

Company Flash Note

Reason: Company results (post view)

31 October 2018

Buy

from Accumulate

Share price: EUR 1.46

closing price as of 30/10/2018

Target price: EUR 1.85

Target Price unchanged

Upside/Downside Potential 26.7%

Reuters/Bloomberg

ISHG.DE/ISH2 GY

Market capitalisation (EURm) 51

Current N° of shares (m) 35

Free float 62%

Daily avg. no. trad. sh. 12 mth 20

Daily avg. trad. vol. 12 mth (m) 0.18

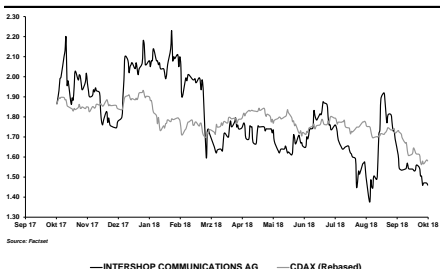
Price high/low 12 months 1.38 / 2.23

Abs Perfs 1/3/12 mths (%) -13.61/-16.81/-21.72

Key financials (EUR)	12/17	12/18e	12/19e
Sales (m)	36	33	40
EBITDA (m)	3	(2)	4
EBITDA margin	7.9%	nm	9.0%
EBIT (m)	0	(4)	1
EBIT margin	1.2%	nm	2.5%
Net Profit (adj.)(m)	(1)	(5)	1
ROCE	2.2%	-21.1%	4.9%
Net debt/(cash) (m)	(6)	(6)	(6)
Net Debt Equity	-0.4	-0.4	-0.4
Net Debt/EBITDA	-2.2	3.3	-1.6
Int. cover(EBITDA/Fin.int)	8.5	(16.2)	26.5
EV/Sales	1.4	1.4	1.1
EV/EBITDA	17.7	nm	12.4
EV/EBITDA (adj.)	75.6	nm	33.8
EV/EBIT	nm	nm	44.2
P/E (adj.)	nm	nm	nm
P/BV	3.7	3.3	3.1
OpFCF yield	-1.6%	-9.5%	-1.2%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.02)	(0.14)	0.02
BVPS	0.48	0.44	0.47
DPS	0.00	0.00	0.00

Shareholders

Shareholder Value Management AG / Shareholder Value
Beteiligungen AG 28%; Axxion SA (Luxembourg) 10%;



Analyst(s)

Dustin Mildner
dustin.mildner@equinet-ag.de
+49 69 58997-438

Cloud business on track, higher marketing costs

Intershop's Q3 results came in largely in line, as we have had expected: On its way to become a cloud software vendor, we still observe declining (but meanwhile stable qoq) license sales and growing, regularly recurring revenues from subscription sales. In order to foster brand visibility, Intershop increased spending on marketing and selling costs. Based on our intact investment case and unchanged target price, but a recent weakness in the share price, we upgrade Intershop's stock to "Buy" with this update.

- ✓ **Q3 review:** After the profit warning in Q2, Intershop delivered Q3 results more or less in line with expectations. The transition to the cloud led to a further decline in license sales, although being stable qoq. Cloud / subscription revenues have continued their growth path from the previous quarter on still low levels and cloud order intake showed improved dynamics in Q3. Higher marketing and selling costs during the ramp-up phase will temporarily burden profitability, but aim at the crucial acceleration of new client acquisition.
- ✓ **Investment case:** Intershop is an e-commerce software developer with a competitive solution suited for complex commerce applications. Competition mainly arises from multi-national software players that incrementally acquired independent e-commerce software vendors over the last years.
- ✓ By cooperating with Microsoft, Intershop aims at establishing itself in the cloud / subscription market and accessing a broadened customer universe. The partnership encompasses a sales and technology partnership.
- ✓ While the focus on the cloud / subscription-based business may temporarily slow down Intershop's sales growth in the short-term, group sales are expected to grow at 13% p.a. over the next five years. At the same time, growth will enable operating leverage and should improve EBIT margin by 530bps to 6.5% by 2020. Based on the growth scenario, FCF should follow the positive earnings development.
- ✓ As an add-on, as many of Intershop's former competitors were acquired by multinational software companies, Intershop may well also draw attention from potential acquirers, especially in light of the solution's good reputation. Comparing Intershop's fundamentals to peer group multiples and to comparable transactions multiples, we observe that Intershop's multiples have significant potential to re-rate if the company can deliver on its growth targets.
- ✓ **Key risks:** Compared to our initiation of coverage, the high risk / high reward investment profile has not changed: If Intershop is not able to achieve sufficient revenue growth, operating profitability may deteriorate and pose a threat to the company's liquidity. Furthermore, it will remain crucial to attract appropriate talent, as for most technology companies. Finally, technological disruption may pose a threat to Intershop's business model.
- ✓ **Valuation:** Based on our intact investment case and unchanged target price, but a recent weakness in the share price, we upgrade Intershop's stock to "Buy" with this update.

Q3 Review

Intershop's operating performance was fairly stable in Q3 compared to the previous quarter. Total sales declined yoy as a consequence of the company's transition to a cloud software vendor. As a consequence of this transition, license revenues declined 12% yoy vs a low base after -59% / -60% in Q1 2018 / Q2 2018, whereas Q3 Cloud / subscription revenues developed stable qoq with 20% growth yoy. Cloud order intake after 9M stands at EUR 3.2m and already exceeds FY 2017 cloud order intake by 52%. This should help accelerating recurring revenues in the upcoming quarters, in our view.

Q3 / 9M EBIT stands at EUR -1.7m / EUR -3.7m. One reason for the lower operating income compared to the first two quarters are higher expenses for marketing & sales activities, which have been used to increase visibility among (potential) clients and partners. Although this is a short-term burden to profitability, we think that it is a good signal that the management is tackling the right problems. Note that Intershop has suffered from low visibility in its potential target markets in the past.

Another highlight from Q3 clearly was the intensified relationship with Microsoft. Accordingly, Intershop was added to Microsoft's global solutions map, a list of preferred solutions offered with Microsoft Azure. This expanded partnership increased Intershop's product visibility. Therefore, Intershop's product is now accessible by Microsoft's clients worldwide.

Exhibit 1: Intershop - Q3 review

EUR m	9M 2018	9M 2017	yoy
Revenues	23.9	26.4	-9.3%
EBIT	-3.7	0.2	nm
EBIT Margin	-15.5%	0.8%	nm

Source: Intershop, equinet Research

Intershop's management confirmed the FY 2018 guidance. This looks achievable to us, under the presumption that the trend in Q3 can be sustained.

Exhibit 2: Management guidance

		FY 2017	Guidance FY 2018e	Tendency	equinet est.	% yoy
Intershop Communications AG						
Revenues	EUR m	35.8	slightly below previous year	=	32.5	-9.2%
EBIT	EUR m	0.4	negative, low single-digit million	=	-4.4	nm

Source: Intershop, equinet Research

Changes to our estimates

Exhibit 3: Changes to our estimates

	2018e			2019e			2020e		
	Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	34.4	32.5	-5.4%	40.3	40.3	0.1%	49.5	52.2	5.5%
EBIT	-3.3	-4.4	33.0%	1.4	1.0	-29.0%	3.2	3.4	6.8%
Net result	-3.8	-5.0	31.7%	1.2	0.8	-34.0%	2.7	2.9	5.3%
EPS	-0.11	-0.14	31.7%	0.03	0.02	-34.0%	0.08	0.08	5.3%

Source: equinet Research

Following the release of the 9M numbers, we adjusted our estimates only slightly. Note however, that due to the small absolute amounts, the deviation in percentage looks strong. As higher sales and marketing expenses are expected to continue for the upcoming months, we increased the share of sales and marketing expenses relative to sales, while cutting back some service revenues. At the same time, we like the dynamics we see in the cloud business. Based on EUR 3.2m order intake after 9M, we expect that Intershop can at least double 2017 order intake this year. Although still at low levels, we slightly raised our FY 2018/2019/2020 cloud revenue estimates based on the good intake levels and the targeted number of new clients (that exceeded our initial estimate slightly). However, Intershop needs to prove that this trend can be sustained in the quarters to come in order to successfully turn around.

Valuation

Exhibit 4: Updated DCF Analysis

EUR m	Phase I					Phase II					Phase III
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Revenues	33	40	52	60	68	74	81	86	91	94	
growth rate	-9.2%	24.0%	29.4%	15.8%	11.7%	10.1%	8.5%	6.9%	5.2%	3.6%	
EBIT	-4.4	1.0	3.4	5.0	6.5	7.1	7.7	8.2	8.7	9.0	
EBIT margin	-13.6%	2.5%	6.5%	8.2%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	
Tax	0.0	-0.3	-1.1	-1.6	-2.0	-2.2	-2.4	-2.6	-2.7	-2.8	
Tax rate	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	
Depr. & Amort.	2.5	2.6	2.9	3.2	3.5	3.9	4.2	4.5	4.7	4.9	
% of sales	7.6%	6.5%	5.5%	5.3%	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%	
Capex	-2.8	-3.2	-3.5	-3.8	-3.7	-4.1	-4.4	-4.7	-5.0	-5.2	
% of sales	8.5%	8.0%	6.8%	6.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Change in NWC	0.4	-0.8	-1.2	-0.8	-0.7	-0.7	-0.6	-0.5	-0.4	-0.3	
% of sales	-14%	19%	2.2%	13%	10%	0.9%	0.8%	0.6%	0.5%	0.3%	
Free Cash Flow	-4.3	-0.7	0.5	2.0	3.5	4.0	4.4	4.9	5.3	5.6	72.6
growth rate	nm	-83.9%	nm	nm	76.3%	14.1%	118%	9.8%	8.0%	6.4%	2.0%
Present Value FCF	-4.2	-0.6	0.4	1.5	2.4	2.4	2.5	2.5	2.4	2.4	30.7
PV Phase I	-1					Risk free rate	3.50%	Targ. equity ratio		90%	
PV Phase II	12					Premium Equity	5.00%	Beta		1.4	
PV Phase III	31					Premium Debt	5.00%	WACC		9.85%	
Enterprise value	42					Sensitivity	Growth in phase III				
- Net Debt (Cash)	-6						1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions	0					8.87%	1.94	2.01	2.09	2.18	2.29
- Minorities & Peripherals	0					9.36%	1.83	1.89	1.96	2.04	2.12
+ MV of financial assets	0					WACC	9.85%	1.74	1.79	1.85	1.91
- Paid-out dividends for last FY	0					10.34%	1.66	1.70	1.75	1.80	1.87
+/- Other EV items	16					10.84%	1.58	1.62	1.66	1.71	1.76
Equity value	64										
Number of shares	34.9										
Value per share (€)	1.85										
Current Price (€)	1.47										
Upside	26%										

Source: equinet Research

Our updated estimates reflect our broadly unchanged investment thesis. We like to see that the cloud business makes progress and we believe that the pipeline holds further cloud growth available. Improvements in profitability should become visible only in the next step, as we estimate that operating leverage should be in the 20% range in the mid-term. Based on our updated estimates our fair value remains unchanged. Following the 12% share price decline since our initiation of coverage, we upgrade Intershop's shares to "Buy", since the upside is now equivalent to 27%.

Company profile and investment case

Intershop is an e-commerce software developer with a competitive solution suited for complex commerce applications. Intershop's solution has been awarded strong ratings by independent software research providers such as Gartner or Forrester. In the most recent Forrester report, Intershop has been declared a leading B2B Commerce Suite provider with the highest rating for the current offering. During the last couple of years, however, the company suffered from low visibility in its relevant market, leading to a sales decline from EUR 53m in 2013 to EUR 34m in 2016.

Competition mainly arises from multi-national software players that incrementally acquired independent e-commerce software vendors over the last years. The solutions relevant in Intershop's market are owned by SAP, IBM, Oracle, salesforce.com, and, since recently, Adobe (which acquired Magento). In its relevant market, Intershop occupies 5% of the market. We think that the company is in a good position to participate in the growth of the B2B ecommerce software market.

By cooperating with Microsoft, Intershop aims at establishing itself in the cloud / subscription market and accessing a broadened customer universe. The partnership encompasses a sales and technology partnership. Whereas the former makes use of the huge Microsoft ecosystem in order to access new clients, the latter contains additional product offerings that complement Intershop's offering. The recent expansion of the partnership increases Intershop's product reach, which is now available to Microsoft clients worldwide.

While the focus on the cloud business may temporarily slow down Intershop's sales growth in the short-term, group sales are expected to grow at 13% p.a. over the next five years. At the same time, growth will enable operating leverage and should improve EBIT margin by 530bps to 6.5% by 2020. Based on the growth scenario, FCF should follow the positive earnings development.

Additionally, as many of Intershop's former competitors were acquired by multinational software companies, Intershop may well also draw attention from potential acquirers, especially in light of the solution's good reputation. A typical premium paid for comparable public companies is at around 50% (at the last trading day before announcement). Comparing Intershop's fundamentals to peer group multiples and to comparable transactions multiples, we observe that Intershop's multiples have significant potential to re-rate if the company can deliver on its growth targets.

Key risks

The major risk we see is that Intershop may not be able to achieve revenue growth and may consequently face difficulties maintaining operating profitability. We therefore consider the stock's profile high risk / high reward. Potential threats for growth arise if Intershop is not able to create the expected brand perception in the market and accordingly does not win as many new customers as required to achieve the company's targets. Furthermore, in the course of the transformation to the cloud, Intershop faces the risk that its customers decide to switch to other SaaS e-commerce solutions.

As for most software companies, finding appropriate talent is key to remain competitive. If Intershop cannot staff its departments that are central for the future development of the group (e.g. research & development, sales and marketing), the company is at risk to fall behind competition.

As usual in the software / technology sector, technological disruption may pose a threat to Intershop's business model. Exemplary, traditionally technological inferior solutions (e.g. based on PHP) could improve in performance such that the performance advantage of JAVA-based solutions, on which Intershop's solution is built, is not given anymore.

Triggers and drivers

In the short-term, we expect that the focus will be on how well the initial positive reception of the cloud offering carries further momentum. Therefore, we identify the release of Q4 in 2019 to be the next potential trigger besides large deal announcements via ad-hoc releases. Cloud order intake seem as particularly important indicators to us on how fast the cloud business has the potential to compensate for declines in license sales.

In addition, as Intershop reaches a critical size, acquisition fantasies may increasingly be played by the market, offering support for the shares.

Investment case in six charts

Exhibit 5: Intershop offers a competitive solution...



Exhibit 6: ...with expandable market acceptance

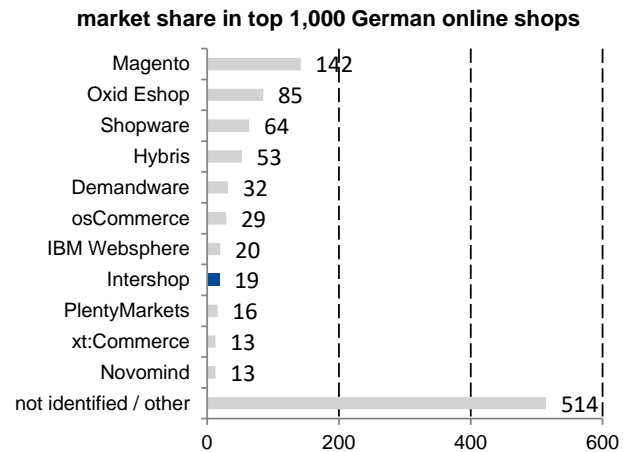


Exhibit 7: With the help of Microsoft...

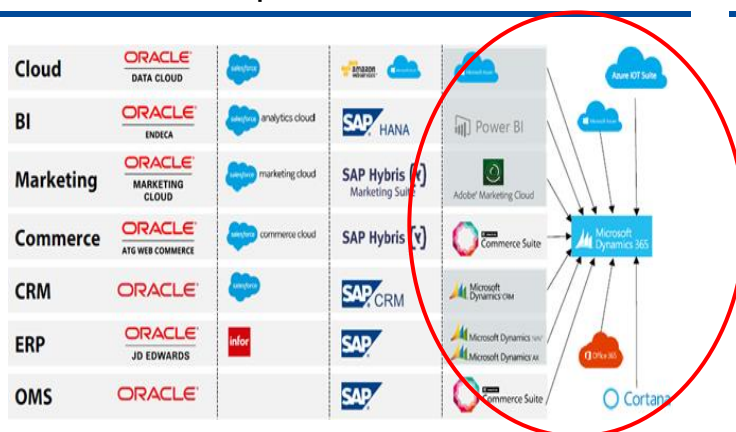


Exhibit 8: ...Intershop targets the transition to the cloud...

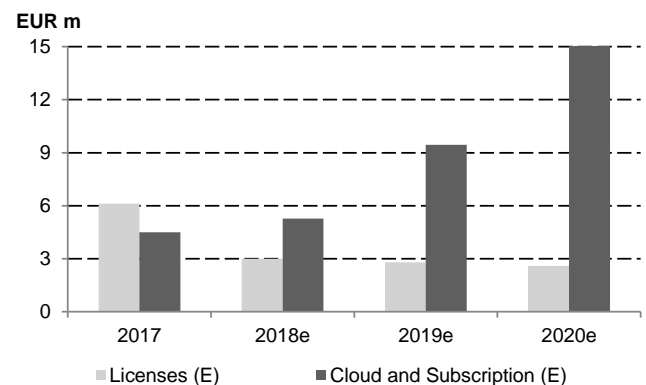


Exhibit 9: ...and the return to growth

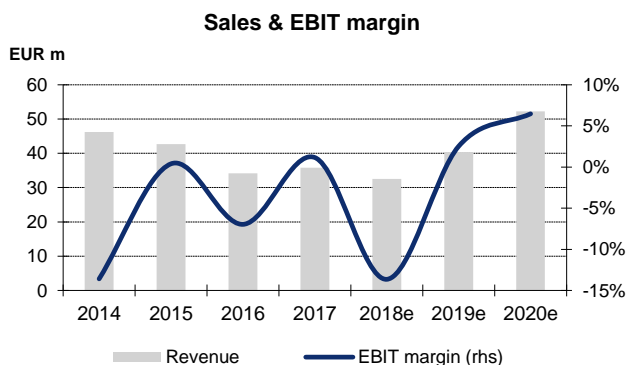





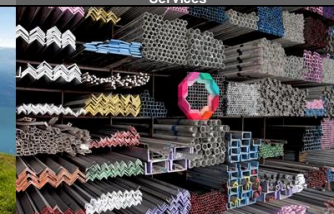
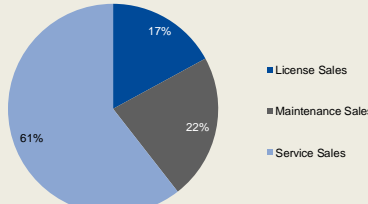
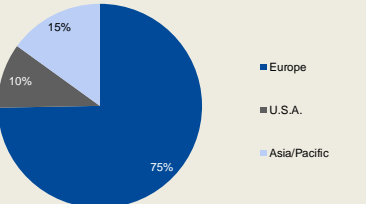
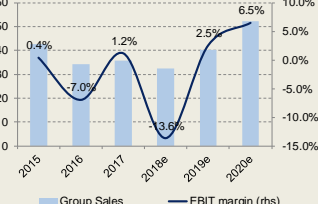


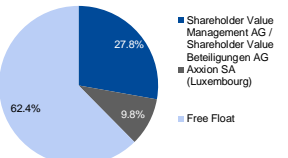
Exhibit 10: As an add-on ISH might be a M&A candidate

Year of transaction	Buyer	Target	Investor type
2018	Adobe Systems	Magento	strategic
2018	Salesforce.com	CloudCraze	strategic
2016	Oracle	NetSuite	strategic
2016	Salesforce.com	Demandware	strategic
2015	Permira	Magento	financial
2014	Siris Capital	Digital River	financial
2013	SAP	Hybris	strategic
2011	Oracle	ATG	strategic
2011	eBay	GSI Commerce	strategic
2011	eBay	Magento	strategic

Source: Factset, equinet Research

Intershop at a glance

Exhibit 11: Intershop at a glance

Business units	Licenses	Maintenance	Cloud / Subscription	Services				
								
Products & services	Intershop Commerce Suite builds the core of the product offering. The commerce platform can be employed "ready-to-use" or on a modular basis according to customers' needs. Intershop's solutions contain commerce management, product information management, experience management as well as omni-channel order management. Deployment modes are either on-premise, per private cloud or as CaaS (Commerce-as-a-Service). Services include strategic digital consulting, project management, complete or partly operation of the commerce business (Full Service Commerce), as well as training and support.							
Customers	Globally, more than 300 customers, which are mainly active in the manufacturing, retail / wholesale, automotive, and energy industries. Top 25 customers account for c. 66% of revenue.							
Market share & positioning	In its relevant market segment, Intershop accounts for c. 5% of market share, while in the total e-commerce software market Intershop solutions are implemented in less than 2% of all online shops. Intershop is an engineering-driven company, with a focus on a strong performance and a reliable system, thus a quality-oriented company.							
Drivers	Increasing internet penetration (+) Underlying growth in e-commerce business and associated shift from brick-and-mortar retail to e-commerce / omni-channel commerce (+) Changing B2B buyer demographics towards a more digital native buyer group (+) Amazon move into B2B e-commerce business (substitution via marketplaces and strong independent online shops) (-)							
Main competitors	Main competitors: Hybris (by SAP), WebSphere Commerce (by IBM), Oracle NetSuiteCommerce (B2B solution by Oracle), Oracle Commerce Platform (by Oracle), CloudCraze (B2B solution recently acquired by salesforce.com), Salesforce Commerce (formerly Demandware, B2C solution by salesforce.com), Magento Commerce (recently acquired by Adobe) Non-listed competitors: Insite Software (B2B solution), OROCommerce (B2B solution), Shopware (strong German presence), OXID eSales (strong German presence)							
Strategy, guidance & consensus	<div><div>Strategy: (I) "Cloud first" (II) B2B Focus, tilted towards SMB via CaaS offering (III) Extending technological functionalities and sales channels via Microsoft partnership (IV) Strengthening marketing capabilities</div><div>Guidance <u>Revenue</u> slightly below previous year <u>EBIT</u> negative, low single-digit million</div><div>Revenue yoy EBIT EBIT margin</div><div>equinet EUR 33m -9.2% EUR -4.4m -13.6%</div><div>Consensus EUR 34m -4.0% EUR -3.3m -9.7%</div></div>							
2017	Sales (EURm) y/y	35.8 4.7%	EBITDA Margin	2.8 7.9%	EBIT (EURm) Margin	0.4 1.2%	5Y sales CAGR Organic growth y/y	0.9% 4.7%
Sales & EBIT split	<div>Sales split by product / service  <ul style="list-style-type: none">License SalesMaintenance SalesService Sales</div> <div>Sales split by region  <ul style="list-style-type: none">EuropeU.S.A.Asia/Pacific</div> <div>Group financial development  <ul style="list-style-type: none">Group SalesEBIT margin (rhs)</div>							
Management & shareholder structure	<div><div>Dr. Jochen Wiechen Chief Executive Officer (since 2015) <ul style="list-style-type: none">• With Intershop since 2013 (first as CTO)• >20 years experience in the software industry and at venture capital funds• Prior to joining Intershop, Dr. Wiechen was Vice President at SAP and held board roles at datango AG and Martlet Venture Management Ltd.• Dr. Wiechen started his career in 1994 at PSI Software AG (Berlin)</div><div>Markus Klahn Chief Sales Officer (since 2018) <ul style="list-style-type: none">• With Intershop since 2018• >20 years experience in the software industry• Responsibilities: service portfolio• Prior to joining Intershop, Mr Klahn was active in the ERP and SaaS business after having been on the management board of proALPHA Consulting AG.</div><div>Shareholder structure  <ul style="list-style-type: none">Shareholder Value Management AG / Shareholder Value Beteiligungen AGAxion SA (Luxembourg)Free Float</div></div>							
# of employees FY 2017	338							

Source: Intershop, equinet Research

Upcoming corporate events calendar

Exhibit 12: Upcoming corporate events

26/11/2018	German Equity Forum
------------	---------------------

Source: Intershop, equinet Research

Intershop Communications AG : Summary tables

PROFIT & LOSS (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Sales	42.7	34.2	35.8	32.5	40.3	52.2
Cost of Sales & Operating Costs	-42.1	-35.3	-35.1	-36.2	-39.0	-48.4
Non Recurrent Expenses/Income	2.9	1.2	2.2	1.7	2.3	2.4
EBITDA	3.5	0.1	2.8	-2.0	3.6	6.3
EBITDA (adj.)*	0.6	-1.1	0.7	-3.7	1.3	3.8
Depreciation	-0.4	-0.3	-0.3	-0.3	-0.3	-0.4
EBITA	3.0	-0.2	2.6	-2.2	3.3	5.8
EBITA (adj.)*	0.2	-1.4	0.4	-3.9	1.0	3.4
Amortisations and Write Downs	-2.9	-2.2	-2.2	-2.2	-2.3	-2.4
<i>of which PPA amortisation</i>	-2.9	-2.2	-2.2	-2.2	-2.3	-2.4
EBIT	0.2	-2.4	0.4	-4.4	1.0	3.4
EBIT (adj.)*	0.2	-1.4	0.4	-3.9	1.0	3.4
Net Financial Interest	-0.1	-0.3	-0.3	-0.1	-0.1	-0.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	0.0	-2.6	0.1	-4.6	0.9	3.3
Tax	0.0	-0.3	-0.7	-0.4	-0.1	-0.4
<i>Tax rate</i>	<i>73.7%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>10.2%</i>	<i>12.2%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	0.0	-3.0	-0.7	-5.0	0.8	2.9
Net Profit (adj.)	0.0	-2.3	-0.7	-5.0	0.8	2.9
CASH FLOW (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Cash Flow from Operations before change in NWC	3.1	-0.5	1.7	-2.5	3.4	5.8
Change in Net Working Capital	1.8	-0.4	0.0	0.4	-0.8	-1.2
Cash Flow from Operations	5.0	-0.9	1.7	-2.1	2.6	4.6
Capex	-2.3	-2.8	-2.6	-2.8	-3.2	-3.5
Net Financial Investments	0.0	0.4	0.0	0.0	0.0	0.0
Free Cash Flow	2.7	-3.3	-0.9	-4.8	-0.6	1.1
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	2.7	-3.3	-0.9	-4.8	-0.6	1.1
NOPLAT	0.1	-1.0	0.3	-2.8	0.7	2.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Net Tangible Assets	0.4	0.6	0.6	0.8	1.1	1.5
Net Intangible Assets (incl. Goodwill)	8.7	8.8	8.9	9.1	9.4	9.7
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	9.1	9.4	9.6	9.8	10.5	11.1
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Trade receivables	5.3	5.1	5.2	4.6	5.6	7.3
Other current assets	3.3	1.7	1.3	1.3	1.3	1.3
Cash (-)	-15.2	-10.9	-8.9	-9.6	-8.0	-8.3
Total Current Assets	23.9	17.7	15.5	15.5	15.0	16.9
Total Assets	33.0	27.1	25.0	25.4	25.5	28.1
Shareholders Equity	19.1	16.1	15.3	15.5	16.3	19.2
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	19.1	16.1	15.3	15.5	16.3	19.2
Long term interest bearing debt	-4.1	-7.2	-9.2	-9.8	-11.8	-13.6
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.3	0.2	0.2	0.2	0.2
Total Long Term Liabilities	-3.7	-6.9	-9.0	-9.6	-11.6	-13.4
Short term interest bearing debt	10.0	11.0	12.0	13.0	14.0	15.0
Trade payables	2.1	1.4	1.5	1.3	1.7	2.2
Other current liabilities	5.5	5.4	5.2	5.2	5.2	5.2
Total Current Liabilities	17.5	17.8	18.7	19.5	20.8	22.3
Total Liabilities and Shareholders' Equity	32.9	27.0	25.0	25.4	25.5	28.1
Net Capital Employed	10.2	9.4	9.4	9.2	10.6	12.4
Net Working Capital	3.2	3.6	3.6	3.2	4.0	5.1
GROWTH & MARGINS	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
<i>Sales growth</i>	<i>-7.5%</i>	<i>-20.0%</i>	<i>4.7%</i>	<i>-9.2%</i>	<i>24.0%</i>	<i>29.4%</i>
EBITDA (adj.)* growth	n.m.	n.m.	n.m.	n.m.	n.m.	186.7%
EBITA (adj.)* growth	n.m.	n.m.	n.m.	n.m.	n.m.	231.4%
EBIT (adj.)* growth	n.m.	n.m.	n.m.	n.m.	n.m.	231.4%

Intershop Communications AG : Summary tables

GROWTH & MARGINS	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Net Profit growth	n.m.	n.m.	n.m.	n.m.	n.m.	264.2%
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	n.m.	264.2%
DPS adj. growth						
EBITDA (adj)* margin	1.4%	n.m.	1.9%	n.m.	3.3%	7.3%
EBITA (adj)* margin	0.4%	-4.0%	1.2%	-12.1%	2.5%	6.5%
EBIT (adj)* margin	0.4%	n.m.	1.2%	n.m.	2.5%	6.5%
RATIOS	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Net Debt/Equity	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4
Net Debt/EBITDA	-2.7	-63.1	-2.2	3.3	-1.6	-1.1
Interest cover (EBITDA/Fin.interest)	23.2	0.4	8.5	n.m.	26.5	67.4
Capex/D&A	70.2%	112.6%	107.3%	111.2%	123.7%	123.0%
Capex/Sales	5.4%	8.2%	7.3%	8.5%	8.0%	6.8%
NWC/Sales	7.6%	10.6%	10.2%	9.8%	9.8%	9.8%
ROE (average)	0.0%	-13.0%	-4.2%	-32.3%	5.0%	16.3%
ROCE (adj.)	1.0%	-7.4%	2.2%	-21.1%	4.9%	14.5%
WACC	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
ROCE (adj.)/WACC	0.1	-0.8	0.2	-2.1	0.5	1.5
PER SHARE DATA (EUR)***	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Average diluted number of shares	30.6	31.7	31.7	34.9	34.9	34.9
EPS (reported)	0.00	-0.09	-0.02	-0.14	0.02	0.08
EPS (adj.)	0.00	-0.07	-0.02	-0.14	0.02	0.08
BVPS	0.62	0.51	0.48	0.44	0.47	0.55
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
EV/Sales	0.7	0.8	1.4	1.4	1.1	0.8
EV/EBITDA	8.3	n.m.	17.7	n.m.	12.4	7.0
EV/EBITDA (adj.)*	49.1	n.m.	75.6	n.m.	33.8	11.5
EV/EBITA	9.4	-178.1	19.4	-20.1	13.6	7.6
EV/EBITA (adj.)*	170.3	-20.0	121.5	-11.3	44.2	13.0
EV/EBIT	n.m.	n.m.	n.m.	n.m.	44.2	13.0
EV/EBIT (adj.)*	n.m.	n.m.	n.m.	n.m.	44.2	13.0
P/E (adj.)	n.m.	n.m.	n.m.	n.m.	n.m.	17.6
P/BV	2.0	2.2	3.7	3.3	3.1	2.7
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	2.3	2.1	3.8	3.4	3.1	2.7
OpFCF yield	7.0%	-10.6%	-1.6%	-9.5%	-1.2%	2.1%
OpFCF/EV	9.3%	-13.3%	-1.8%	-10.9%	-1.3%	2.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2015	12/2016	12/2017	12/2018e	12/2019e	12/2020e
Price** (EUR)	1.24	1.10	1.78	1.46	1.46	1.46
Outstanding number of shares for main stock	30.6	31.7	31.7	34.9	34.9	34.9
Total Market Cap	38	35	56	51	51	51
Net Debt	-9	-7	-6	-6	-6	-7
<i>o/w Cash & Marketable Securities (-)</i>	<i>-15</i>	<i>-11</i>	<i>-9</i>	<i>-10</i>	<i>-8</i>	<i>-8</i>
<i>o/w Gross Debt (+)</i>	<i>6</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>2</i>	<i>1</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)	29	28	50	44	45	44

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Software & Computer Services/Software & Computer Services

Company Description: Intershop Communications AG engages in the provision of integrated enterprise solutions for omni-channel commerce. It operates through the following geographical segments: Europe, USA, Asia and Pacific, and Consolidation. The Europe segment refers to the sales activities of INTERSHOP Communications AG, Intershop Communications LTD and Intershop Communications SARL. The USA segment consist of the sales activities of Intershop Communications Inc. in North America as well as the sales activities of INTERSHOP Communications AG in this region. The Asia and Pacific segment includes the sales activities of the Group in that region, including the sales activities of INTERSHOP Communications Australia Pty Ltd. and Intershop Communications Asia Limited. The Consolidation segment relates to transaction in the individual segments. The company was founded in 1992 and is headquartered in Jena, Germany.

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLSCHAG	Sen	66.00	Buy		Logwin	Mildner	165.00	Accumulate	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	37.00	Neutral	2/3
Aareal Bank	Häßler	41.00	Buy		MAXAutomation SE	Becker	6.70	Buy	2/3
adidas	Josefson	228.00	Accumulate		Merck	Berzhanin	112.00	Buy	
Adler Modemaerkte	Josefson	6.35	Buy	7	Merkur Bank	Häßler	10.00	Buy	2/7
ADLER Real Estate	Mayer	20.00	Buy		Metro AG	Bruns	17.00	Buy	
Aixtron	Sen	14.00	Buy	2/3	MLP	Häßler	7.50	Buy	2/3
Allianz	Häßler	220.00	Buy		MTU Aero Engines	Rüzgar	155.00	Reduce	2
Axel Springer	Josefson	67.00	Accumulate		Munich Re	Häßler	210.00	Accumulate	
Bayer	Berzhanin	96.00	Buy		Nemetschek SE	Mildner	47.00	Reduce	5
Baywa	Bruns	33.00	Buy	2/7	Norma Group	Schuldt	54.00	Neutral	
BB Biotech	Berzhanin	73.00	Buy	7	OHB SE	Rüzgar	40.00	Buy	7
Biotech	Berzhanin	24.10	Neutral	2/3	OVB Holding AG	Häßler	20.00	Buy	2/5/7
BMW	Schuldt	91.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	59.80	Buy	2	Pfeiffer Vacuum	Sen	162.00	Buy	5
Ceconomy AG	Bruns	5.00	Neutral		Procredit Holding	Häßler	15.00	Buy	2/3/5
comdirect	Häßler	13.50	Buy	7	PSI SOFTWARE AG	Mildner	20.00	Buy	2/3
Commerzbank	Häßler	9.20	Neutral		Puma	Josefson	565.00	Buy	
Continental	Schuldt	195.00	Buy		PWO	Schuldt	36.00	Buy	2/3
CORESTATE Capital Holding S.A.	Mayer	66.00	Buy	2/5	Rheinmetall	Rüzgar	80.00	Neutral	
CTS Eventim	Heilmann	37.50	Reduce		RIB Software	Mildner	25.00	Buy	2/3
Daimler AG	Schuldt	63.00	Buy		RTL Group	Josefson	72.00	Accumulate	
Daldrup & Soehne	Becker	13.50	Buy	2/3/5	S&TAG	Sen	27.00	Buy	2/3
Demire	Mayer	4.80	Accumulate	2/5	SAF-Holland	Schuldt	13.80	Accumulate	
Deutsche Bank	Häßler	14.00	Buy		Schaeffler	Tanzer	13.20	Buy	
Deutsche EuroShop	Mayer	30.00	Neutral		Schaltbau Holding AG	Becker	32.90	Buy	2/7
Deutsche Pfandbriefbank	Häßler	14.50	Accumulate		SCOUT24	Heilmann	44.00	Neutral	2
Deutsche Telekom	Sen	13.30	Neutral		Siegfried Holding AG	Berzhanin	399.00	Neutral	7
Duerr	Augustin	30.00	Neutral		Siemens Healthineers AG	Rüzgar	39.00	Neutral	2
DWS	Häßler	30.00	Buy		SLM Solutions	Sen	15.00	Sell	
Ernst & Young	Schuldt	7.00	Sell		SMT Scharf AG	Rüzgar	18.00	Neutral	2/3
elumeo SE	Josefson	10.90	Accumulate		Software AG	Mildner	30.00	Sell	
Epigenomics AG	Berzhanin	3.70	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euronicron AG	Becker	11.40	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	41.00	Buy		SuessMicroTec	Sen	13.80	Accumulate	
Eyemaxx Real Estate	Mayer	18.00	Buy	2/5/7	Surteco Group	Mildner	26.50	Buy	2/3
Ferratum	Häßler	23.00	Buy		Symrise AG	Hinkel	67.00	Neutral	
Fielmann	Heilmann	55.00	Neutral		Syzygy AG	Heilmann	11.50	Accumulate	2/3
First Sensor AG	Becker	27.40	Buy	7	TAKKT AG	Bruns	20.00	Buy	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häßler	37.00	Buy	
Fuchs Petrolub	Hinkel	48.00	Neutral		Technotrans	Becker	43.00	Accumulate	2/3
Gea Group	Augustin	33.00	Neutral		TELECOLUMBUS	Sen	4.80	Buy	
Gerresheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	3.80	Reduce		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	20.00	Buy	2/7
GFT Technologies	Mildner	15.50	Buy	2/3	va-Q-tec	Sen	12.00	Buy	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Grenke	Häßler	90.00	Neutral		Volkswagen	Schuldt	154.00	Neutral	
Hannover Re	Häßler	110.00	Neutral		Wacker Neuson SE	Becker	24.10	Neutral	
Heidelberg Pharma	Berzhanin	3.50	Accumulate	2/3	windeln.de	Josefson	3.10	Buy	2
Heidelberger Druck	Augustin	2.90	Buy		XING SE	Heilmann	305.00	Accumulate	
HELLA GmbH & Co. KGaA	Tanzer	51.00	Accumulate		Zalando	Josefson	44.50	Neutral	
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	190.00	Neutral	2/7					
INDUS Holding AG	Becker	55.70	Neutral						
Intershop Communications AG	Mildner	1.85	Buy	2/7					
K+S AG	Hinkel	24.00	Buy						
Koenig & Bauer	Augustin	48.00	Neutral						
Krones AG	Augustin	90.00	Accumulate						
KWS SAAT	Hinkel	353.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	104.00	Accumulate						
Leoni	Schuldt	34.00	Accumulate						
Linde	Hinkel	176.00	Neutral						

* = Coverage suspended

Source: equinet Recommendations

Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

This document is issued by Equinet Bank AG ("Equinet Bank"). It has been prepared by its authors independently of the Company, and none of Equinet Bank, the Company or its shareholders has independently verified any of the information given in this document.

Equinet Bank possesses relations to the covered companies as detailed in the table on the previous page. Additional information and disclosures will be made available upon request and/or can be looked up on our website <http://www.Equinet-Bank-ag.de>

1 - Equinet Bank and/or its affiliate(s) hold(s) more than 5% of the share capital of this company calculated under computational methods required by German law.

2 - Equinet Bank acts as a designated sponsor for this company, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Equinet Bank receives a commission from the company for the provision of the designated sponsor services.

3 – The designated sponsor services include a contractually agreed provision of research services.

4 – Within the last twelve months, Equinet Bank was involved as a lead or co-lead manager in the public offering of securities which are/whose issuer is the subject of this report.

5 – Within the last twelve months, Equinet Bank and/or its affiliate(s) provided investment banking- and/or other consultancy services for this company and/or its shareholders.

6 - Equinet Bank and/or its affiliate(s) has/have other substantial financial interests in relation to this issuer.

7 – Equinet Bank has entered into an agreement with this company about the preparation of research reports and – in return – receives a compensation.

Companies of the Equinet Bank group and/or its directors, officers and employees or clients may take positions in, and may make purchases and/or sales as principal or agent in the securities or related financial instruments discussed in our reports. The Equinet Bank group may provide investment banking and other services to and/or serve as directors of the companies referred to in our reports.

In compliance with Para 5 Sec. 4 of the Ordinance on the Analysis of Financial Instruments (FinAnV) Equinet Bank has realized additional internal and organizational measures, such as specific research guidelines, to prevent or manage conflicts of interest.

Neither the company nor its employees are allowed to receive donations from third parties with a special interest in the content of the analysis.

The salary of the research analysts of Equinet Bank AG does not depend on the investment banking transactions of the company. Nevertheless, this does not rule out the payment of a bonus which depends on the overall financial performance of the bank.

Particular care is taken that the individual performance of each research analyst of Equinet Bank AG is not being assessed by a manager of another business division with similar or same interests.

To assure a highest degree of transparency Equinet Bank AG regularly provides - on a quarterly basis – a summary according to Para 5 Sec. 4 No. 3 of the Ordinance on the Analysis of Financial Instruments (FinAnV). It informs about the overall analysts recommendations and sets them in a relationship to those companies, for which Equinet Bank provided investment banking services within the last twelve months. This summary is published via our website <http://www.Equinet-Bank-ag.de>.

Furthermore, we refer to our conflict of interest policy as well as the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV) provided in the download area of our website <http://www.Equinet-Bank-ag.de>.

Remarks

Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.

DISCLAIMER

THE PREPARATION OF THIS DOCUMENT IS SUBJECT TO REGULATION BY GERMAN LAW. THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY IN YOUR CAPACITY AS A PROFESSIONAL INSTITUTIONAL INVESTOR FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT THEREOF.

THE DELIVERY OF THIS RESEARCH REPORT TO U.S. PERSONS IN THE UNITED STATES OF AMERICA IS MADE BY AND UNDER THE RESPONSIBILITY OF GSN NA, INC. (REGISTERED WITH THE SEC). THIS RESEARCH REPORT IS ONLY INTENDED FOR PERSONS WHO QUALIFY AS MAJOR U.S. INSTITUTIONAL INVESTORS, AS DEFINED IN SECURITIES EXCHANGE ACT RULE 15A-6, AND DEAL WITH GSN NA, INC. HOWEVER, THE DELIVERY OF THIS RESEARCH REPORT OR SUMMARY TO ANY U.S. PERSON SHALL NOT BE DEEMED A RECOMMENDATION OF GSN NA, INC. TO EFFECT ANY TRANSACTIONS IN THE SECURITIES DISCUSSED HEREIN OR AN ENDORSEMENT OF ANY OPINION EXPRESSED HEREIN. GSN NA, INC. MAY FURNISH UPON REQUEST ALL INVESTMENT INFORMATION AVAILABLE TO IT SUPPORTING ANY RECOMMENDATIONS MADE IN THIS RESEARCH REPORT. ALL TRADES WITH U.S. RECIPIENTS OF THIS RESEARCH SHALL BE EXECUTED THROUGH GSN NA, INC.

THIS DOCUMENT IS FOR DISTRIBUTION IN THE U.K. ONLY TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (ii) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, NAMELY HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS OR TO RESIDENTS OF OTHER JURISDICTIONS MAY ALSO BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. YOU SHALL INDEMNIFY EQUINET BANK AGAINST ANY DAMAGES, CLAIMS, LOSSES, AND DETRIMENTS RESULTING FROM OR IN CONNECTION WITH THE UNAUTHORIZED USE OF THIS DOCUMENT.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: readers must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information herein is believed by Equinet Bank to be reliable and has been obtained from sources believed to be reliable, but Equinet Bank makes no representation as to the accuracy or completeness of such information. The information given in this report is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the Company. Opinions expressed herein may differ or be contrary to opinions expressed by other business areas of the Equinet Bank group as a result of using different assumptions and criteria. Equinet Bank is under no obligation to update or keep the information current. Equinet Bank provides data concerning the future development of securities in the context of its usual research activity. However, if a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results. Neither the author nor Equinet Bank accepts any liability whatsoever for any loss howsoever arising from any use of this publication or its contents or otherwise arising in connection herewith, except as provided for under applicable regulations.

Equinet Bank shall only be liable for any damages intentionally caused or which result from any gross negligence of Equinet Bank. Further Equinet Bank shall be liable for the breach of a material obligation of Equinet Bank, however, limited to the amount of the typical foreseeable which shall in no event exceed the amount of EUR 10,000. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt/Main (Germany).

Competent Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht
-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

Recommendation history for INTERSHOP COMMUNICATIONS AG

Date	Recommendation	Target price	Price at change date
31. Okt 18	Buy	1.85	1.46
25. Jun 18	Accumulate	1.85	1.71

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Dustin Mildner (since 25/06/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

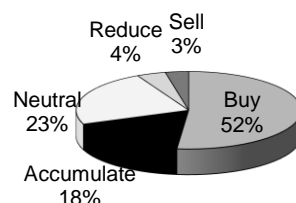
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: 31 October 2018: 8:54 CET

First date and time of dissemination: 31 October 2018: 8:59 CET

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ("ESN"). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc. (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website (http://www.esnpartnership.eu/research_and_database_access/insite), or refer to the local disclaimer of the Members, or contact directly the Members:

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cmcioms.com regulated by the AMF - Autorité des marchés financiers

www.equinet-ag.de regulated by the BaFin - Bundesanstalt für Finanzdienstleistungsaufsicht

www.ibg.gr regulated by the HCMC - Hellenic Capital Market Commission

www.nibc.com regulated by the AFM - Autoriteit Financiële Markten

www.op.fi regulated by the Financial Supervision Authority

www.valores.gvcgaesco.es regulated by the CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)



Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302



Caixa-Banco de Investimento
Avenida João XXI, 63
1000-300 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98



CM - CIC Market Solutions
6, avenue de Provence
75441 Paris
France
Phone: +33 1 53 48 81 93



equinet Bank AG
Gräfrstraße 97
60487 Frankfurt am Main
Germany
Phone: +49 69 – 58997 – 212
Fax: +49 69 – 58997 – 299



GVC Gaesco Beka, SV, SA
C/ Marques de Villamagna 3
28001 Madrid
Spain
Phone: +34 91 436 7813



Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Phone: +30 210 81 73 383



NIBC Bank N.V.
Gustav Mahlerlaan 348
P.O.Box 235
1082 ME Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



OP Corporate Bank plc
P.O.Box 308
Teollisuuskatu 1, 00013 Helsinki
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703

