm	2,189	2,311	1.7x	1.6x	na	12.9x	10.2x	na	16.6x	12.4x	na	25.5x	18.3x	na	18.9x	13.9x	na
Modine	1,080	1,455	0.7x	na	na	6.8x	na	na	9.6x	na	na	10.8x	na	na	9.4x	na	na
American Axle	910	3,909	0.7x	0.7x	0.7x	5.1x	4.9x	5.6x	12.6x	11.6x	16.4x	6.8x	7.0x	12.2x	7.7x	7.5x	na
Martinrea	649	1,490	0.4x	0.4x	na	3.6x	3.4x	na	7.1x	6.2x	na	4.6x	3.6x	na	6.9x	6.5x	na
Stoneridge	539	675	0.8x	0.7x	na	10.5x	9.0x	na	27.3x	18.1x	na	nm	24.7x	na	na	na	na
Park-Ohio	148	804	0.5x	0.4x	0.4x	7.0x	6.1x	na	12.1x	9.8x	9.4x	5.1x	3.2x	na	9.8x	8.0x	na
Superior	121	748	0.4x	0.4x	na	4.0x	3.8x	na	7.6x	7.0x	na	11.9x	na	na	6.8x	na	na
		Median	0.6x	0.5x	0.5x	6.5x	5.4x	5.0x	11.2x	9.2x	8.5x	10.0x	7.7x	7.3x	9.6x	8.1x	7.5x
		Average	0.7x	0.7x	0.6x	6.8x	5.9x	5.3x	11.9x	9.5x	9.0x	11.8x	10.4x	8.9x	10.4x	8.9x	8.4x

Source: CapitalIQ

Note: Financials calendarised to 31st December, Market data as of 10th January 2023

“nm” refers to implied multiples in excess of 40x (P/E), “na” = not available

Sales growth rates & operating margins

North American Suppliers

Companies	Sales growth			EBITDA margin			EBIT margin			Net income margin			CAGR 23E-25E			
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	Sales	EBITDA	EBIT	N.I.
North America																
Magna	4.5%	8.2%	8.1%	9.6%	10.6%	11.2%	5.8%	6.9%	7.6%	4.4%	5.4%	5.7%	8.2%	17.1%	23.4%	24.2%
BorgWarner	7.5%	8.0%	8.9%	14.6%	14.9%	14.7%	10.4%	10.9%	11.1%	6.6%	7.2%	7.4%	8.5%	8.7%	12.2%	14.3%
Visteon	7.5%	11.9%	9.3%	10.9%	11.9%	12.1%	7.7%	9.2%	10.3%	5.6%	6.6%	6.5%	10.6%	16.5%	27.9%	19.8%
Adient	4.7%	6.0%	4.6%	6.0%	6.8%	7.7%	3.7%	4.5%	5.2%	1.5%	2.4%	3.1%	5.3%	19.3%	24.7%	50.3%
Linamar	8.4%	5.6%	na	13.7%	14.5%	na	8.2%	8.8%	na	na	na	na	na	na	na	na
Dana	3.7%	3.9%	5.2%	8.0%	8.7%	9.3%	4.3%	5.1%	5.6%	2.4%	2.9%	3.0%	4.6%	12.4%	19.5%	17.6%
Gentherm	18.9%	10.4%	na	13.4%	15.4%	na	10.5%	12.7%	na	6.5%	8.1%	na	na	na	na	na
Modine	6.2%	na	na	9.7%	na	na	6.9%	na	na	4.6%	na	na	na	na	na	na
American Axle	4.3%	2.2%	(5.4%)	13.6%	13.7%	12.9%	5.5%	5.8%	4.4%	2.4%	2.2%	1.4%	(1.7%)	(4.3%)	(12.2%)	(25.3%)
Martinrea	4.5%	4.7%	na	12.2%	12.6%	na	6.2%	6.8%	na	4.2%	5.1%	na	na	na	na	na
Stoneridge	5.7%	5.6%	na	7.5%	8.2%	na	2.9%	4.1%	na	1.3%	2.4%	na	na	na	na	na
Park-Ohio	7.4%	5.5%	5.3%	6.7%	7.3%	na	3.9%	4.6%	4.5%	1.7%	2.6%	na	5.4%	na	13.2%	na
Superior	12.2%	(2.3%)	na	10.8%	11.6%	na	5.7%	6.3%	na	0.6%	na	na	na	na	na	na
Median	6.2%	5.6%	5.3%	10.8%	11.7%	11.7%	5.8%	6.6%	5.6%	3.3%	4.0%	4.4%	5.4%	14.4%	19.5%	18.7%
Average	7.3%	5.8%	5.1%	10.5%	11.4%	11.3%	6.3%	7.2%	7.0%	3.5%	4.5%	4.5%	5.8%	11.6%	15.5%	16.8%

Source: CapitalIQ

12 Note: Financials calendarised to 31st December, Market data as of 10th January 2023. "na" = not available

Contact details

AUTHOR



OLIVER BACH

Senior Manager, Corporate Finance - M&A
BDO AG Wirtschaftsprüfungsgesellschaft
Hanauer Landstraße 115
60314 Frankfurt am Main
Phone: +49 69 95941-127
oliver.bach@bdo.de



HANS-JÜRGEN RONDORFF

Partner, Corporate Finance - M&A
BDO AG Wirtschaftsprüfungsgesellschaft
Hanauer Landstraße 115
60314 Frankfurt am Main
Phone: +49 69 95941-118
hans-juergen.rondorff@bdo.de

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