aifinyo
(CDAX, Financial Services)

WARBURG RESEARCH

Buy
EUR 42.50

Price	EUR 33.00
Upside	**28.8 %**

Value Indicators:	EUR
DCF:	42.49

Share data:	
Bloomberg:	EBE GR
Reuters:	EBE.MU
ISIN:	DE000A2G8XP9

Description:

aifinyo is a technology-focused financial services provider

Market Snapshot:	EUR m
Market cap:	110.6
No. of shares (m):	3.4
EV:	168.3
Freefloat MC:	47.7
Ø Trad. Vol. (30d):	2.13 th

Shareholders:	
Freefloat	43.1 %
aifinyo and Decimo management	56.9 %

Risk Profile (WRe):	2019e
Beta:	2.2
Price / Book:	37.6 x
Equity Ratio:	7 %
Net Fin. Debt / EBITDA:	26.5 x
Net Debt / EBITDA:	26.5 x

One-stop shop for working capital financing; Initiation with Buy

aifinyo is a tech-focused financial services provider which created a highly automated digital platform to offer financing solutions in the fields of **finetrading**, **factoring**, **leasing** and **debt collection** to German freelancers, start-ups and commercial clients. These small-format customers usually have working capital needs with very small tickets that are not addressed by conventional factoring or leasing. Recognising that these low volumes can only be handled profitably if processes are highly automated and individual expenses are kept to a minimum, aifinyo created a **digital platform** for financing solutions, clearly **differentiating itself from banks**. As opposed to other fintechs that focus on one specific product, aifinyo operates as a **one-stop shop** offering a broad range of financing solutions from a single source.

With its rather unique business model, we expect aifinyo to increase its market share and quickly progress to become a relevant player in the German financing market. Further growth opportunities are expected from aifinyo's active participation in ongoing sector consolidation and, potentially, in international expansion. Aifinyo's recent acquisition, Decimo with its progressive IT infrastructure, substantially increased the degree of digitisation.

Our top-line estimates concentrate on gross profit as a proxy for net interest and commission income as revenues could fluctuate based on individual segment contributions. We anticipate organic double-digit gross profit growth for the period 19e-26e at a CAGR of 25.9% based on:

- aifinyo's unique **digital one-stop shop** approach in an **attractive market** that has not been adequately addressed by banks or fintech competitors
- Further improvement in the digital platform to increase the level of automation

Continuous **margin expansion** to a **long-term EBIT/gross profit margin of 45%** should then follow as a result of:

- Increased level of digitisation, once Decimo's advanced IT solutions are integrated
- The **high scalability** of its digital business model. The more advanced the degree of digitalisation, the lower the marginal costs.

Further partnerships could lead to significantly higher growth rates than anticipated. A first co-operation agreement was signed with Germany's ninth-largest savings bank and we expect **further banks to enter partnerships with aifinyo** to gain access to digital innovation and enhance the banks' product ranges. This is a source of additional revenue potential for aifinyo and may further fuel margins.

Our investment case is anchored on the assumption that the company can significantly increase its transaction volume from EUR 275m in 2019e to EUR 774m in 2022e, which should result in gross profit development to EUR 23.7m in 2022e from EUR 8.5m in 2019e. While the majority of this growth will be financed by debt, capital increases are also an option, which should simultaneously increase the freefloat. Our **DCF-based PT of EUR 42.50** highlights the share price potential and implies upside of nearly 29%. **Coverage is initiated with Buy.**

Rel. Performance vs CDAX:	
1 month:	-9.4 %
6 months:	17.0 %
Year to date:	22.6 %
Trailing 12 months:	n/a

Company events:

FY End: 31.12. in EUR m	CAGR (18-21e)	2017	2018	2019e	2020e	2021e
Sales	44.4 %	13.5	28.0	43.8	61.5	84.3
Change Sales yoy		n.a.	107.9 %	56.3 %	40.4 %	37.1 %
Gross profit margin		*34.7 %*	*23.1 %*	*19.5 %*	*20.0 %*	*20.2 %*
EBITDA	35.7 %	2.1	2.8	2.2	4.1	6.9
Margin		*15.9 %*	*9.9 %*	*5.0 %*	*6.7 %*	*8.2 %*
EBIT	34.6 %	1.5	1.8	0.7	1.9	4.4
Margin		*11.3 %*	*6.5 %*	*1.5 %*	*3.2 %*	*5.2 %*
Net income	65.3 %	0.2	0.3	-1.1	-0.3	1.2
EPS	51.8 %	0.16	0.10	-0.33	-0.09	0.35
EPS adj.	51.8 %	0.16	0.10	-0.33	-0.09	0.35
DPS	-	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-7.36	-3.13	-9.83	-6.73	-7.73
FCF / Market cap		n.a.	-13.2 %	-29.8 %	-20.4 %	-23.4 %
EV / Sales		n.a.	3.0 x	3.8 x	3.1 x	2.6 x
EV / EBITDA		n.a.	30.2 x	77.1 x	46.8 x	31.4 x
EV / EBIT		n.a.	46.5 x	258.2 x	98.5 x	49.3 x
P / E		n.a.	236.7 x	n.a.	n.a.	94.3 x
P / E adj.		n.a.	236.7 x	n.a.	n.a.	94.3 x
FCF Potential Yield		n.a.	3.0 %	1.3 %	2.1 %	3.0 %
Net Debt		18.6	25.1	57.8	80.8	107.2
ROCE (NOPAT)		5.3 %	3.4 %	1.4 %	2.6 %	3.3 %
Guidance:	Significant increase in revenues and customers					

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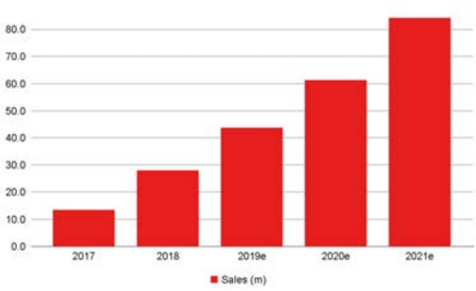
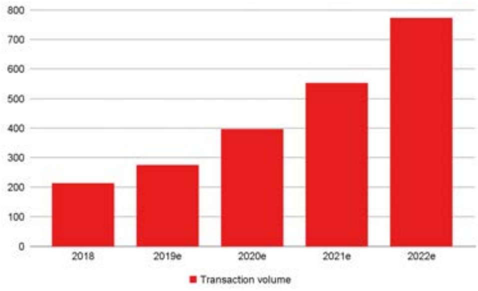
Sales development
in EUR m



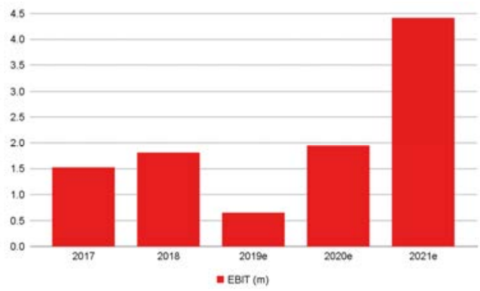
Source: Warburg Research

Transaction volume
EURm



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

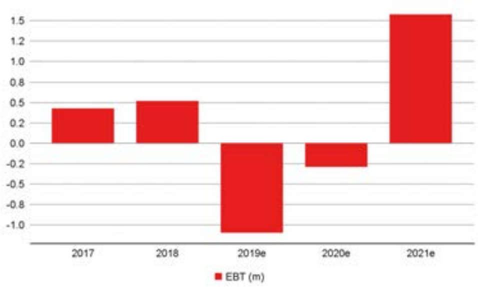
Company Background

- aifinyo is a technology-focused financial services provider, offering finetrading, factoring, leasing and debt collection to freelancers and small and medium-sized companies
- The finetrading division offers customers procurement pre-financing for an individually negotiated fee.
- In the factoring segment, outstanding receivables are purchased from customers to bridge their liquidity. The debt collection segment takes care of the settlement of outstanding invoices.
- The leasing division purchases assets for its customers who then repay the purchase price in monthly lease payments
- Founded in 2012, aifinyo's growth was purely organic until 2019 when the company made its first acquisition by taking over factoring fintech Decimo

Competitive Quality

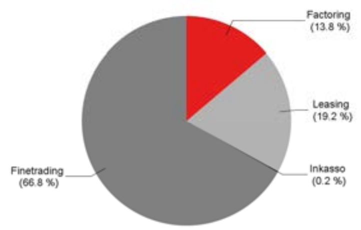
- One-stop shop offering various working capital financing alternatives. Clear differentiation from fintech competitors, most of which pursue a one-product approach
- Digital platform ensuring highly automated and timely processing of financing requests. Banks, which pose the strongest competition, lack such a digital offering
- Scalability of digital business model offers tremendous margin improvement potential.
- Clear focus on small ticket transactions that are unprofitable for banks naturally reduces competition.

EBT development
in EUR m



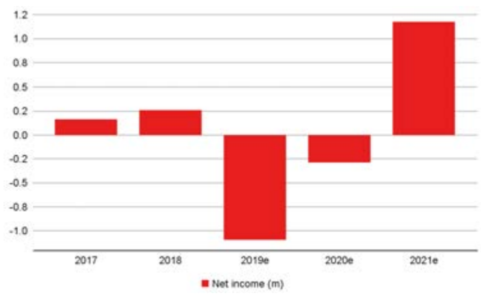
Source: Warburg Research

Sales by segments
2018; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Summary of Investment Case

Investment triggers

- **Unique business model** and market position which should allow for **strong organic top-line and bottom-line growth**
- aifinyo could act as an active market consolidator through **M&A and banking partnerships to drive organic and acquisition-based growth**
- **High scalability** of digital business model to increase profit margins significantly in the mid term
- Opportunity to make an early investment in a promising business model and benefit from strong operative performance

Valuation

- The **price target of EUR 42.50 is based on a DCF** model
- A peer **group comparison is deemed unsuitable considering the early stage of the** new business model
- Scenario analysis reveals **significant upside potential at higher growth rate assumptions**

Growth

- Organic **gross profit growth of 35-40% p.a.** can be expected in the detailed planning period in an **attractive market** in which competition is naturally low
- Further **M&A activity** in a consolidating market could increase sales and improve margins
- Additional **revenue potential in partnerships with banks** seeking to outsource unprofitable commercial client business. This could drive organic growth rates even further
- Disproportionate **profit growth is** expected once integration costs for Decimo decrease and a higher degree of digitisation is achieved in all business processes.

Competitive quality

- aifinyo differentiates itself from competition by operating as a **one-stop shop** for a variety of working capital financing solutions
- In contrast to banks, aifinyo offers a highly automated, digitised process ensuring timely and convenient handling.
- **High scalability of digital business model** offers strong margin improvement potential
- **Clear focus** on freelancers and small and medium-sized companies with small-ticket financing needs, which is a rather unattractive niche for banks and larger players which prefer to focus on large tickets to cover high individual costs per contract

Warburg versus consensus

- No consensus yet available

Company Overview

Segments	Finetrading	Leasing	Factoring	Debt Collection	Other	Total
Revenues (in m as of FY 2018)	18.7	5.4	3.9	0.0	0.0	28.0
% of total	*66.7%*	*19.2%*	*13.8%*	*0.2%*	*0.1%*	*100%*

Company structure

aifinyo's business is structured into four wholly owned subsidiaries, each focused on one business segment.

Business model

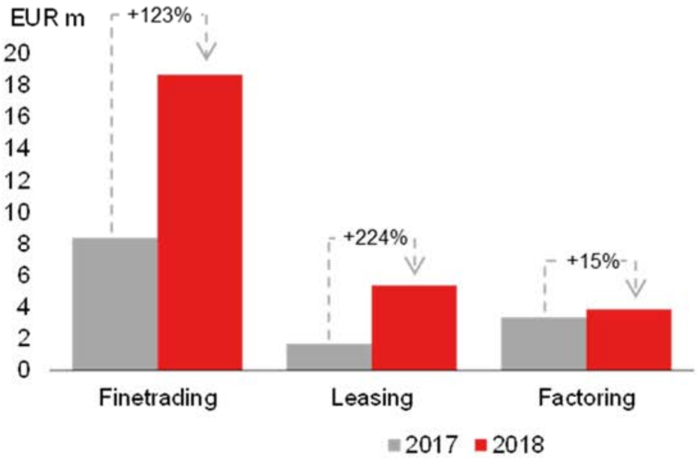
Finetrading	Leasing	Factoring	Debt Collection
• **Procurement financing** for merchants and SMEs • aifinyo purchases goods in the name of its customer • **Exploits cash discount** through immediate payment to the supplier • Sells goods to customer by **granting a prolonged payment** target **against a fee**	• Leasing solutions to **finance working capital** • aifinyo purchases goods in the name of its customer • Goods are delivered from supplier to aifinyo's customer • **Customer repatriates** prefinanced **purchase price** by **monthly lease payments**	• aifinyo **purchases outstanding receivables** from freelancer, start-ups and SMEs • Charges an **individual fee** • **Receives full invoice amount** from original client • Most **transactions** are **insured** by credit default insurance	• aifinyo takes care of **overdue receivables** • Communicate with debtors • aifinyo receives a **commission fee** if successful

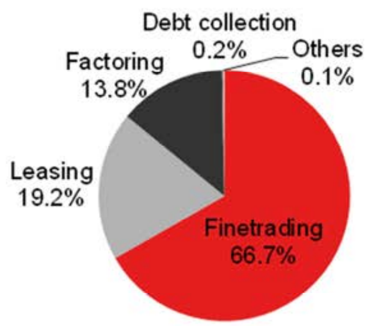
Selected competitors

Aifinyo provides financial solutions in four different segments and faces **considerable competition** in each segment. However, while many players offer similar services in each category, aifinyo is **tech-oriented** and has a clear **niche focus** on low volume transactions. Moreover, aifinyo appears to be one of the few **one-stop shops** in the financing services industry:

Finetrading	Leasing	Factoring	Debt Collection

Sales development and segment split (as of FY 2018)





Source: Warburg Research

Competitive quality

- One-stop shop offering various alternatives for working capital financing
- Digital platform ensures that processing is highly automated and timely
- Scalability of digital business model offers ample margin improvement potential
- Clear focus on small ticket transactions, that are unprofitable for banks, creates an attractive niche for aifinyo

One-stop shop for working capital financing

aifinyo offers a wide product range covering the whole spectrum of financing requirements for freelancers, commercial clients and SMEs. The company operates as a one-stop shop with its four revenue pillars, finetrading, factoring, leasing and debt collection.

aifinyo's **finetrading** segment offers procurement financing to merchants and SMEs. After the negotiation between merchant and the supplier, the invoice is received and immediately settled by aifinyo, which exploits the cash discount offered by the supplier. Subsequently, aifinyo sells the goods to the merchant and grants a prolonged payment period for an individually negotiated fee. After shipment, the merchant wires the money to aifinyo within the extended payment period.

aifinyo's **leasing** solutions for small and medium-sized enterprises are predominantly used by clients to conserve their liquidity. After an SME has agreed to acquire new assets from its supplier, the invoice is settled by aifinyo. The machinery is delivered to the SME which repays the purchase price to aifinyo in monthly lease payments.

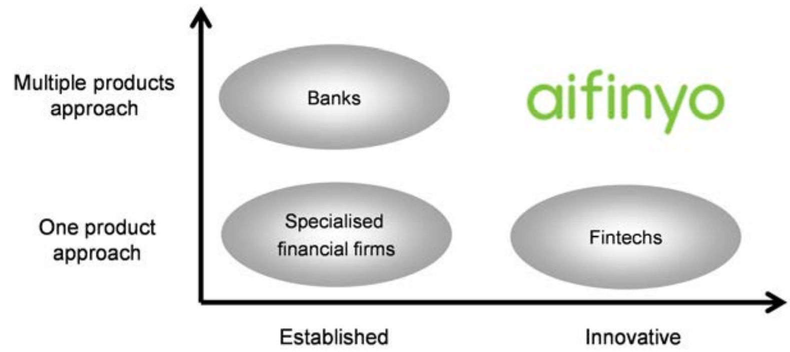
In the **factoring** segment, aifinyo purchases outstanding receivables from freelancers, start-ups and SMEs. After a successful credit assessment of the client, aifinyo settles outstanding invoices for a service fee to provide immediate liquidity. aifinyo subsequently receives the full invoiced amount from the client.

aifinyo's **debt collection** segment professionally handles overdue receivables. Affected companies forward their outstanding receivables to aifinyo which communicates with the respective debtor. If successful, aifinyo receives a commission fee.

This holistic approach differentiates aifinyo from fintechs and specialised financial services firms that mostly offer only one specific product. The one-stop shop strategy facilitates cross-selling, which increases the revenue generation potential and intensifies customer stickiness. Currently, 60% of aifinyo's top 20 customers use at least two products.

While banks also pursue a multiple-product strategy, they fail to meet today's customer requirements for fast processing and digital solutions and tend to focus predominantly on large tickets.

Market position



Source: Company data, Warburg Researcl

Digital platform

aifinyo realised that **small-ticket financing could only be profitably operated with highly digitalised online business processes.**

It provides financing solutions on a digital platform that simplifies and accelerates the procedure of bridging corporate liquidity. The platform ensures the fully automated handling of the majority of financing requests. Only occasionally, do employees need to contact a customer for additional manual post-processing work. This ensures that the processes are fast and cost-efficient and means that credit assessments are completed within 24 hours.

While the principal banks are still the market leaders for financing, today's corporate clients are more demanding and increasingly dissatisfied with the limited digital solutions offered by banks. For instance, a bank's credit assessment process still takes more than two weeks on average from credit request to the final disbursement of the loan. With the availability of an increasing number of more convenient digital offerings, clients tend to switch their financial partner more frequently, which offers aifinyo the opportunity to gain market share.

Although the competitive landscape in the financing industry is quite fragmented, only a small proportion of competitors have a clear tech focus. This USP naturally gives aifinyo a strong position in an attractive market, making it easier to stand out from the competition.

Scalability

Highly digitalised, automated processes to increase margins

The main component of aifinyo's business model is its digital platform. While this has so far been based on third-party software, aifinyo intends to implement the proprietary software of the recently-acquired Berlin-based factoring fintech Decimo. As well as the implementation of Decimo's software, the mid-term focus lies on the further development of its digital offering. The platform should provide timely, automated services to customers with the least possible degree of human interaction. Software development requires the expansion of its IT staff. The investment in employees is therefore expected to increase the personnel ratio from 25-30% to 35-40% of gross profit. Besides adding new employees to its current business, the merger with Berlin-based factoring fintech Decimo will naturally increase the personnel ratio, as Decimo contributes a personnel ratio of around 66%.

While personnel expenses are expected to remain stable after the initial ramp-up, the implementation of the improved digital platform should increase future sales.

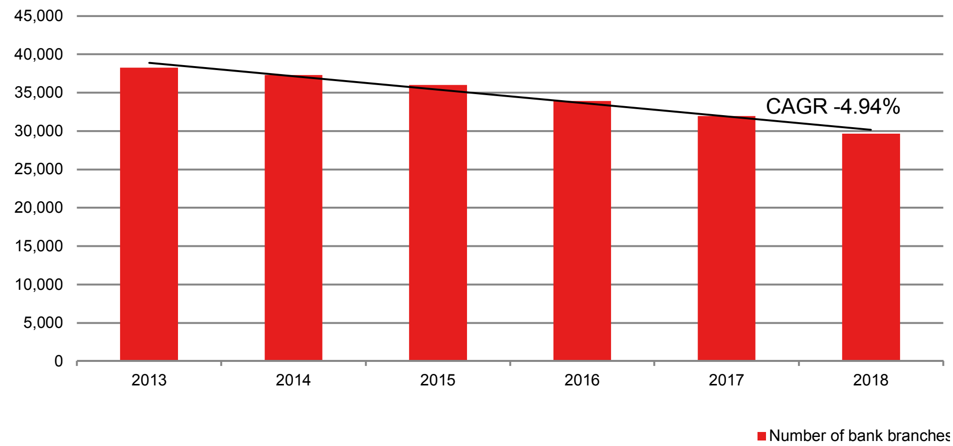
The personnel ratio is expected to decline below current levels of about 30% of gross profit, which will improve margins.

Focus on small-ticket transactions

aifinyo's business is focused on the financing needs of freelancers, commercial clients and small companies, who tend to request relatively small financing volumes per transaction. Such companies with less than EUR 5m in revenues p.a. offer a gross revenue potential of EUR 11bn p.a. to financial institutions. As this **customer segment is mostly unprofitable for banks**, banks are withdrawing from the business, **which reduces competition**. The gross revenue potential of the small-ticket segment paired with reduced competition gives aifinyo an edge to generate sustainable revenue growth.

Even if banks are still addressing aifinyo's preferred customer base of SMEs and freelancers, the general trend towards fewer bank branches is symbolic of the lower regional coverage and customer accessibility. While in the past, regional banks were a common feature of any streetscape, the number of bank branches is decreasing steadily, from about 38k in 2013 to only 29.6k in 2018.

Number of bank branches in Germany 2013-2018

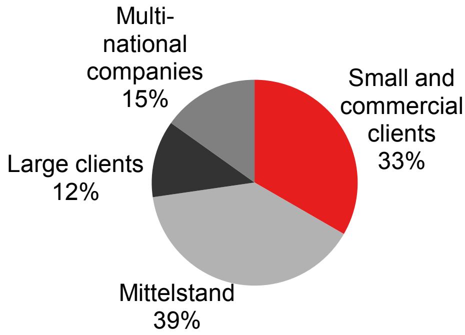


Source: Warburg Research

aifinyo's customer base is currently mostly made up of SMEs, which account for about 80-85% of total revenues. The remaining 15-20% is generated by freelancers and commercial clients. The acquisition of Decimo will increase the share of revenue generated by freelancers and commercial clients to about one-third.

Despite aifinyo's focus on rather small customer and ticket sizes, this constitutes an attractive market overall. Within the German economic landscape, the number of companies that fall into the small and medium-sized category is immense (German "Mittelstand") and the gross revenue potential of this sector is much larger than with large companies.

Proportion of gross revenue potential in Germany



Source: Roland Berger, Warburg Researcl

This increased focus on small-ticket transactions gives aifinyo an even more distinct standing in the market and sidesteps an intensification of competition with large financial institutions.

Analysis of Return on Capital

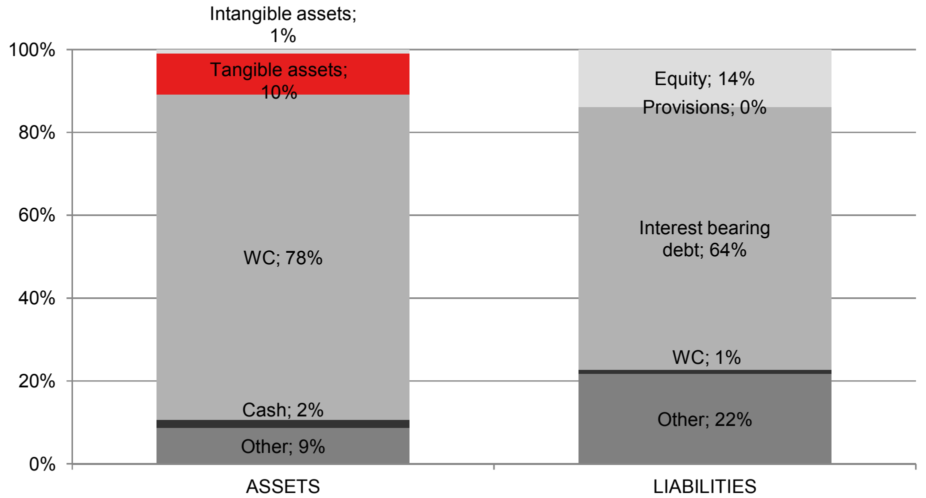
- Interest-bearing debt mainly used to refinance business activity with matching maturities
- Decimo acquisition at par value of shares. Balance sheet expected to be extended accordingly
- Stable revenue generation on capital employed as a result on interest payments on the capital

Capital employed

aifinyo's business activity is characterised by a low capital intensity as revenues are generated by financing services. aifinyo pre-finances transactions that are refinanced with bank loans. This is also reflected in the balance sheet. As a pure financing company, the bulk of aifinyo's assets consist of working capital and tangible assets. Working capital amounted to EUR 32m, which accounted for 78% of total assets (EUR 40.8m) and solely consisted of outstanding receivables from pre-financing procurement (finetrading) and outstanding receivables (factoring), and from outstanding monthly lease payments (leasing). Tangible assets made up 10% (EUR 4.1m) of the balance sheet, mainly consisting of leasing assets (EUR 2.9m). The outstanding receivables are financed with interest-bearing debt amounting to EUR 25.9m, of which about EUR 21m (80%) is due within one year, implying matching maturities.

As interest-bearing debt is predominantly used to refinance aifinyo's pre-financed transactions, it may rather be considered as an operating expense. However, in line with local GAAP standards, aifinyo currently declares payments by lessees as revenues while refinancing payments are handled as interest expenses.

Balance sheet (31.12.2018)



Source: Company data, Warburg Researcl

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This increase in focus on small-ticket transactions gives aifinyo an even more distinct standing in the market and sidesteps an intensification of competition from large financial institutions.

Decimo acquisition

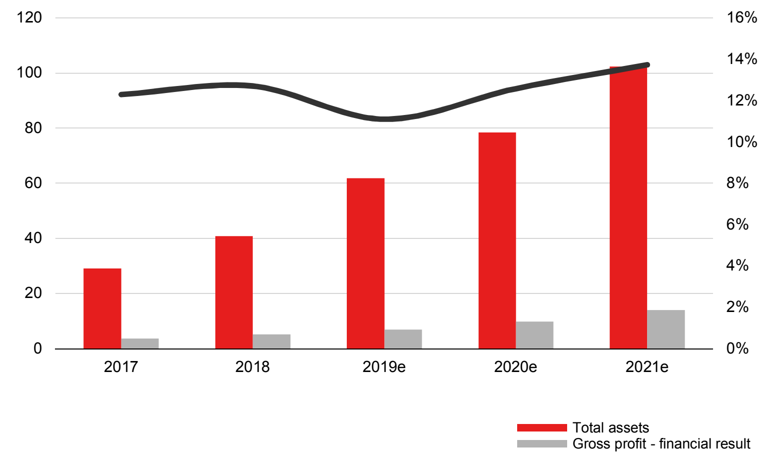
In 2019, aifinyo made its first acquisition by taking over fintech competitor Decimo (subject to BaFin approval). The Berlin-based start-up was founded in 2014. With its platform Rechnung.de, Decimo is one of the pioneers in online factoring.

Even though aifinyo acquired Decimo by issuing 838k shares (worth about EUR 24.5m at the date of the announcement) in a non-cash capital increase, the acquisition will be reflected at Decimo's par value of the shares, worth EUR 838k in aifinyo's balance sheet. This ensures that aifinyo's balance sheet will not be extended by high goodwill values. Consequently, aifinyo's refinancing capabilities should remain unaffected as equity ratios relevant in credit assessments of banks are not reduced by goodwill.

Return on capital

As aifinyo's business model is still at an early stage of development, we deem a classical ROCE consideration as less meaningful. Instead, we provide a proxy on the returns by looking at the relation of gross profit less financial result to the sum of the balance sheet. On the one hand, this reflects the return potential which is considered to be very scalable and, on the other hand, the balance sheet is largely characterised by the operative financing/debt volume.

Return on capital



Source: Company data, Warburg Research

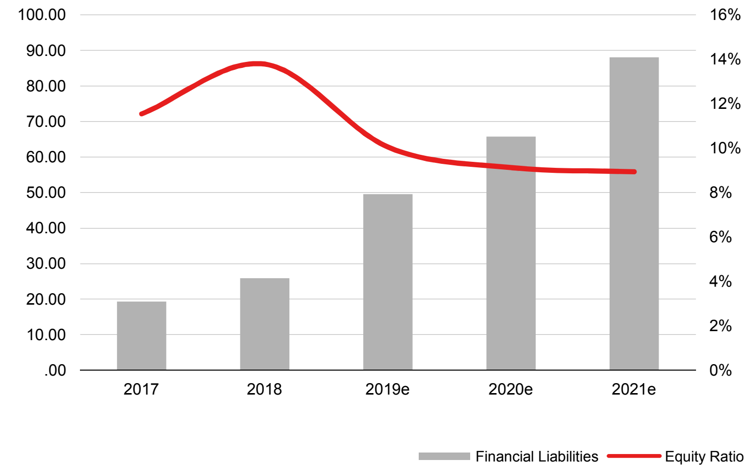
It becomes obvious that the mentioned ratio appears quite stable. This is the consequential result of the business model. The amount of risk accepted and the general interest environment determine the return on investment. However, it also implies that returns can be scaled up with higher investments and, as the business model is highly leveraged, an attractive ROE should be expected in a steady state scenario.

Leverage and financing of growth

As usual in the factoring and leasing industry, aifinyo has a highly leveraged balance sheet. The high amount of debt is used to refinance e.g. the leasing assets or purchased outstanding claims of customers in the operating business. Currently debt consists of banking liabilities which we assume will persist at least in the short run. Nonetheless, other refinancing facilities are conceivable in the future. This could include the issuance of its own, or even off-balance, financing which would even be beneficial for the equity ratio.

However, in light of strong business growth in the mid term, aifinyo has to finance significantly higher volumes, which in turn influences the equity ratio. The equity ratio again determines the conditions and the level of debt banks are willing to give to aifinyo. Therefore it is crucial for the company to maintain a certain equity ratio to ensure high flexibility and attractive interest rates on the debt side.

Assumptions on financial liabilities (EURm) and equity-ratio development



Source: Company data, Warburg Research

As shown in the chart above, we assume the equity ratio will decrease to levels below 10% in the coming years as a result of strong top-line growth rates. Given that the equity ratio may not fall below a certain level to ensure beneficial debt terms, net income growth usually determines top-line growth capacities in leasing and factoring business models without raising equity. Assuming this is the case for aifinyo as well, it is fair to expect a level of between 10% and 15% in a steady-state scenario. However, as our financial model indicates only moderate net income contributions and high top-line growth rates until 2021e, the equity ratio seems set to decline temporarily which is why a potential capital increase appears likely. Nonetheless, the portrayed financial liabilities development is based on assumptions about the development of transaction volume and duration in the individual segments, which are subject to a certain degree of estimation uncertainty.

Growth / Financials

- Organic growth opportunities of 35-40% by addressing an attractive market with an appropriate product
- Playing an active role in sector consolidation could fuel inorganic growth rates
- Substantial additional revenue potential in partnerships with banks seeking to outsource commercial client business and in a possible internationalisation of the business model
- Large partnerships could easily catapult top-line growth rates above 50%

Top-line growth

Revenue generation

The core of aifinyo's business model is the pre-financing of working capital needs of its customers by using and leveraging its own balance sheet. In its three largest segments factoring, finetrading and leasing, the company generates revenues by charging interest rates on the financed volume. In factoring, aifinyo pays its customers outstanding bills less a factoring fee and collects the money from their respective customers. In finetrading, customers are offered a pre-financing service to purchase goods which is paid back once the customer has resold the goods plus a service fee. In leasing, aifinyo charges its customers a leasing rate for leased equipment which divides into interest rates on the financed volume and repayment of the goods.

However, finetrading revenues are largely determined by the full price of the financed goods as this is initially reflected in aifinyo's P&L and subtracted under material expenses once the customer has repaid. Also in the leasing business, there could be a large gap between the dates of financing and repayment. This could lead to high fluctuations in revenues which is why our financial model focuses on gross profit as a proxy for aifinyo's "real" revenue.

Our core assumptions for each segment and aggregated group level regarding gross profit, transaction volume and average financing volume throughout the year are as follows:

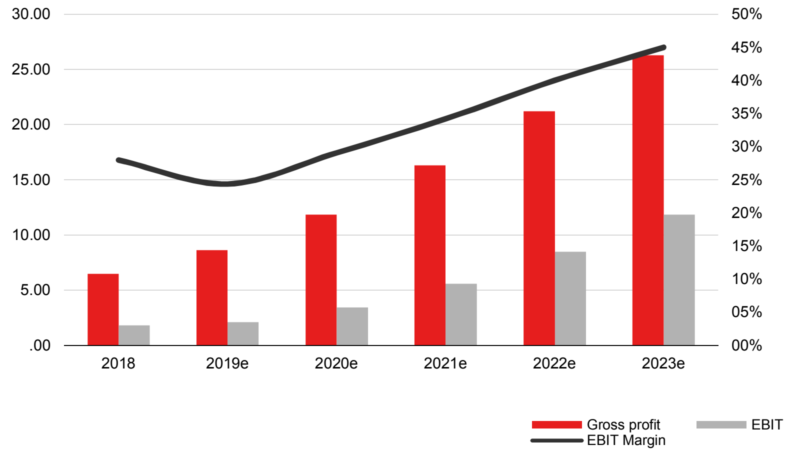
Segment assumptions (EURm)

	2018	yoy	2019e	yoy	2020e	yoy	2021e	yoy
Factoring								
TX-volume			234.53		340.07		476.10	
Revenue	3.86		5.98	*55.0%*	8.68	*45.0%*	12.15	*40.0%*
Gross profit			5.86		8.50	*45.0%*	11.90	*40.0%*
Finetrading								
TX-volume			25.81		34.84		47.03	
Revenue	18.70		25.81	*38.0%*	34.84	*35.0%*	47.03	*35.0%*
Gross profit			1.42		1.92	*35.0%*	2.59	*35.0%*
Leasing								
TX-volume			14.90		22.35		31.29	
Revenue	5.37		11.92	*122.0%*	17.88	*50.0%*	25.03	*40.0%*
Gross profit			1.19		1.79	*50.0%*	2.50	*40.0%*
Inkasso								
Revenue	0.05		0.06	*10.0%*	0.06	*10.0%*	0.07	*10.0%*
Gross profit			0.06		0.06	*10.0%*	0.07	*10.0%*
Group								
TX-volume			275.24		397.26		554.43	
Revenue	27.98		43.77	*56.4%*	61.46	*40.4%*	84.28	*37.1%*
Gross profit	6.47		8.53	*31.8%*	12.27	*43.8%*	17.06	*39.1%*
Assumed average financing requirements			62.31		90.41	*45.1%*	126.00	*39.4%*

Source: aifinyo, Warburg Research

As becomes apparent, we calculated gross profit as a percentage rate of the total transaction volume. For factoring, we assume 2.5% gross profit/transaction volume, for finetrading 5.5% and for leasing 8%. Debt collection ("Inkasso") is assumed to remain in a subordinate role and planned on a yoy gross profit approach. However, the different interest rates are especially influenced by the varying average contract durations in the individual segments. The average duration of about three months also explains the wide difference between the total transaction volume and the average financing requirement as each financed euro is assumed to be turned about five times each year.

Gross profit and EBIT assumptions



Source: aifinyo, Warburg Research

The EBIT margin in the graph above is defined as EBIT in relation to gross profit as our core top-line estimate. As the graph demonstrates, we assume a significant margin improvement from 2020e onwards. 2019e should be characterised by high integration and IT transition costs, which is reflected in disproportionately high personnel costs. However, increasing top-line development in conjunction with operational efficiency and higher digitisation should drive EBIT margins. In the past, the risk assessment and acceptance process predominantly took a customised approach, which entails a high personnel cost ratio. This should improve significantly with greater standardisation and the IT infrastructure of Decimo. However, an EBIT/gross profit level of 45% is regarded as a sustainable long-term level.

Continuous organic growth supported by M&A activity and partnerships

aifinyo has demonstrated the strong growth potential in its target industry with a yoy revenue growth of 107% in 2018. As described above, this is partly due to strong growth in the finetrading segment. Gross profit still shows impressive growth of 38.5%. While we consider 2018 to have been a strong year, growth rates between 35-40% (see graph above) are regarded as realistic in the mid term, once the integration of Decimo is complete. Regarding our future revenue assumptions, a stable material expenses rate of 75% was assumed, which is how revenue follows gross profit estimates.

Our top-line assumptions are based on the following points:

- aifinyo follows a digital one-stop shop strategy in a customer niche that is not adequately addressed by banks, which results in a strong market position.
- The unmet demand of the customer group creates high natural growth potential which is currently limited by a restrictive acceptance policy.
- The recent acquisition of the Berlin-based factoring provider Decimo expands the customer base and the company should benefit to a great extent from the acquired proprietary software and IT know-how.
- Partnerships with multiplier effects (e.g. with banks) should enlarge the request pipeline.
- In addition, aifinyo intends to play an active role in the current consolidation trend in the sector. Decimo was a first step and further transactions in this area are likely to add additional revenue growth and create further synergies.

In future, international expansion could drive growth once the German market is broadly covered. Leasing, factoring and finetrading are financial products that can easily be applied to other markets. Therefore, we consider international expansion as offering further growth potential.

Market

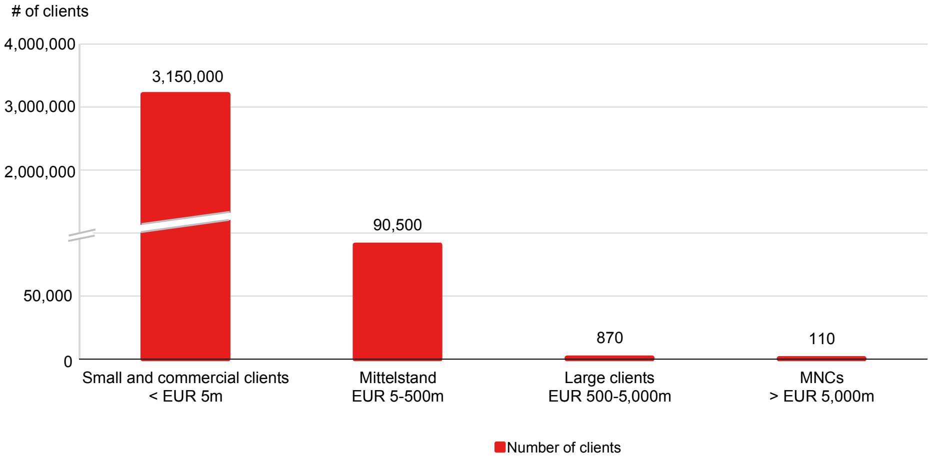
The financial services market for corporate clients in Germany is characterised by strong predatory competition, which is expected to intensify further over the next three to four years as additional market participants, such as fintechs or specialised financial services firms, enter the market and challenge the leading position currently held by banks.

Corporate clients can be broadly divided into four major segments:

- Small and commercial clients
- The “Mittelstand”
- Large companies
- Multinational companies (MNC)

Small and commercial clients are by far the largest segment in Germany and account for almost 97% of all corporate clients.

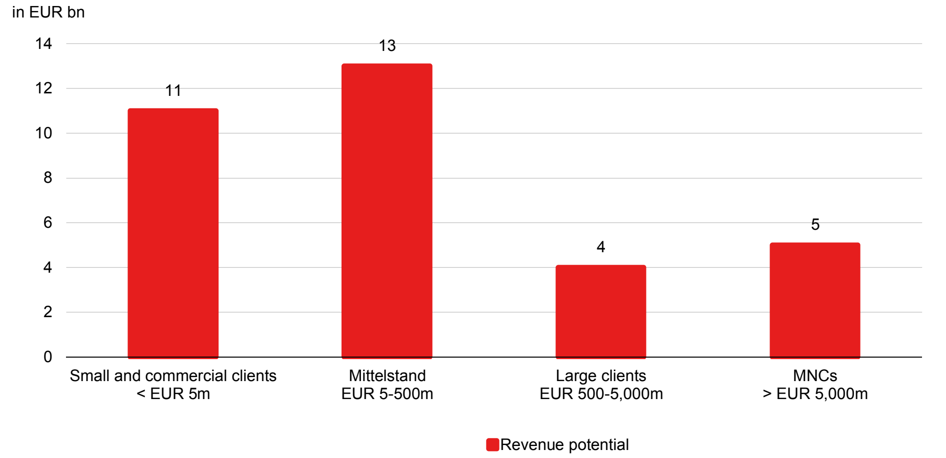
German corporate client overview



Source: Roland Berger, Warburg Research

In addition, small and commercial clients **account for EUR 11bn (33%) of the total gross revenue potential** of corporate clients to financial institutions. Only the Mittelstand offers greater potential with total gross revenues of EUR 13bn (40%). These two segments are expected to grow further, if only moderately.

Gross revenue potential of client segments



Source: Roland Berger, Warburg Research

Competitive landscape

Although small and commercial clients account for more than one-third of total gross revenue potential, **low volumes per transaction mean that the margin potential, if any, is small**. This low-volume business can **only be operated profitably, if processes are highly automated** and individual expenses are kept to a minimum. While fintechs recognised these requirements and designed their businesses accordingly, **banks for a long time, failed to align their offerings** to technological progress. For instance, it still takes more than two weeks on average between a credit request and the final disbursement of the loan. **New players,** such as aifinyo, have taken advantage of this situation and **offer lean, digital solutions** in segments such as finetrading, factoring, leasing and debt collection.

Consequently, **customers' expectations** of their banks have **increased noticeably**. Although the majority of companies claim to be mostly content with their principal bank, they would like to be provided with a broader online-based offering. As banks often fail to meet these demands for greater digitalisation and speed, **customers have become more willing** to switch to other providers.

The market entry of fintechs and the failure of banks to adjust their business models has created a highly fragmented competitive landscape, but one which differs from segment to segment:

- **Finetrading** is a fairly new financing method as reflected in the competitive landscape. There are about 13 different players but only two have a clear tech focus.
- The **factoring** business is characterised by different participants such as fintechs, SME specialists, industry specialists and banks.
- The **leasing** and **debt collection** business is also quite fragmented and characterised by independent providers, banks and manufacturers. However, there are few tech-focused players

Competitive landscape

Source: Warburg Research

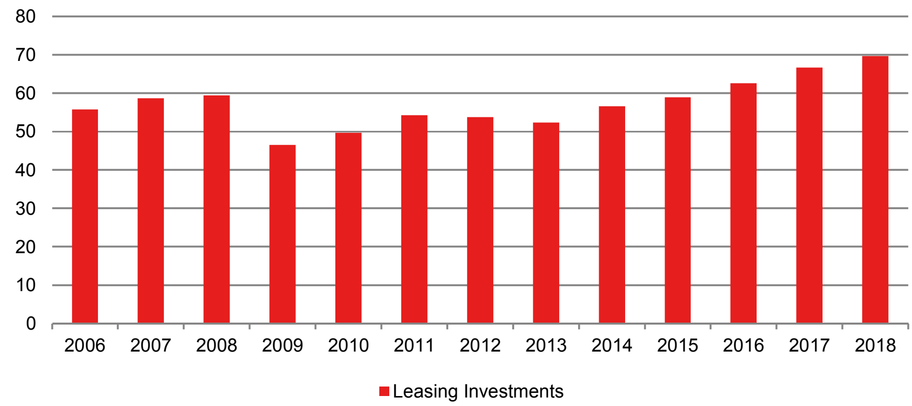
Finetrading

In finetrading, procurement is financed by the finetrading companies purchasing the goods from the supplier and subsequently, selling them to the customer by granting an extended payment period. This **relatively new form of financing** helps firms enhance their liquidity and reduce tying up capital in less profitable positions. Furthermore, it helps companies improve their bargaining position as invoices are settled immediately through the finetrading agreement which may result in price discounts. As opposed to most bank loans, finetrading is a short-term liability which improves the firm's credit rating. On the flip side, if reimbursements are late, the costs of finetrading are likely to be higher than a corporate loan.

Leasing

Leasing is one of the most commonly used financing options. As opposed to making capital-intensive purchases which bind large amounts of capital, firms often opt for leasing arrangements, where the lessee has the right to use the respective equipment for a regular leasing payment. Despite its popularity among entrepreneurs, leasing investments declined considerably during the financial crisis by almost 22% in 2009. It took the industry seven years to recover to previous investment volumes. However, since 2013 the market has seen **constant yoy growth rates** in leasing investments with a CAGR of almost 6%. **In 2018, new leasing investments increased by 4.5%** to EUR 69.7bn. There was an above-average increase in machinery leasing with a yoy increase of 9%. On the downside, vehicle leasing only grew moderately due to the impact of the new emission test WLTP.

Leasing investments on the rise again



Source: Warburg Research

Notably, there are two different leasing agreements:

- **Operating leasing** is characterised by a rather short lease term and a mutual termination right. Consequently, the lessor has to lease the object multiple times in order to amortise its investment costs. This lease model is particularly suitable for assets that are in high demand such as universal machines or IT equipment. In HGB accounting, the lessor capitalises the leasing object on his balance while the lessee pays a regular leasing fee which is accounted for in the P&L. This fact that leasing arrangements are not reflected on the balance sheet but rather treated as a rent results in a consistent equity ratio and hence improves a firm's credit rating.
- **Financial leasing** is defined by a fixed basic rental period that may not be terminated by either party. The contracts are typically signed on a long-term basis. Investment costs as well as ancillary costs are naturally amortised within the basic rental period. As opposed to operating leases, financial lease agreements are usually disclosed in the lessee's balance sheet as assets and respective financial liabilities.

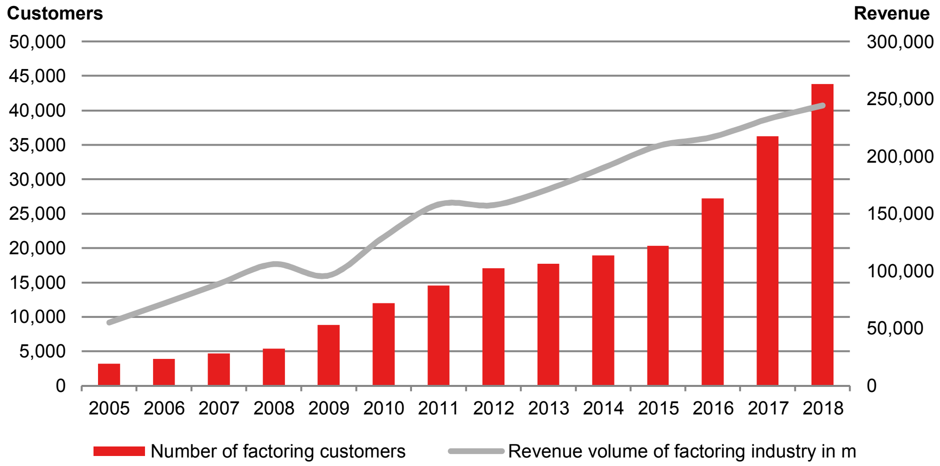
However, aifinyo focuses on financial leasing contracts which implies full amortisation leasing and no residual value risks from the existing contracts.

Factoring

Factoring is an important financing pillar for SMEs. After classic bank loans, it is the most commonly used source of financing. By selling outstanding receivables, liquidity can be created quickly and easily and payment periods can be bridged. The company can use the liquidity gained, for example, for cash discount and purchasing advantages or to reduce other means of financing. Moreover, the default risk is assumed by a third party. In addition, factoring increases a firm's equity ratio resulting in an improved credit rating at banks. On the downside, factoring contracts are not individually negotiated but standard.

Factoring has experienced strong continuous growth over the last 15 years. While the **revenue volume financed by factoring grew at a rate of 13.8%** to EUR 250bn in 2018, the number of customers grew at 22% to almost 44,000. Considering that there are **3.2m SMEs in Germany**, factoring provides **tremendous growth potential.**

Factoring market growing steadily



Source: Warburg Research

M&A activity

Since its founding in 2012, aifinyo's growth has been purely organic. In 2019, it made its first acquisition by taking over fintech competitor Decimo (subject to BaFin approval). The Berlin-based start-up was founded in 2014 by Andreas Dubrow. With its platform **Rechnung.de**, Decimo is one of the pioneers in online factoring. Decimo has developed a **highly scalable technology platform** with a completely automated online handling process for factoring that enables self-employed, freelancers and small companies to obtain liquidity even for small invoices. Decimo has since gained national and international customers. The BaFin license issued in 2014 also guarantees that Decimo services are trustworthy, reliable and reputable. Decimo received its last funding of EUR 12m in May 2018 consisting of equity, debt as well as mezzanine capital.

Decimo's software expertise is reflected in the background of its management team. In addition to its founder and CEO, Andreas Dubrow, Decimo's management team consists of four other members:

- **Mike Nagora** is the company's CTO and in charge of the development of the in-house factoring software and innovative interfaces. He holds a Masters in IT-systems engineering.
- **Sebastian Pollin** is Decimo's COO and responsible for the development and standardisation of business processes and the handling of business transactions. Mr. Pollin holds a Masters in business administration with over 10 years of professional experience in renowned banking institutions.
- **Prof. Dr.-Ing. Roland Fassauer** is the CIO and in charge of machine learning and decision systems. Mr. Fassauer graduated in applied computer science and has founded various software companies since then.
- **Matthias Woppmann** is the CFO of Decimo. He graduated in industrial engineering and has gained more than 20 years of CFO experience in software and internet

companies.

The merger of aifinyo and Decimo will **result in more than 2,000 total active customers** and a combined **annual transaction volume of more than EUR 300m.** Decimo will roughly add EUR 1-1.5m to aifinyo's revenues and assets of around EUR 8m. This will approximately result in combined total revenues of EUR 9-10m (interest, commission and gross income, ex cost of goods and depreciation) and EUR 60m in total assets. However, the transaction is already included in our 2019e estimates.

The transaction will leverage synergies in the operating business and further accelerate growth:

- Firstly, by taking over a direct competitor in the factoring segment, aifinyo **increases its customer base**. Those new customers benefit from an expansion of the service offering which provides **cross-selling opportunities** for aifinyo.

Secondly, while aifinyo has so far relied on external software, the transaction gives aifinyo **access to Decimo's technology platform**, which makes the financing solutions offering even faster and more customised. The process of integrating Decimo's system will take approximately three to nine months, which will cause initial integration costs, on the one hand, but **disperses external software expenses** on the other. **Margins are consequently expected to improve.**

FinTech market favours consolidation

As mentioned above, the competitive landscape has intensified over the last years with new players such as fintechs and specialised financial solutions providers challenging banks. Since the market only offers limited growth potential, **some players will inevitably be pushed out of the market**. aifinyo is one of the very few listed companies among its peers. This **stand-alone characteristic** will help it to play an active role in the consolidation process by making further acquisitions in Germany.

Quite a number of fintechs are active in the **finetrading and factoring** segment. With **their high tech focus and respectively low investment costs**, an acquisition could generate high economies of scale.

The **leasing and debt collection** segment, on the other hand, is highly fragmented with only a few tech focused players present. Rather than taking over an entire company, **aifinyo is more likely to take over individual customer portfolios** in those segments.

The chart below shows aifinyo's closest competitors. As we see a high probability of further market consolidation and assume aifinyo will play an active role, the rationale for a potential transaction is also set out below.

Closest competitors

Company	Description	Rationale
Finetrading		
MYOS *Headquarter: Berlin*	• Myos is a finetrading start-up focused on Amazon vendors and sellers • The fintech was founded in 2018, and has recently attracted further investors include Mountain Partners and Berlin Technologie Holding • Deutsche Handelsbank grants the loans in the background with its licence • According to founder Hilgenfeldt, Myos' available equity and debt capital amounts to EUR 10m • The company currently employs 28 people and has already financed more than EUR 40m in trading volume • Vision to expand abroad in 2020	• aifinyo can further **expand** its business in the **Amazon finetrading** field • By acquiring such an early stage company, potential **future competition** may already be **contained.** It is therefore important to claim a good and timely market position in this still young financing business
VAI *Headquarter: Berlin*	• VAI Trade offers finetrading solutions to small and medium enterprises • VAI cooperates with suppliers worldwide allowing customers to prefinance orders from all over the world • The company was founded in 2017 and had already raised a total EUR 5.5m that year as part of seed financing. In 2018, VAI received a further seven-digit million funding from its partner VR Factorem • About 25 team members are currently employed	• aifinyo can benefit from VAI's worldwide scope to **internationalise its business** • Claiming a strong **market position** in a still young financing business is crucial
Factoring		
finiata *Headquarter: Berlin*	• Finiata is a digital factoring service company focused on self-employed and freelancers. It was founded in 2016 as bezahlt.de. In 2017, it expanded abroad as Finiata • Pre-financing is offered for periods of 30, 60 or 90 days. The financing framework is between EUR 1,000-200,000 • The firm has collected around EUR 20m in funds. Among others, Investors were DN Capital, Point Nine Capital, Redalpine Venture Partners, Fly Ventures, LaFamiglia, the Czech private equity investor ENERN and the Polish Family Office Kulczyk Investments	• With an acquisition of Finiata, aifinyo could further **strengthen its position** in the factoring segment • In combination with the recent **decimo** merger, **synergies** may easily be achieved by combining headquarters and software knowhow and expenses
BILLIE *Headquarter: Berlin*	• Billie is a digital factoring service company focused on customers ranging from SMEs, large e-commerce players and transnational marketplaces. It was founded in 2017. • The company claims to be Germany's leading "one-stop shop" for handling all outgoing invoices of B2B sellers, including sending invoices, collecting payments and invoice financing • Billie intends to target larger companies as well and further expand into other European markets in the medium term • It has recently raised €30 million in Series B funding. Leading the round is Creandum, alongside SpeedInvest, Rocket Internet's GFC and Picus	• An acquisition of Billie would provide great potential to **generate synergies** and **increase market share** • aifinyo could **benefit from** Billie's management **high tech affinity** and make the software more automated and efficient • An acquisition of Billie would give **access to larger companies**
FLEX PAYMENT *Headquarter: Hamburg*	• Flex Payment is a factoring company focused on full-service factoring for self-employed, freelancers and small and medium enterprises • The company was founded in 2011 and is located in Hamburg • In contrast to the well-known competition, the start-up has only received a limited amount of investor money. It received about EUR 2m from several donors	• Besides **exploiting synergies**, an acquisition of Flex Payment would mainly only involve the two co-founders who manage the company. Coming to a sensible agreement is presumably easier with **fewer investors involved**

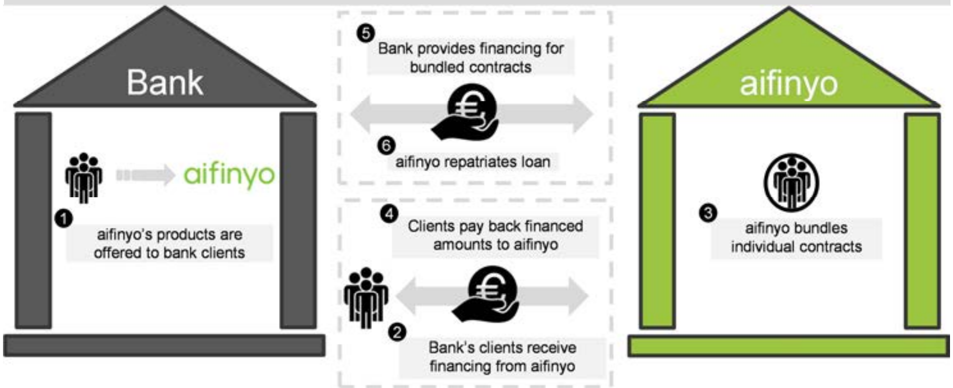
Source: Warburg Research

Banking partnerships

Banks are seeking to outsource their freelancer and small commercial business as such **small-ticket transactions** are mostly **unprofitable** for them. In addition, banks fail to meet customers' demands in terms of digitalisation and speed. Therefore, aifinyo offers services that are integrated to the bank's online banking platform giving customers access to aifinyo's products.

By partnering with Ostsächsische Sparkasse (Germany's ninth largest savings bank), aifinyo entered a first partnership with a large bank. This should be seen as an entry point and we assume that aifinyo will add further partnerships within the banking sector.

Banking partnerships



Source: Warburg Research

Banking partnerships are **beneficial for all parties** involved:

- aifinyo **increases its revenue** by gaining new customers
- Customers' demand for low transaction volume financing that was not met before is now offered by aifinyo
- Banks can retain their customers and simultaneously create new credit business of a considerable volume. As aifinyo bundles these small, individual financing contracts into a single transaction with a considerable total volume, **banks** can, in turn, **refinance the business**.
- Banks as well as aifinyo generate **new revenue streams** and meet customer demand at the same time. As such, the partnership may add **significant growth potential** to aifinyo's future revenues. A win-win-win situation.

Partnerships between banks and fintechs have been formed for a considerable period of time as banks seek to gain access to the innovations of young, aspiring start-ups to enhance their own product range. A direct investment from traditional financial institutions in fintechs is, however, fairly new. For instance, the Liechtenstein Bank Frick acquired a majority stake in finetrading company Tradico and VR Factorem, a subsidiary of VR Smart Finance, invested a seven-digit amount in finetrading company VAI Trade. Banks not only partnering up with fintechs but acquiring a stake is **a trend to be aware of**.

Valuation

- The price target of EUR 42.50 is based on a DCF model
- A peer group comparison is currently not useful due to the early stage of the business model and lack of comparable listed companies
- Scenario analysis reveals significant upside potential at higher growth rates

DCF model

The PT of EUR 42.50 is based on a DCF model and the following assumptions:

Top-line development is anticipated on gross profit level as a proxy for net interest and commission income

Gross profit growth 2018-2021e at a CAGR of 38.1% is a result of

- First-time consolidation of recent acquisition of Decimo
- Strong positioning in an inadequately addressed, but large, market of small and medium sized enterprises and freelancers
- Multi-product approach offers strong cross-selling opportunities

The long-term growth rate of 2% is approximated in the transitional period between 2022 and 2031

Proportionately greater earnings growth

Again, the EBIT margin relates to gross profit and we estimate an **expansion of the EBIT margin** to 45% in 2023 driven by the following factors:

- 2019 and 2020 should be seen as transitional years with higher integration costs due to the acquisition of Decimo
- Thereafter, the sophisticated IT systems of Decimo should help to digitise the business processes
- We assume that Decimo will be consolidated before the end of 2019 which is estimated to lead to a negative net income of EUR -1.1m. If Decimo is only included as of 2020, aifinyo should be able to report a positive net income for 2019.
- Factoring and leasing businesses usually show strong economies of scale which should be highly beneficial for aifinyo

Other basic assumptions

- Alongside strong business growth, working capital requirements increase accordingly as outstanding receivables are reflected in this position. However, this is basically the operating business and as these receivables are generally financed via debt and do not harm cash-flows to investors, we adjusted our model accordingly in the line “others”.
- The high beta of 2.2 reflects the early stage of the business model, capital requirements to finance further growth as well as the poor liquidity of the shares. However, as the business model is highly leveraged, which is normal in the industry, this leads to weighted capital costs of 8.4%.
- Proof of concept, continuously high growth rates and increasing margins should justify a lower beta in future

Result: The DCF model leads to a fair value of EUR 42.50 which is the basis for our PT.

Scenario analysis

aifinyo's short financial history and the early stage of its business model in a competitive market environment, make our assumptions subject to a certain degree of predictive uncertainty. As the fair value of the share primarily depends on the gross profit, we provide a scenario analysis based on the gross profit CAGR between 2019 and 2026, all other assumptions being equal.

Scenario analysis

Case	Gross profit CAGR 19' – 26'	Fair Value	Upside
Base ⇨	**25.9%**	EUR 42.51	28.8%
Low ⇘	**15.3%**	EUR 23.02	-30.2%
High ⇗	**35.7%**	EUR 71.89	117.9%

Source: Warburg Research

While our base case assumes a gross profit CAGR of 25.9%, we provide a low case of around -10pp and a high case scenario of around +10pp, on the base scenario.

As shown above, our base case implies a fair value of EUR 42.51 providing upside of 25.9%. Our low case, on the other hand, provides a fair value of EUR 23.02, implying a 30.3% downside. In our high-case scenario, the 35.7% operating profit CAGR results in a fair value of EUR 71.89, offering significant upside potential of 117.9%

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Gross profit	8.5	12.3	17.1	22.6	28.3	34.5	40.0	45.2	49.7	53.4	57.4	60.3	61.5	
Gross profit change	*31.8 %*	*43.8 %*	*39.1 %*	*32.5 %*	*25.0 %*	*22.0 %*	*16.0 %*	*13.0 %*	*10.0 %*	*7.5 %*	*7.5 %*	*5.0 %*	*2.0 %*	*2.0 %*
EBIT	0.7	1.9	4.4	9.0	12.7	15.5	18.0	20.3	22.4	24.0	25.8	27.1	27.7	
EBIT-margin	*7.6 %*	*15.8 %*	*25.9 %*	*40.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	
Tax rate (EBT)	*0.0 %*	*0.0 %*	*10.0 %*	*20.0 %*	*30.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	
NOPAT	0.7	1.9	4.0	7.2	8.9	10.1	11.7	13.2	14.5	15.6	16.8	17.6	18.0	
Depreciation	1.5	2.2	2.5	3.4	4.2	5.2	6.0	6.8	7.5	8.0	8.6	9.0	9.2	
in % of Sales	*18.0 %*	*17.5 %*	*14.8 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	29.8	20.2	24.6	6.8	28.3	31.1	27.6	26.0	22.6	18.6	20.0	14.4	6.0	
- Capex	3.6	4.2	5.0	3.4	4.2	5.2	6.0	6.8	7.5	8.0	8.6	9.0	9.2	
Capex in % of Sales	*42.2 %*	*34.2 %*	*29.3 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	
Other	-25.3	-17.2	-20.9	-5.8	-24.0	-26.4	-23.4	-22.1	-19.2	-15.8	-17.0	-12.2	-5.1	
Free Cash Flow (WACC Model)	-5.9	-3.1	-2.2	6.2	4.7	5.4	7.6	9.3	11.1	12.8	13.8	15.5	17.1	17
PV of FCF	-5.8	-2.9	-1.8	4.8	3.4	3.6	4.6	5.3	5.8	6.2	6.1	6.3	6.4	102
share of PVs	-7.34 %			36.46 %										70.88 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	55.00 %	Financial Strength	2.00
Cost of debt (after tax)	4.2 %	Liquidity (share)	2.50
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	2.20
		Others	2.30
WACC	**8.43 %**	**Beta**	**2.20**

Valuation (m)

Present values 2031e	42		
Terminal Value	102		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	2		
Market val. of investments	0		
Liquidity	1	No. of shares (m)	3.4
Equity Value	**142**	**Value per share (EUR)**	**42.49**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
3.21	10.9 %	24.85	25.26	25.69	26.14	26.62	27.13	27.66
2.81	9.9 %	29.55	30.12	30.72	31.36	32.04	32.76	33.54
2.40	8.9 %	35.60	36.41	37.28	38.21	39.21	40.29	41.45
2.20	8.4 %	39.31	40.30	41.35	**42.49**	43.72	45.06	46.51
2.00	7.9 %	43.62	44.83	46.13	47.54	49.08	50.75	52.59
1.59	6.9 %	54.67	56.55	58.61	60.87	63.38	66.18	69.30
1.19	5.9 %	70.72	73.85	77.35	81.30	85.78	90.92	96.86

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
3.21	10.9 %	24.82	25.26	25.70	26.14	26.58	27.02	27.46
2.81	9.9 %	29.85	30.35	30.85	31.36	31.86	32.36	32.87
2.40	8.9 %	36.45	37.04	37.62	38.21	38.80	39.38	39.97
2.20	8.4 %	40.58	41.21	41.85	**42.49**	43.13	43.77	44.41
2.00	7.9 %	45.44	46.14	46.84	47.54	48.24	48.94	49.64
1.59	6.9 %	58.30	59.16	60.02	60.87	61.73	62.59	63.45
1.19	5.9 %	77.99	79.09	80.19	81.30	82.40	83.50	84.60

- Our top-line assumptions build on gross profit as proxy for net interest and commission income
- EBIT margin relates to gross profit as well
- High net working capital as result of the business model
- Others reflects the debt financing of working capital changes

Company & Products

Company description

Digital financing solutions provider

aifinyo AG is technology-oriented financial services provider focused on German freelancers, start-ups as well as small- and medium-sized companies. It is bank-independent and offers financing solutions such as factoring, finetrading, leasing, and debt collection through its wholly-owned subsidiaries.

The Dresden-based company was **initially founded as Elbe Finanzgruppe** in 2012, by its current board members Stefan Kempf and Matthias Bommer. They realised at an early stage that timely financing, especially for customers with low transaction volumes, could only be successfully realised with internet-based and highly digitalised business processes. Since its inception, the company has achieved high growth rates in the areas of invoice pre-financing (factoring), procurement financing (finetrading) as well as leasing of working capital.

In 2018, the company had 46 employees and was able to increase its revenues by 107% yoy to EUR 28m. The **total transaction volume** in the finetrading, factoring, leasing and debt collection segments amounted to **EUR 214 m**.

At the **end of 2018**, Elbe Finanzgruppe **floated on the Munich stock exchange**. In **July 2019**, the company was **renamed aifinyo**. All segments that previously operated under different brand names were united under aifinyo. The rebranding underlined the company's objective to support its customers with greater speed and ease and in a more target-oriented manner in liquidity and financing issues.

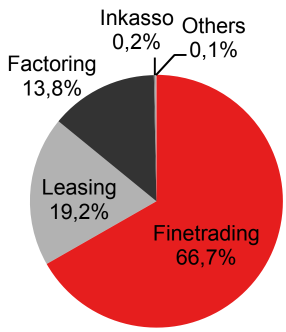
Company structure

Source: Warburg Research

Segments

aifinyo divides its revenues into five segments: Finetrading (66.7%), leasing (19.2%), factoring (13.8%), debt collection (0.2%) and others (0.1%).

Revenue share



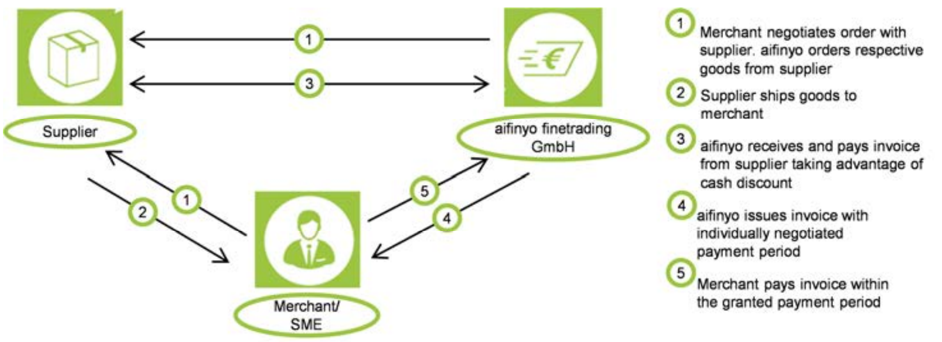
Source: Warburg Research

Finetrading

aifinyo's finetrading segment offers procurement financing to merchants and SMEs to avoid liquidity squeezes. After the merchant/SME has negotiated the purchase agreement with its supplier, the invoice is received and immediately settled by aifinyo exploiting the cash discount. Subsequently, aifinyo sells the goods to the merchant grating an enhanced payment period for a fee. The goods are then shipped to the merchant. Finally, the merchant wires the money to aifinyo within the granted payment period.

In addition, aifinyo operates a specialised procurement financing solution for sellers and vendors on Amazon. Delivery invoices are settled by aifinyo and subsequently recompensed by the seller over a six-month period.

Business model procurement financing



Source: Company data, Warburg Research

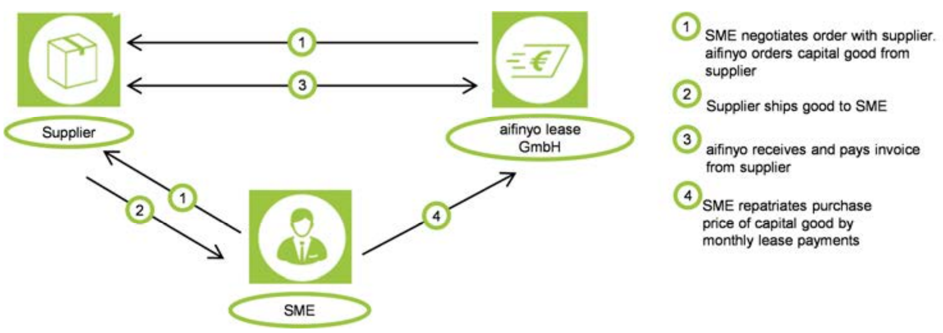
In addition to procurement financing, aifinyo offers solutions for project financing and inventory financing. Project financing is offered to parties when classic corporate financing is not feasible due to difficult economic or political conditions or if budgets of prospective project partners are tight.

Inventory financing solutions are provided for growing companies that intend to allocate capital to a potential investment. The value of their inventory is used as collateral for financing.

Leasing

aifinyo offers leasing solutions for small and medium-sized enterprises to enable the conservation of liquidity. After a SME has, for example, agreed to acquire new equipment from its supplier, the purchase price is paid by aifinyo. Thereafter, the machinery is delivered to the SME which, in turn, repatriates the purchase price to aifinyo in monthly lease payments. All leasing contracts are designed as full-amortisation leasing which implies no residual value risk after the leasing term for aifinyo.

Business model leasing



Source: Company data, Warburg Research

New rules for leasing accounting

As of 2019, operating lease reporting according to IFRS 16 changed significantly. The lessee is now obliged to recognise all lease agreements on its balance sheet by disclosing a **right of use asset** and a respective **financial liability**. Consequently, lease payments are no longer considered as rent in the P&L but only the interest proportion of the liability. As it is activated on the balance sheet, the advantage of balance sheet neutrality is eliminated. However, aifinyo's leasing operations concentrate on financial lease only.

aifinyo's focus is freelancers and small companies with HGB accounting for which the new IFRS rules usually do not apply. Therefore, aifinyo's customers may still use the advantage of balance neutrality. However, it will likely have an impact on smaller, HGB balancing enterprises as well. As the international IFRS standard sheds more light on leasing agreements, stakeholders will accordingly demand more transparency and information regarding lease agreements in HGB firms as well. For instance, information regarding leasing contracts is likely to be provided in the notes of the annual report

Differences in leasing balancing

HGB	IFRS 16
Operating Lease • No capitalisation of the leased object by the lessee • Distribution of leasing instalments over the term with an effect on expenses	• Recognition of a "right of use asset" and a lease liability at the inception of the lease • Valuation of the "right of use asset" occurs at acquisition cost less accumulated depreciation and accumulated impairment losses
Financial Lease • Recognition at the present value of the lease rate • Depreciation is generally charged over the operating life or a shorter contractual period • Passivation of a liability • Breakdown of the leasing installment into interest and repayment installments	

Source: Warburg Research

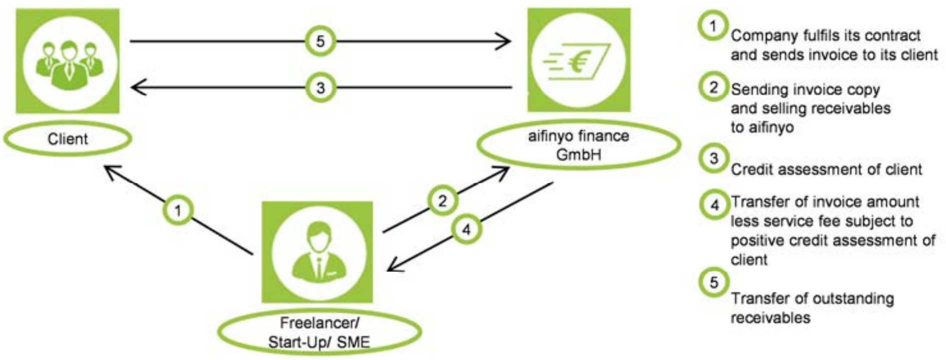
aifinyo is also applying local GAAP, which is why the new **rules of IFRS 9 are not applicable for the company either**. We regard this as advantageous as it doesn't require aifinyo to reflect potential risks of a contract at its beginning. This reduces the capital requirements for the firm and risk provisions match the realisation of profits more accurately.

Factoring

In the factoring segment, aifinyo purchases outstanding receivables from freelancers, start-ups and SMEs. After a successful credit assessment of the client, aifinyo settles outstanding invoices for a service fee to provide immediate liquidity. Subsequently, aifinyo informs the customer's client about the factoring engagement. aifinyo will then receive the full invoice amount from the client. The factoring service also includes the management of accounts receivable such as the dunning process.

The majority of financed receivables are secured by credit default insurance. Exceptions, for which transactions are not insured because the default risk is considered sufficiently low, include clients with top credit ratings (e.g. DAX company), if the client is a public agent, if the financed amount is below EUR 1,500 or if the customer assumes the credit default risk. In case of default, reinsurance generally takes effect 90 days post payment date.

Business model factoring



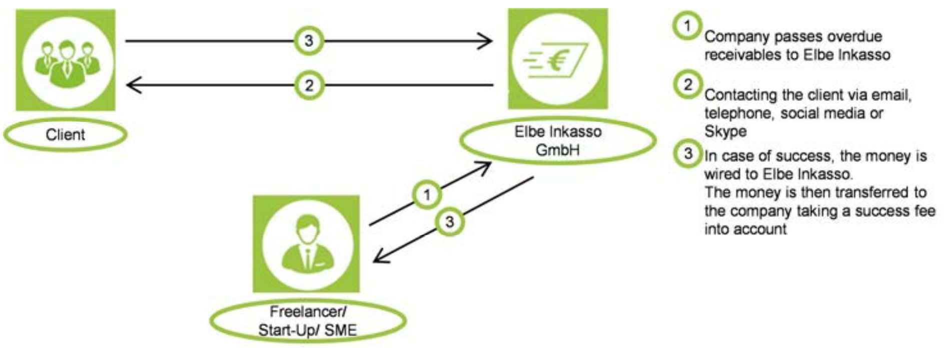
Source: Company data, Warburg Research

The majority of aifinyo's customers have outstanding receivables from domestic debtors. In case of smaller amounts from foreign companies, aifinyo also finances these after examination. The foreign share currently totals 14%.

Debt collection

aifinyo's debt collection segment is represented by Elbe Inkasso, approved by the President of the Dresden District Court. Elbe Inkaso professionally takes care of overdue receivables. Affected companies forward their outstanding receivables to Elbe Inkasso which communicates with the respective debtor. If successful, the outstanding amount is wired from the client to aifinyo. aifinyo keeps a success fee and subsequently forwards the money to its customer.

Business debt collection



Source: Company data, Warburg Research

Management

Stefan Kempf is the co-partner and founder of aifinyo since 2012. Mr Kempf holds a Masters degree in Banking and Finance as well as a Masters in Law from the Frankfurt School of Finance. Before joining aifinyo, he was director of corporate finance at Vantargis. Mr Kempf spent two and a half years with Commerzbank Corporates & Markets until August 2006.

Matthias Bommer is the co-partner and co-founded aifinyo in 2012. He holds a Masters degree in finance and controlling from the University of Applied Sciences in Mainz. Mr Bommer started his career in the factoring market as board member of Dresdner factoring AG. Subsequently, he worked as a managing director for financing company Vantargis.

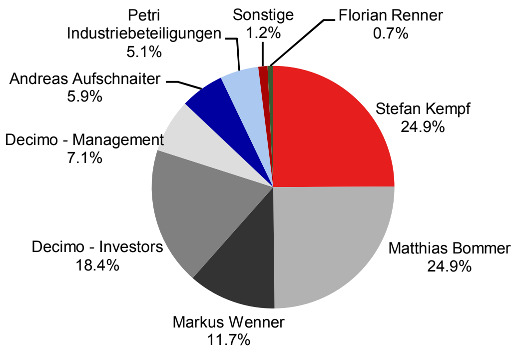
Shareholder structure

aifinyo went public on the Munich stock exchange at the end of 2018. After the merger with Decimo and the respective non-cash capital increase, the shareholder structure is expected to be as follows:

- aifinyo CEOs **Stefan Kempf** and **Matthias Bommer** hold the majority of the shares with 24.9% each.
- 11.7% are owned by **Markus Wenner** who was one of the **founding investors**
- 18.4% belong to various **Decimo investors**
- 7.1% of the merged company is owned by the **Decimo management** team
- The remaining 13% belong to various aifinyo investors and employees

This means the current freefloat is practically non-existent. We expect this to change step by step with future capital measures.

Shareholder structure



Source: Company data, Warburg Research

DCF model

Figures in EUR m	Detailed forecast period 2019e	2020e	2021e	Transitional period 2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	Term. Value
Gross profit	8.5	12.3	17.1	22.6	28.3	34.5	40.0	45.2	49.7	53.4	57.4	60.3	61.5	
Gross profit change	*31.8 %*	*43.8 %*	*39.1 %*	*32.5 %*	*25.0 %*	*22.0 %*	*16.0 %*	*13.0 %*	*10.0 %*	*7.5 %*	*7.5 %*	*5.0 %*	*2.0 %*	*2.0 %*
EBIT	0.7	1.9	4.4	9.0	12.7	15.5	18.0	20.3	22.4	24.0	25.8	27.1	27.7	
EBIT-margin	*7.6 %*	*15.8 %*	*25.9 %*	*40.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	*45.0 %*	
Tax rate (EBT)	*0.0 %*	*0.0 %*	*10.0 %*	*20.0 %*	*30.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	*35.0 %*	
NOPAT	0.7	1.9	4.0	7.2	8.9	10.1	11.7	13.2	14.5	15.6	16.8	17.6	18.0	
Depreciation	1.5	2.2	2.5	3.4	4.2	5.2	6.0	6.8	7.5	8.0	8.6	9.0	9.2	
in % of Sales	*18.0 %*	*17.5 %*	*14.8 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	29.8	20.2	24.6	6.8	28.3	31.1	27.6	26.0	22.6	18.6	20.0	14.4	6.0	
- Capex	3.6	4.2	5.0	3.4	4.2	5.2	6.0	6.8	7.5	8.0	8.6	9.0	9.2	
Capex in % of Sales	*42.2 %*	*34.2 %*	*29.3 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	
Other	-25.3	-17.2	-20.9	-5.8	-24.0	-26.4	-23.4	-22.1	-19.2	-15.8	-17.0	-12.2	-5.1	
Free Cash Flow (WACC Model)	-5.9	-3.1	-2.2	6.2	4.7	5.4	7.6	9.3	11.1	12.8	13.8	15.5	17.1	17
PV of FCF	-5.8	-2.9	-1.8	4.8	3.4	3.6	4.6	5.3	5.8	6.2	6.1	6.3	6.4	102
share of PVs	-7.34 %			36.46 %										70.88 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	55.00 %	Financial Strength	2.00
Cost of debt (after tax)	4.2 %	Liquidity (share)	2.50
Market return	7.00 %	Cyclicality	2.00
Risk free rate	1.50 %	Transparency	2.20
		Others	2.30
WACC	**8.43 %**	**Beta**	**2.20**

Valuation (m)

Present values 2031e	42
Terminal Value	102
Financial liabilities	0
Pension liabilities	0
Hybrid capital	0
Minority interest	2
Market val. of investments	0
Liquidity	1
Equity Value	**142**
No. of shares (m)	3.4
Value per share (EUR)	**42.49**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
3.21	10.9 %	24.85	25.26	25.69	26.14	26.62	27.13	27.66
2.81	9.9 %	29.55	30.12	30.72	31.36	32.04	32.76	33.54
2.40	8.9 %	35.60	36.41	37.28	38.21	39.21	40.29	41.45
2.20	8.4 %	39.31	40.30	41.35	**42.49**	43.72	45.06	46.51
2.00	7.9 %	43.62	44.83	46.13	47.54	49.08	50.75	52.59
1.59	6.9 %	54.67	56.55	58.61	60.87	63.38	66.18	69.30
1.19	5.9 %	70.72	73.85	77.35	81.30	85.78	90.92	96.86

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
3.21	10.9 %	24.82	25.26	25.70	26.14	26.58	27.02	27.46
2.81	9.9 %	29.85	30.35	30.85	31.36	31.86	32.36	32.87
2.40	8.9 %	36.45	37.04	37.62	38.21	38.80	39.38	39.97
2.20	8.4 %	40.58	41.21	41.85	**42.49**	43.13	43.77	44.41
2.00	7.9 %	45.44	46.14	46.84	47.54	48.24	48.94	49.64
1.59	6.9 %	58.30	59.16	60.02	60.87	61.73	62.59	63.45
1.19	5.9 %	77.99	79.09	80.19	81.30	82.40	83.50	84.60

- Our top-line assumptions build on gross profit as proxy for net interest and commission income
- EBIT margin relates to gross profit as well
- High net working capital as result of the business model
- Others reflects the debt financing of working capital changes

Valuation

	2017	2018	2019e	2020e	2021e
Price / Book	n.a.	17.5 x	37.6 x	40.2 x	28.9 x
Book value per share ex intangibles	0.86	1.20	0.74	0.67	0.85
EV / Sales	n.a.	3.0 x	3.8 x	3.1 x	2.6 x
EV / EBITDA	n.a.	30.2 x	77.1 x	46.8 x	31.4 x
EV / EBIT	n.a.	46.5 x	258.2 x	98.5 x	49.3 x
EV / EBIT adj.*	n.a.	46.5 x	258.2 x	98.5 x	49.3 x
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.
P / E	n.a.	236.7 x	n.a.	n.a.	94.3 x
P / E adj.*	n.a.	236.7 x	n.a.	n.a.	94.3 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	3.0 %	1.3 %	2.1 %	3.0 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2017	2018	2019e	2020e	2021e
Sales	**13.5**	**28.0**	**43.8**	**61.5**	**84.3**
Change Sales yoy	n.a.	107.9 %	56.3 %	40.4 %	37.1 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0
Total Sales	**13.5**	**28.0**	**43.8**	**61.5**	**84.3**
Material expenses	8.8	21.5	35.2	49.2	67.2
Gross profit	**4.7**	**6.5**	**8.5**	**12.3**	**17.1**
Gross profit margin	*34.7 %*	*23.1 %*	*19.5 %*	*20.0 %*	*20.2 %*
Personnel expenses	1.7	2.1	3.3	4.5	5.9
Other operating income	0.3	0.2	0.2	0.3	0.4
Other operating expenses	1.2	1.8	3.3	4.0	4.6
Unfrequent items	0.0	0.0	0.0	0.0	0.0
EBITDA	**2.1**	**2.8**	**2.2**	**4.1**	**6.9**
Margin	*15.9 %*	*9.9 %*	*5.0 %*	*6.7 %*	*8.2 %*
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0
EBITA	**2.1**	**2.8**	**2.2**	**4.1**	**6.9**
Amortisation of intangible assets	0.6	1.0	1.5	2.2	2.5
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	**1.5**	**1.8**	**0.7**	**1.9**	**4.4**
Margin	*11.3 %*	*6.5 %*	*1.5 %*	*3.2 %*	*5.2 %*
EBIT adj.	**1.5**	**1.8**	**0.7**	**1.9**	**4.4**
Interest income	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.7	0.8	1.2	1.7	2.3
Other financial income (loss)	0.4	0.5	0.5	0.5	0.5
EBT	**0.4**	**0.5**	**-1.1**	**-0.3**	**1.6**
Margin	*3.2 %*	*1.9 %*	*-2.5 %*	*-0.5 %*	*1.9 %*
Total taxes	0.3	0.3	0.0	0.0	0.4
Net income from continuing operations	**0.2**	**0.3**	**-1.1**	**-0.3**	**1.2**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**0.2**	**0.3**	**-1.1**	**-0.3**	**1.2**
Minority interest	0.0	0.0	0.0	0.0	0.0
Net income	**0.2**	**0.3**	**-1.1**	**-0.3**	**1.2**
Margin	*1.2 %*	*0.9 %*	*-2.5 %*	*-0.5 %*	*1.4 %*
Number of shares, average	1.0	2.5	3.4	3.4	3.4
EPS	**0.16**	**0.10**	**-0.33**	**-0.09**	**0.35**
EPS adj.	0.16	0.10	-0.33	-0.09	0.35

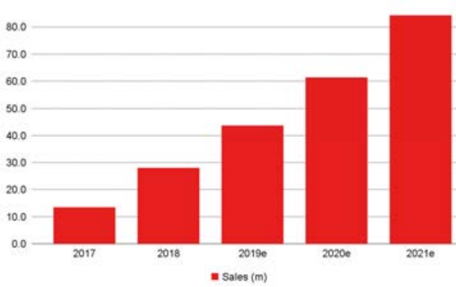
*Adjustments made for:

Guidance: Significant increase in revenues and customers

Financial Ratios

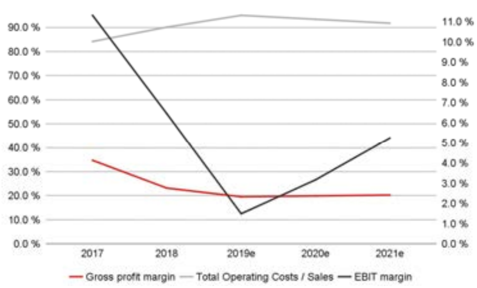
	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	84.1 %	90.1 %	95.0 %	93.3 %	91.8 %
Operating Leverage	n.a.	0.2 x	-1.1 x	4.9 x	3.4 x
EBITDA / Interest expenses	3.1 x	3.3 x	1.8 x	2.4 x	3.0 x
Tax rate (EBT)	61.8 %	50.1 %	0.0 %	0.0 %	25.4 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.

Sales, EBITDA
in EUR m



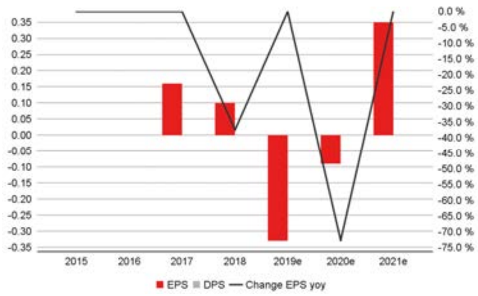
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

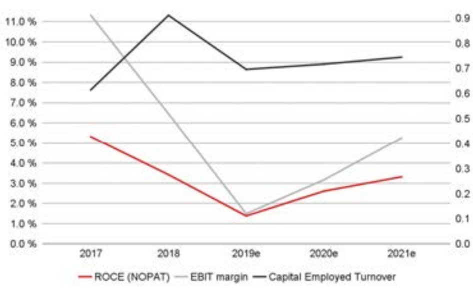
Consolidated balance sheet

In EUR m	2017	2018	2019e	2020e	2021e
Assets					
Goodwill and other intangible assets	0.2	0.4	0.5	0.5	1.0
thereof other intangible assets	0.2	0.4	0.5	0.5	1.0
thereof Goodwill	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	2.0	3.4	5.4	7.4	9.4
Financial assets	0.0	0.6	0.6	0.6	0.6
Other long-term assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	**2.3**	**4.5**	**6.5**	**8.6**	**11.0**
Inventories	0.0	0.0	0.0	0.0	0.0
Accounts receivable	21.4	32.0	62.0	82.5	107.4
Liquid assets	0.7	0.8	4.5	5.7	9.9
Other short-term assets	4.7	3.5	4.0	4.5	4.9
Current assets	**26.8**	**36.3**	**70.5**	**92.6**	**122.2**
Total Assets	**29.1**	**40.8**	**77.0**	**101.2**	**133.2**
Liabilities and shareholders' equity					
Subscribed capital	0.1	2.5	3.4	3.4	3.4
Capital reserve	0.0	0.0	0.0	0.0	0.0
Retained earnings	0.0	0.0	-1.1	-1.4	-0.2
Other equity components	1.0	0.9	0.7	0.8	0.7
Shareholders' equity	1.1	3.4	2.9	2.8	3.8
Minority interest	2.3	2.3	2.3	2.3	2.3
Total equity	**3.4**	**5.6**	**5.2**	**5.0**	**6.1**
Provisions	0.3	0.2	0.2	0.2	0.2
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	19.3	25.9	62.3	86.5	117.1
thereof short-term financial liabilities	19.3	25.9	62.3	86.5	117.1
Accounts payable	0.1	0.4	0.6	0.9	1.2
Other liabilities	6.1	8.6	8.6	8.6	8.6
Liabilities	**25.7**	**35.2**	**71.8**	**96.2**	**127.1**
Total liabilities and shareholders' equity	**29.1**	**40.8**	**77.0**	**101.2**	**133.2**

Financial Ratios

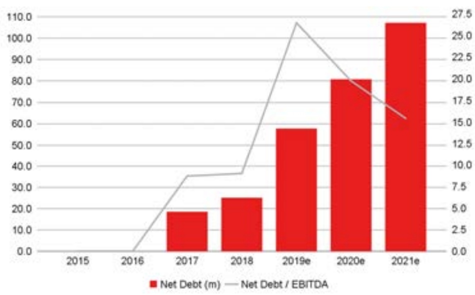
	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment					
Operating Assets Turnover	0.6 x	0.8 x	0.7 x	0.7 x	0.7 x
Capital Employed Turnover	0.6 x	0.9 x	0.7 x	0.7 x	0.7 x
ROA	7.3 %	5.9 %	-16.8 %	-3.4 %	10.7 %
Return on Capital					
ROCE (NOPAT)	5.3 %	3.4 %	1.4 %	2.6 %	3.3 %
ROE	29.7 %	11.6 %	-34.7 %	-10.1 %	35.8 %
Adj. ROE	29.7 %	11.6 %	-34.7 %	-10.1 %	35.8 %
Balance sheet quality					
Net Debt	18.6	25.1	57.8	80.8	107.2
Net Financial Debt	18.6	25.1	57.8	80.8	107.2
Net Gearing	552.8 %	446.8 %	1113.4 %	1615.8 %	1764.1 %
Net Fin. Debt / EBITDA	869.0 %	903.3 %	2645.2 %	1974.2 %	1543.3 %
Book Value / Share	1.1	1.4	0.9	0.8	1.1
Book value per share ex intangibles	0.9	1.2	0.7	0.7	0.9

ROCE Development



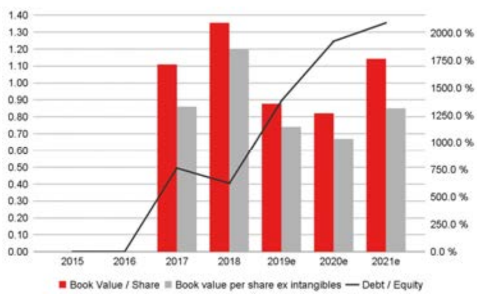
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

Consolidated cash flow statement

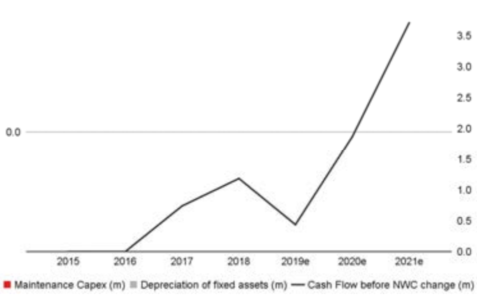
In EUR m	2017	2018	2019e	2020e	2021e
Net income	0.2	0.3	-1.1	-0.3	1.2
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	1.0	1.5	2.2	2.5
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	0.0	0.0	0.0
Cash Flow before NWC change	**0.7**	**1.2**	**0.4**	**1.9**	**3.7**
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-8.1	-9.4	-30.0	-20.5	-24.9
Increase / decrease in accounts payable	1.3	2.8	0.2	0.3	0.3
Increase / decrease in other working capital positions	0.7	0.8	0.0	0.0	0.0
Increase / decrease in working capital (total)	-6.1	-5.7	-29.8	-20.2	-24.6
Net cash provided by operating activities [1]	**-5.4**	**-4.6**	**-29.3**	**-18.3**	**-20.9**
Investments in intangible assets	0.0	0.0	-1.6	-2.2	-3.0
Investments in property, plant and equipment	-2.0	-3.2	-2.0	-2.0	-2.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.5	0.5	0.5
Income from asset disposals	0.1	0.1	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-1.9**	**-3.2**	**-4.1**	**-4.7**	**-5.5**
Change in financial liabilities	7.9	6.7	36.4	24.2	30.6
Dividends paid	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Capital measures	0.1	2.0	0.8	0.0	0.0
Other	0.0	-0.8	0.0	0.0	0.0
Net cash provided by financing activities [3]	**8.0**	**7.8**	**37.2**	**24.2**	**30.6**
Change in liquid funds [1]+[2]+[3]	**0.7**	**0.1**	**3.8**	**1.1**	**4.2**
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	0.7	0.8	4.5	5.7	9.9

Financial Ratios

	2017	2018	2019e	2020e	2021e
Cash Flow					
FCF	-7.4	-7.8	-32.9	-22.5	-25.9
Free Cash Flow / Sales	-54.6 %	-27.9 %	-75.3 %	-36.7 %	-30.7 %
Free Cash Flow Potential	1.9	2.5	2.2	4.1	6.5
Free Cash Flow / Net Profit	-4468.8 %	-2995.6 %	3010.1 %	7836.6 %	-2202.2 %
Interest Received / Avg. Cash	0.9 %	4.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	7.1 %	3.7 %	2.8 %	2.3 %	2.3 %
Management of Funds					
Investment ratio	14.6 %	11.6 %	8.2 %	6.8 %	5.9 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	322.4 %	333.4 %	235.0 %	195.3 %	197.8 %
Avg. Working Capital / Sales	79.2 %	94.5 %	106.3 %	116.3 %	111.4 %
Trade Debtors / Trade Creditors	21571.1 %	8229.1 %	10333.3 %	9166.7 %	8950.0 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	581	417	517	490	465
Payables payment period (days)	4	7	6	7	7
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.

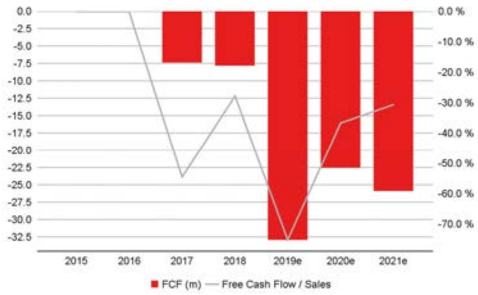
CAPEX and Cash Flow

in EUR m



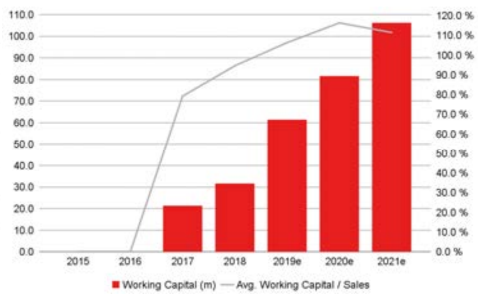
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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aifinyo	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A2G8XP9.htm

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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
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Rating	**Number of stocks**	**% of Universe**
Buy	120	60
Hold	71	35
Sell	6	3
Rating suspended	4	2
Total	**201**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

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

Rating	**Number of stocks**	**% of Universe**
Buy	34	79
Hold	7	16
Sell	0	0
Rating suspended	2	5
Total	**43**	**100**

PRICE AND RATING HISTORY AIFINYO AS OF 11.11.2019

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