

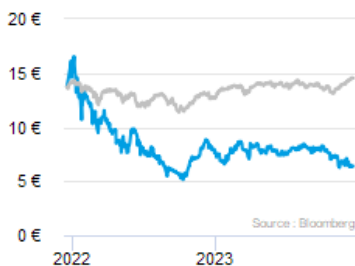


Opinion	Buy
Upside (%)	56.2
Price (€)	6.4
Target Price (€)	10.00
Bloomberg Code	LQAG GY
Market Cap (€M)	112
Enterprise Value (€M)	146
Momentum	NEGATIVE
Fundamental Strength	0/10
Sustainability	7/10

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● LAIQON AG, Price (€)
 ● STOXX 600 (net return), Price(Rebased)

LAIQON AG

Cooperation with the cooperative banking sector as a game changer

PROS

- The cooperative-banking sector is one of the three pillars of the German banking sector. The two new collaborations in the WM and DW segments should be a game changer for Laiqon
- Laiqon has been developing its AI based Digital-Asset-Platform since 2018 and, in 2023, started to market this somewhat unique AI platform in the German AM sector, not only to cooperative banks
- The assets under management of the LAIC subgroup are expected to increase to around €5.5 – 6.5bn by 2028e compared to total AuM of €6.0bn for the Laiqon group in June 2023

CONS

- Laiqon is still loss making. The full impact of the new AI based Digital-Asset-Platform marketing roll-out will become apparent after 2025
- Despite being a diversified multi-boutique AM, LAIQON's revenues and inflows remain dependent on market performance with performance fees an important driver of LAIQON's earnings generation capacity.
- LAIQON has price purchase liabilities linked to its acquisition track record. Depending on the performance of the acquired units, the costs related to these liabilities could be higher than expected

KEY DATA	12/21A	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	25.5	-12.8	-37.5	193	20.6
Dividend yield (%)	0.00	0.00	0.00	0.00	3.13
EV/EBITDA(R) (x)	36.9	-18.7	ns	29.8	10.3
Adjusted EPS (€)	0.35	-0.68	-0.17	0.03	0.31
Growth in EPS (%)	n/a	n/a	n/a	n/a	836
Dividend (€)	0.00	0.00	0.00	0.00	0.20
Sales (€M)	26.1	21.6	36.7	43.7	57.0
EBITDA/R margin (%)	16.4	-47.4	3.05	11.4	24.6
Attributable net profit (€M)	4.64	-10.4	-2.99	0.59	5.67
ROE (after tax) (%)	10.8	-19.0	-4.15	0.75	6.77
Gearing (%)	93.7	51.1	43.4	40.5	33.6

LAIQON AG (Buy)

Detailed financials at the end of this report

Key Ratios

		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	x	-12.8	-37.5	193	20.6
EV/EBITDA	x	-18.7	ns	29.8	10.3
P/Book	x	2.29	1.45	1.45	1.34
Dividend yield	%	0.00	0.00	0.00	3.13
Free Cash Flow Yield	%	-7.05	0.42	1.16	4.49
ROE (after tax)	%	-19.0	-4.15	0.75	6.77
ROCE	%	-9.10	-2.11	2.38	8.33
Net debt/EBITDA	x	-3.30	29.7	6.38	1.90

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€M	21.6	36.7	43.7	57.0
EBITDA	€M	-10.2	1.12	5.00	14.0
Underlying operating profit	€M	-14.9	-4.10	0.91	10.0
Operating profit (EBIT)	€M	-14.9	-4.10	0.91	10.0
Net financial expenses	€M	-2.92	-2.39	-4.00	-4.00
Pre-tax profit before exceptional items	€M	-17.9	-6.49	-3.09	6.01
Corporate tax	€M	5.75	2.58	1.53	-2.00
Attributable net profit	€M	-10.4	-2.99	0.59	5.67
Adjusted attributable net profit	€M	-10.4	-2.99	0.59	5.67

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
Total operating cash flows	€M	-6.62	4.51	6.81	12.3
Capital expenditure	€M	-1.20	-1.65	-1.46	-3.03
Total investment flows	€M	-17.0	-1.65	-1.46	-3.03
Dividends (parent company)	€M	0.00	0.00	0.00	0.00
New shareholders' equity	€M	12.0	0.00	0.00	0.00
Total financial flows	€M	2.35	-10.8	-5.81	-9.50
Change in net debt position	€M	-19.6	0.47	1.35	5.25
Free cash flow (pre div.)	€M	-10.7	0.47	1.35	5.25

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Goodwill	€M	34.3	34.3	34.3	34.3
Total intangible	€M	90.3	88.2	89.3	90.4
Tangible fixed assets	€M	10.4	13.0	13.3	13.5
Right-of-use	€M	0.00	0.00	0.00	0.00
WCR	€M	5.66	5.58	5.69	5.80
Total assets (net of short term liabilities)	€M	125	130	132	134
Ordinary shareholders' equity (group share)	€M	66.6	77.1	80.3	87.2
Provisions for pensions	€M	0.00	0.00	0.00	0.00
Net debt / (cash)	€M	33.7	33.2	31.9	26.6
Total liabilities and shareholders' equity	€M	125	130	132	134
Gross Cash	€M	10.4	2.42	1.97	1.72

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr goodwill amort. & dil.)	€	-0.68	-0.17	0.03	0.31
Net dividend per share	€	0.00	0.00	0.00	0.20
Free cash flow per share	€	-0.70	0.03	0.08	0.29
Book value per share	€	3.81	4.41	4.40	4.77
Number of diluted shares (average)	Mio	15.4	17.5	17.9	18.3

Contents

Businesses & Trends.....	4
Money Making.....	9
Valuation.....	12
DCF.....	13
NAV/SOTP.....	14
Debt.....	15
Worth Knowing.....	16
Sustainability.....	18
Governance & Management.....	19
Environment.....	20
Social.....	22
Staff & Pension matters.....	24
Updates.....	25
Target Price & Opinion.....	27
Graphics.....	28
Financials.....	31
Methodology.....	39

Businesses & Trends

Germany is the largest EU fund market

According to the ECB, a total of €13 trillion is invested in investment funds by private and institutional investors in the EU. Germany (27%) is by far the largest market with assets totalling around €3.6 trillion, followed by France (16%). 71% of the AuM is managed for institutional investors and 29% for private investors. Over the last 10 years, assets in Germany have grown by an average of 8.4% per year. By contrast, the annual growth in Italy (7.8%), France (4.5%) and the Netherlands (3.7%) has been significantly lower. In Germany, 50m private investors in 21m households invest their money in funds. In total, around 700 fund companies are active in the German market, ranging from independent fund boutiques to group-owned banking or insurance subsidiaries.

An independent digital wealth management company

LAIQON AG is an independent German multi-boutique asset manager offering active, sustainable and digital investment solutions to its customers spanning the whole AM product offering. With around €6bn of AuM as of April 2022, LAIQON is one of the top 5 largest independent asset managers in Germany. As such, LAIQON is part of a small segment of the German fund industry which tends to be concentrated with large bank-owned, insurance-owned and foreign-owned asset managers. This smaller and independent share of the market is also undergoing consolidation, a trend to which LAIQON has contributed in the past few years.

LAIQON – formerly known as Lloyd Fonds AG before changing its name at the beginning of 2023 – was originally an asset manager focused on closed-end real asset funds before disengaging from this asset class to focus instead on its liquid asset management business in 2018, as a new consortium of shareholders took over Lloyd Fonds.

The change in strategy was largely implemented between 2018 and 2022 through both external growth with the management implementing a series of acquisitions of several already established companies in asset management and through the development of internal digital wealth management solutions. LAIQON has realized a series of external acquisitions in asset management (SPSW, 90%-acquired in 2018 as well as Lange Assets & Consulting (LAC), 90%-acquired in 2018), wealth management (Bayerische Vermögen Holding, 90%-acquired in 2021 and now fully-owned) and fund management consulting services (MFI and m+C Allocation, both subsidiaries of BV Holding). From 2018, the group has also developed internally its digital wealth management business with LAIC advisor, a Wealthtech which LAIQON upgraded with AI-assisted portfolio management capabilities thanks to its digital asset platform and then complemented with the acquisition of Growney (18%-acquired in 2021, now 74%-owned).

Note that this acquisition spree has marked LAIQON's capital structure and balance sheet, as the group has structured many of its acquisitions with

purchase price agreements which could induce additional costs depending on the performance of the assets. Additional information can be found in the “Worth Knowing” part.

The strategic refocus has enabled the group to complete its existing AM product offering and market products spanning three main product segments: asset management (open-end funds and special funds), wealth management (individual and standardized mandates) and digital wealth management (robo-advisory ETF allocation, individualized AI-implemented portfolio allocation).



Product differentiation, individualization and digitalization as a weapon

LAIQON bases its value proposition above all on product differentiation and individualization. It avoids standardized, commodity-like AM products like benchmarked equity funds and instead favors non-benchmarked funds with a strong fundamental-driven active approach in order to improve performance and offer more diversification than the competition. Aside from AM, LAIQON offers tailored wealth management solutions as well as AI-enriched wealth management solutions (LAIC Advisor). This offer is being extended to more retail customers through digital wealth management thanks to the robo-advisory services provided by its subsidiary Growney.

LAIQON's digital asset platform serves as the technological infrastructure with which to deploy the group's strategy

The technology backing LAIQON's technological advancements lies on the group's digital asset platform (DAP). The platform has gone through several phases of development and continues to be improved by management as it is considered as a critical resource to its strategy deployment and its asset gathering capability.

The DAP's development began in 2018 with the implementation of a cloud architecture serving all of the group's segments via the use of APIs (Application Programming Interface) and was later upgraded with the implementation of AI in order to create LAIC Advisors, an algorithm-based proprietary portfolio management and risk management system in digital wealth management.

DAP 4.0: distribution at the service of AuM growth

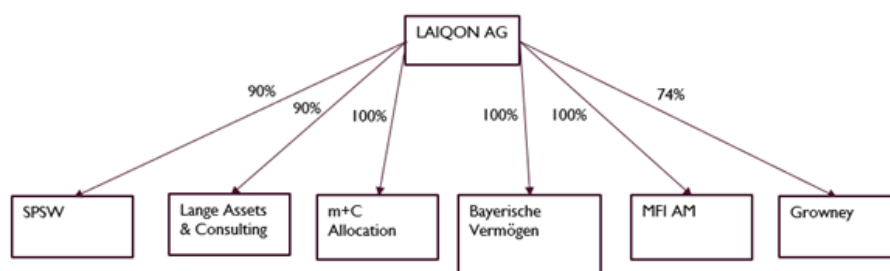
With its multi-boutique offer, LAIQON aims to serve both individuals and institutions. Through both its asset management (SPSW, MFI AM) and its digital wealth management segments (Growney, LAIC standardized solutions), LAIQON can serve private customers while serving wealthy individuals through

its wealth management (Bayerische Vermögen & Lange Assets & Consulting) and digital wealth management segments (LAIC AI-assisted individual portfolio management solution). For institutions, LAIQON offers special fund mandates, wealth management solutions, digital wealth management solutions and fund advisory services (m+C Allocation).

In order to serve such a variety of clients with different needs, LAIQON uses 4 different distribution channels: direct sales, online sales, external partner sales and white label exclusive partners.

As AuM inflows is a critical resource for asset managers, LAIQON has invested in the development of its digital asset platform in order to improve its distribution capability. A second upgrade to LAIQON's DAP was implemented in 2020, which allows all sales partners to connect with the LAIQON platform through API while all the customer processes, from distribution to management and reporting have been digitized.

A legal structure in transition



2023/25 2.0 Strategy and GROWTH 25 plan

Having established a strong foundation in all segments of asset management through the acquisition of several subsidiaries, the management is now focusing on developing the AuM base through the development of the group's digital asset platform so as to improve its asset gathering capacity and achieve organic growth. The DAP third upgrade is thus turned towards improving the customer experience and leveraging further the open architecture of the platform in order to increase the group's distribution capacity. Another pillar of growth for the AuM base comes through the development of sustainable investment in all of LAIQON's segments, as the company offers Article 8 and 9 investment funds in AM as well as sustainable investment preferences in the management process of wealth management and digital wealth products.

In the context of its strategic plan, LAIQON is also implementing its GROWTH 25 plan which aims to grow the AuM base profitably. The group is seeking to reach €8bn to €10bn in AuM by 2025, hence achieving a 16% CAGR over 2023-2025. This growth in the AuM base should drive the group's revenue on which management is looking for an EBITDA margin of above 45%.

Our forecasts for the next 3 years are based on c.€1bn of annual net AuM inflows, a conservative and lacklustre market performance for 2023 and 2024,

and a pickup in performance in 2025 allowing for performance fees in addition to management fees.

	2021	2022	2023e	2024e	2025e
AuM (€bn)	2,2	5,7	6,967	7,946	9,417
Mgt fees (liquid assets)	11,811	16,648	50,23	34,468	40,417
Perf fees (liquid assets)	8,4	0,8	19,746	3,973	23,108
Revenues	26	22	54	42	67
EBITDA	4	7	18	5	29
Employees	80	154	189	193	197

Cooperation with the cooperative banking sector

In 2023, Laiqon succeeded in concluding two collaborations with the cooperative banking sector in the Wealth Management and Digital Wealth segments. We consider this to be a decisive strategic breakthrough in the realisation of the Growth 25 targets, the full impact of which will only become apparent after 2025.

The cooperative banking sector is one of the three pillars of the German banking sector, along with private banks and public banks. The market share of cooperative banks in Germany is around 25%. At the end of 2020, there were 814 cooperative banks in Germany with total assets of €1,100bn. The cooperative banks had 18.4m members and over 7,700 branches. The largest regional cooperative bank in Germany is Berliner Volksbank, with total assets of €16.9bn.

Wealth Management

In February 2023, Laiqon founded “meine Bayerische Vermögen” GmbH (mBV) with Volksbank Raiffeisenbank Rosenheim (mVBRB Rosenheim) to bundle its expertise in a joint venture for asset management in the Upper Bavaria/Munich region. Bayerische Vermögen GmbH, a 100% subsidiary of Laiqon in the Wealth Management segment, holds a 25% stake in mBV. Accordingly, 75% of the company’s shares are held by mVBRB Rosenheim.

mBV’s product portfolio is intended to cover all asset management topics in the area of liquid and illiquid investments. The aim is to combine personal 360° support with digital service with a high user experience and comprehensive reporting transparency using the digital asset platform of Laiqon. In order to ensure independent advice, products from third-party partners are to be offered in addition to the wealth products and solutions of the Laiqon Group and from the cooperative financial network of cooperative banks. mVBRB Rosenheim is the largest Volksbank Raiffeisenbank in Bavaria and the tenth largest cooperative bank in Germany. With more than 122,000 members and around 1,200 employees, the bank serves a customer volume of around €22bn at over 82 branches in the region.

Digital Wealth

Laiqon entered into a cooperation with Union Invest at the end of 2023. The subject of the cooperation is the joint launch of a new type of fund-based investment product (“iFVV product”), which is aimed at customers of the

LAIQON AG (Buy)

cooperative and Raiffeisen banks. The iFVV product will enable individual fund asset management based on AI-generated decision parameters of the WealthTech LAIC (“Digital Asset Platform 4.0”) with both classic and sustainable (ESG-compliant) investments. On the basis of existing distribution partnerships, Union Investment is to win over target customers for the iFVV product in cooperation with the cooperative and Raiffeisen banks and conclude individual asset management contracts for the joint iFVV product.

In addition, Laiqon brings its specific product know-how and the AI infrastructure it has built to the cooperation with the LAIC ADVISOR of the WealthTech LAIC. The LAIC ADVISOR is able to structure and evaluate portfolios from a large data universe of mutual funds, ETFs, equities and economies and adjust them simultaneously according to market conditions and client preferences. On the basis of the investment and risk profiles of the clients, which are queried and individualized, sustainability preferences can also be implemented very decisively.

The Union Investment Group is the asset management expert in the Cooperative Financial Network. Union Investment provides investment solutions for private and institutional investors. 4,371 employees manage assets under management of around €432.3bn in 1,335 different funds. Union Investment has 5.8m customers (as of 30 June 2023).

Divisional Breakdown Of Revenues

Sector	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
					€M	of % total	€M	of % total
Total sales	21.6	36.7	43.7	57.0	15 ↑	100%	7 ↑	100%
Liquid Assets Fund Mgt	17.4				-17 ↓	-115%		
Real Assets Fund Mgt	1.74				-2 ↓	-12%		
Laiqon AM Fund Mgt		20.0	25.0	30.0	20 ↑	132%	5 ↑	71%
Laiqon Wealth Fund Mgt		9.04	10.0	14.0	9 ↑	60%	1 ↑	14%
Laiqon Digital Wealth Fund Mgt		1.78	5.00	9.00	2 ↑	12%	3 ↑	46%
Other	2.38	5.86	3.70	4.00	3 ↑	23%	-2 ↓	-31%

Key Exposures

	Revenues	Costs	Equity
Dollar	0.0%	0.0%	0.0%
Emerging currencies	0.0%	0.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Germany	100.0%
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We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling. In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

A multi-segment model in a niche segment of the German fund industry ocean

As an independent multi-boutique and multi-segment AM, LAIQON is positioned in a small segment of the German fund industry which is in reality deeply concentrated as the bulk of AuM is managed by large asset managers ranging from bank-owned pure players (DWS, a Deutsche Bank's subsidiary, Union Investment Group, a DZ Bank Group's subsidiary, DekaBank, a subsidiary of the Sparkassen-Finanzgruppe as well as HSBC Trinkaus...) to insurers (Allianz AM and MEAG, the AM branch of Munich Re and ERGO) and foreign asset managers (Blackrock). Smaller, independent asset managers like LAIQON thus tend to represent a smaller, more fragmented and more niche share of the German asset base, which according to Deloitte, amounted to around 200 players in 2020 and is also undergoing a consolidation trend like the one observed in the rest of the industry.

Independent asset managers like LAIQON tend to operate in more specialized segments of the asset management industry such as wealth management, institutional asset management (special funds), fund management consulting services and digital wealth management (robo-advisory, AI-assisted portfolio management). These are all areas where fees do not constitute the main competitive advantage and where scale and AuM volumes matter less than for traditional asset managers while performance, strategies and product characteristics (as well as its customization to individual needs and constraints in the case of wealth management) matter more. These market characteristics give LAIQON the ability to generate adequate fee margins on an asset base which would be considered as modest by the larger, non-independent players.

Market performance and asset inflows remain key earnings drivers

In spite of LAIQON's original multi-boutique model, asset performance and asset allocation remain critical to the evolution of the group's AuM. An asset manager draws its revenue from the fees it extracts on the assets managed by its funds. Although LAIQON's more specialized and active solutions allow the group to extract higher fee margins from its assets than larger asset managers with a more traditional and passive approach, LAIQON's sales evolution remains sensitive to asset valuations and thus to market movements and macroeconomic cycles to a larger extent. This characteristic is exacerbated by performance fees: as funds and wealth managers outperform their benchmark (absolute or relative), performances fees can be added to management fees, nearly doubling the fee margin extracted on the asset base at the group level. As such, despite LAIQON's asset managers working to add alpha when executing their management mandates, market movements tend to act as tailwinds and headwinds in terms of both the level of fees (through performance fees) and the level of assets (through changes in asset valuations).

Another key driver of LAIQON's revenue generation is its ability to grow AuM in a sustainable manner through inflow collection. Although asset inflows can display volatility depending on the market and the macroeconomic environment, long-term megatrends, such as demographics, growing retirement needs and growing liquidity tend to act as a tailwind over the long-term. Adding to this the relatively nimble size of LAIQON's market share in the current German fund industry and its innovative distribution platform, this makes an average €1bn net positive inflow level achievable over the long-term.

As an asset manager, LAIQON's earnings generation enjoys high operating leverage

A high proportion of LAIQON's operating expenses are wages which carry a share of variable remuneration depending partly on the level of performance fees as well as IT expenses and sales and marketing support expenses which both tend to be fixed in nature. As such, LAIQON benefits from a high proportion of fixed costs relative to its asset base making its EBITDA margin closely correlated to revenue growth and thus to the level of management fees and performance fees extracted from its asset base.

Cash conversion tends to be high as fees are taken directly from the assets managed, leading to an EBITDA conversion of close to 100%.

Strategy change and milestone cooperation as a potential game changer

In our view, the Growth 25 plan marks a strategic change for Laiqon, starting with the rebranding in early 2023. Laiqon has switched from "growth by acquisition" to an "internal growth" strategy based on the roll out of its "Digital Asset Platform 4.0" which is based on the specific product know-how and the AI infrastructure of its LAIC subsidiary. Laiqon has been developing its AI based Digital Asset Platform since 2018 and, in 2023, started to market this somewhat unique AI platform in the German AM sector.

In 2023, Laiqon succeeded in concluding two collaboration agreements with the cooperative banking sector in the Wealth Management and Digital Wealth segments. We consider this to be a decisive strategic breakthrough in the realisation of the Growth 25 targets, the full impact of which will only become apparent after 2025. Additionally, the cooperation with the cooperative banking sector is a kind of lighthouse and door opener project for potential big clients in Germany, like DWS (Deutsche Bank) or AGI (Allianz).

The joint venture "meine Bayerische Vermögen" GmbH (mBV) with Volksbank Raiffeisenbank Rosenheim (mVBRB Rosenheim) of the Wealth Management segment of Laiqon has, in our view, much higher earnings potential than might seem the case at first sight given the 25% stake. It is the door opener for similar cooperation and joint ventures with the other big German cooperation banks. Additionally, the joint venture contributes a significant higher earnings share than the 25% stake would suggest as Laiqon is paid to manage and run the joint venture and it can distribute some of its own Laiqon products as part of the managed funds. We 'guesstimate' is that one joint venture like mBV can

LAIQON AG (Buy)

generate AuM of above €1bn and contribute up to €5 to 6m p.a. over a five to ten year period.

The iFVV product for Union Invest should become the main revenue driver of the Digital Wealth subsidiary LAIC. Laiqon announced new AuM targets in December. The assets under management (AuM) of the LAIC subgroup are expected to increase to around €5.5 – 6.5bn by 2028e compared to AuM totaling €6.0bn for Laiqon group in June 2023. This represents an annual average organic growth (CAGR) of 86% over 4 years from 2025 to 2028. In the years 2025-2028e, organic AuM growth in the LAIC subgroup of €5.0 – 6.0bn is therefore expected, compared to an expected €0.5bn in 2024e. As part of Laiqon's current GROWTH 25 guidance of €8.0 – 10.0bn by 2025e, this figure is expected to include a share of the LAIC subgroup amounting to €1.5bn in 2025e.

The new AuM targets through to 2028 support our view that the two new collaborations in the DW (Digital Wealth) and WM (Wealth Management) segments may be a game changer for Laiqon. However, the full earnings impact of the cooperation with Union Investment and mVBRB Rosenheim will become apparent after 2025.

LAIC can generate above €10bn in AuM and contribute more than €20m of net profit over a five to ten year period on the assumption that the cooperation is going well. The Digital Asset Platform 4.0 might therefore become a game changer for Laiqon in the mid- to long term.

Divisional EBITDA/R

	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
					€M	of % total	€M	of % total
Total	-10.2	1.12	5.00	14.0	11 ↑	100%	4 ↑	100%
Other/cancellations	-10.2	1.12	5.00	14.0	11	100%	4	100%

Divisional EBITDA/R margin

	12/22A	12/23E	12/24E	12/25E
Total	-47.4%	3.05%	11.4%	24.6%

LAIQON AG (Buy)

Valuation

DCF

Since LAIQON is a fee-based business, its earnings generation capacity remains very sensitive to asset valuations and thus to market movements. As LAIQON tends to be a smaller player relative to other non-independent asset and wealth managers in terms of assets under management, we allow for a higher beta of 1.1 to better account for such a sensitivity in our DCF.

NAV

Our NAV valuation is based on a SOTP of the new segments Asset Management, Wealth Management and Digital Wealth using long-term EBITDA multiples.

Peer-based valuation

In terms of the peer-based valuations, there are no real comparables in the independent corner. The only listed peers are the large industry players, making any comparison difficult given the differences in terms of solutions offering (more vanilla and commodity-like products), sources of inflows (distribution networks) and capabilities (manpower) between them and smaller independent players.

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		19.1	199%	35%
NAV/SOTP per share		12.2	90%	20%
EV/Ebitda	Peers	0.99	-85%	20%
P/E	Peers	3.20	-50%	10%
Dividend Yield	Peers	0.71	-89%	10%
P/Book	Peers	5.62	-12%	5%
Target Price		10.00	56%	



[Calculate your Target Price](#)

Edit and modify weightings
to match your valuation principles

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	10.3	6.52	1.26	6.77
LAIQON AG's ratios	136	25.2	1.43	0.52
Premium	0.00%	30.0%	0.00%	30.0%
Default comparison based valuation (€)	3.20	0.99	5.62	0.71
Amundi	11.2	8.13	1.06	5.78
Julius Baer	9.06	7.33	1.47	5.73
DWS	10.1	5.93	0.93	9.07
M&G plc	10.1	4.24	1.86	9.20
EFG International	11.3	9.43	1.89	4.42
Schroders	ns	6.05	198	3.82
Jupiter	ns	5.85	129	8.45

LAIQON AG (Buy)

DCF Valuation Per Share

WACC	%	9.06	Avg net debt (cash) at book value	€M	32.6
PV of cashflow FY1-FY11	€M	112	Provisions	€M	0.33
FY11CF	€M	44.4	Unrecognised actuarial losses (gains)	€M	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	€M	0.00
Sustainability "g"	%	2.15	Minorities interests (fair value)	€M	0.41
Terminal value	€M	643	Equity value	€M	349
PV terminal value	€M	270	Number of shares	Mio	18.3
<i>PV terminal value in % of total value</i>	%	70.6	Implied equity value per share	€	19.1
Total PV	€M	383	Sustainability impact on DCF	%	1.67

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	350
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	7.00
Tax advantage of debt finance (normalised)	%	25.0	Company beta (leveraged)	x	1.31
Average debt maturity	Year	5	Company gearing at market value	%	29.7
Sector asset beta	x	1.10 ⁽¹⁾	Company market gearing	%	22.9
Debt beta	x	0.70	Required return on geared equity	%	10.0
Market capitalisation	€M	112	Cost of debt	%	5.25
Net debt (cash) at book value	€M	33.2	Cost of ungeared equity	%	8.98
Net debt (cash) at market value	€M	29.2	WACC	%	9.06

1. As LAIQON tends to be a small player relative to other non-independent asset and wealth managers in terms of assets under management, we incorporate a higher beta of 1.1 to account for this sensitivity in our DCF.

DCF Calculation

		12/22A	12/23E	12/24E	12/25E	Growth	12/26E	12/33E
Sales	€M	21.6	36.7	43.7	57.0	5.00%	59.9	84.2
EBITDA	€M	-10.2	1.12	5.00	14.0	18.0%	16.5	52.6
<i>EBITDA Margin</i>	%	-47.4	3.05	11.4	24.6		27.6	62.5
Change in WCR	€M	-3.89	0.08	-0.11	-0.11	5.00%	-0.12	-0.17
Total operating cash flows (pre tax)	€M	-12.4	1.93	5.29	14.3		16.4	52.5
Corporate tax	€M	5.75	2.58	1.53	-2.00	5.00%	-2.10	-2.95
Net tax shield	€M	-0.73	-0.60	-1.00	-1.00	5.00%	-1.05	-1.48
Capital expenditure	€M	-1.20	-1.65	-1.46	-3.03	5.00%	-3.19	-4.48
<i>Capex/Sales</i>	%	-5.57	-4.50	-3.34	-5.32		-5.32	-5.32
Pre financing costs FCF (for DCF purposes)	€M	-8.55	2.26	4.35	8.25		10.1	43.5
Various add backs (incl. R&D, etc.) for DCF purposes	€M							
Free cash flow adjusted	€M	-8.55	2.26	4.35	8.25		10.1	43.5
Discounted free cash flows	€M	-8.55	2.26	3.99	6.94		7.76	18.3
Invested capital	€	109	111	113	114		120	169

LAIQON AG (Buy)

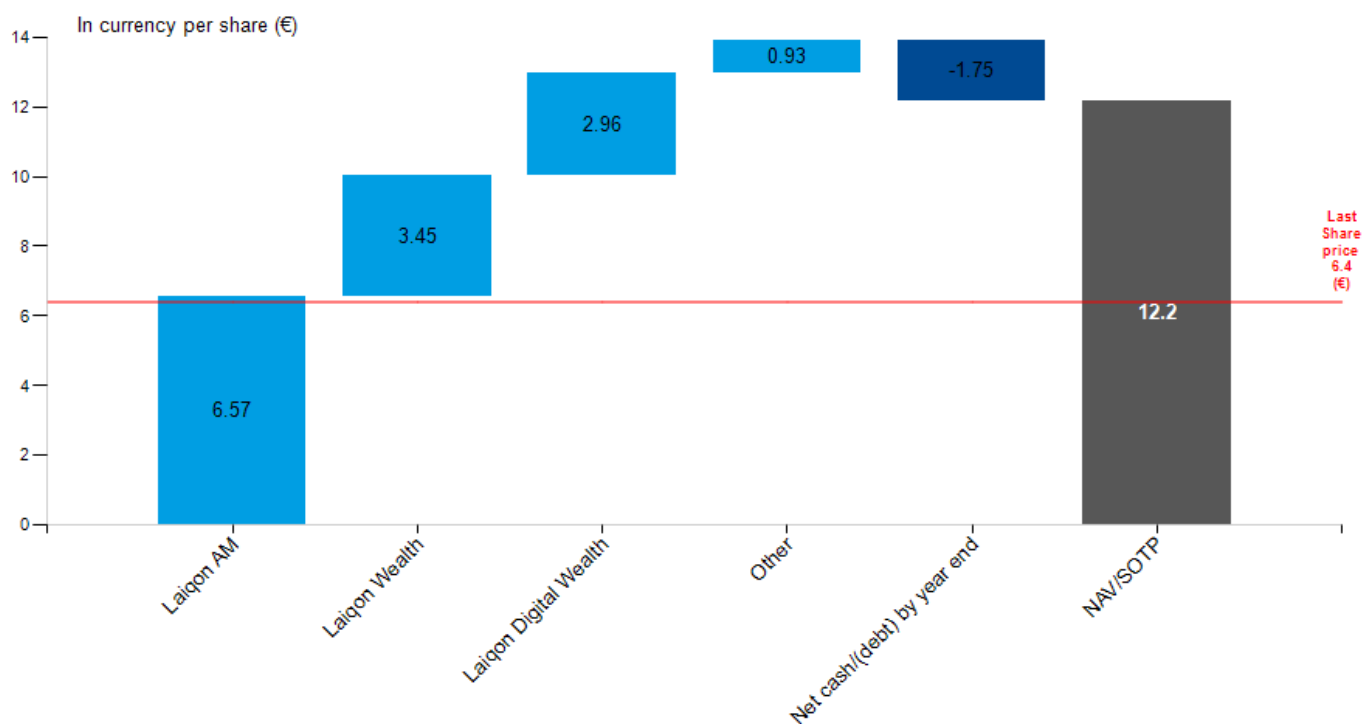


NAV/SOTP fine tuning


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NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€M)	Stake valuation (€M)	In currency per share (€)	% of gross assets	1. Includes Liabilities	Purchase Price
Laiqon AM	100%	EV/Sales	4	120	120	6.57	47.2%		
Laiqon Wealth	100%	EV/Sales	4.5	63.0	63.0	3.45	24.8%		
Laiqon Digital Wealth	100%	EV/Sales	6	54.0	54.0	2.96	21.3%		
Other					17.0	0.93	6.70%		
Total gross assets					254	13.9	100%		
Net cash/(debt) by year end					-31.9 ⁽¹⁾	-1.75	-12.6%		
Commitments to pay									
Commitments received									
NAV/SOTP					222	12.2	87.4%		
Number of shares net of treasury shares - year end (Mio)					18.3				
NAV/SOTP per share (€)						12.2			
Current discount to NAV/SOTP (%)						47.4			



Debt

LAIQON's use of debt is closely linked to its acquisition track history. Due to the group's low EBITDA generation before the acquisitions made in liquid asset investment management, the company has mostly relied on a mix of equity and convertible bond issuance as well as bank debt to finance its acquisitions. Another trace of LAIQON's acquisition spree remains in the purchase price liabilities due to the owners of SPSW, Lange & Assets Consulting and BV Holding of which the value may fluctuate over time depending on the performance of the entities. Note that, as the convertible bond 2020/2024 has a conversion price 41% below LAIQON's current stock price, we include a total conversion of the €5m nominal amount into 1m additional ordinary shares in 2024.

As of December 2022, the mix of debt was the following: €10m of convertible bonds (€5m due in 2024, with a conversion price of €4.98 per share and €5m due in 2027, with a conversion price of €10 per share), €7m of bank financing, €8m of lease financing and €14.5m of price purchase liabilities of which €10.5m due to SPSW between 2023 and 2027, €2m due to Lange Assets & Consulting between 2023 and 2026, €1m due to BV Holding between 2023 and 2026 and €1m due to Selection AM.

Detailed financials at the end of this report

Funding - Liquidity

		12/22A	12/23E	12/24E	12/25E
EBITDA	€M	-10.2	1.12	5.00	14.0
Funds from operations (FFO)	€M	-5.66	2.04	2.93	8.40
Ordinary shareholders' equity	€M	66.6	77.1	80.3	87.2
Gross debt	€M	44.1	35.7	33.9	28.4
+ Gross Cash	€M	10.4	2.42	1.97	1.72
= Net debt / (cash)	€M	33.7	33.2	31.9	26.6
Gearing (at book value)	%	51.1	43.4	40.5	33.6
Equity/Total asset (%)	%	53.2	59.3	60.9	65.1
Adj. Net debt/EBITDA(R)	x	-3.30	29.7	6.38	1.90
Adjusted Gross Debt/EBITDA(R)	x	-4.34	32.2	6.77	2.03
Adj. gross debt/(Adj. gross debt+Equity)	%	40.0	31.8	29.6	24.5
Ebit cover	x	-3.10	-1.41	0.33	2.60
FFO/Gross Debt	%	-12.7	5.68	8.64	29.6
FFO/Net debt	%	-16.8	6.14	9.17	31.5
FCF/Adj. gross debt (%)	%	-24.2	1.31	4.00	18.5
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	-0.02	1.60	0.60	4.36
"Cash" FCF/ST debt	x	-1.01	-0.14	0.17	3.03

Worth Knowing

LAIQON's shareholding structure is the result of its track history as a consolidator of independent asset managers and wealth managers

The shareholder structure is composed of several key shareholders: DEWB (19%), SPSW owners (8%), Achim Plate's (CEO) Family Office (8%) and Lange Assets & Consulting investors (8%) with the rest being free-float (57%).

In 2018, DEWB and SPSW, both investment companies, bought AMA Capital's controlling stake in Lloyd Fonds (now LAIQON) and launched the group's refocus from real assets to liquid assets (SPSW held Lloyd Fonds as part of its investment portfolio and thus acted as a controlling shareholder in the name of its investors). As such SPSW Capital (then owning a 26% stake) initiated the purchase of a 90% stake in Lange Assets & Consulting investors through new equity issuance (resulting in LAC investors holding a 8% stake in LAIQON today) to execute the strategic refocus, before exiting its stake in LAIQON. In 2019, LAIQON initiated the purchase of a 90% stake in SPSW Capital itself.

With LAIQON's refocus on liquid assets, the acquisition of several existing asset managers, wealth managers and digital wealth managers led to the entry into the capital of the shareholders of companies acquired. As a result, the other key shareholders include the former owners of acquired companies (LAC owners, SPSW investors and M. Achim Plate's Family Office).

LAIQON's past acquisitions could incur unforeseen additional costs in the coming years through earnouts

LAIQON (ex-Lloyd Fonds at the time of its strategic refocus) has executed its refocusing from real assets to liquid assets through the acquisition of several asset and wealth managers. As LAIQON's EBITDA generation was low at the time the acquisitions of liquid asset managers were made, the group has relied on a mix of cash financed through convertible bonds and bank debt, and equity issuance, causing some dilution for existing shareholders.

What's more important is the use of price purchase agreements for many of LAIQON's past acquisitions, whereby LAIQON will pay earnouts depending partly on the performance of the assets over a specified period. This uncertainty regarding the final price to be paid for acquired companies is reflected in the group's balance sheet as the value of purchase price liabilities may fluctuate depending on the subsidiaries' performance over the term of the agreement.

LAIQON thus reported c. €14.5m of price purchase liabilities on its balance sheet in FY-22 (see Funding section) which are related to the group's different acquisitions and are subject to change depending on their performance.

LAIQON AG (Buy)**Shareholders**

Name	% owned	Of which % voting rights	Of which % free to float
DEWB Effecten GmbH	19.0%	0.00%	0.00%
SPSW Investors	8.00%	0.00%	0.00%
Family Office Achim Plate, CEO	8.00%	0.00%	0.00%
Lange Assets & Consulting Investors	8.00%	0.00%	0.00%
Apparent free float			57.0%

Sustainability

LAIQON's sustainability score sits below the average score for the sector as the company suffers from a lack of disclosure in environmental matters due to its relatively nimble size compared to larger European asset manager peers.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	8/10	25%
Board geographic diversity	4/10	20%
Chairman vs. Executive split	✓	5%
Environment		
CO ² Emission	10/10	25%
Water withdrawal	1/10	10%
Social		
Wage dispersion trend	0/10	5%
Job satisfaction	10/10	5%
Internal communication	10/10	5%
<hr/>		
Sustainability score	6.9/10	100%

Governance & Management

LAIQON is structured as an AG with a relatively small board of directors (five board members). There are no existing committees due to the group's small size.

CEO Achim Plate joined the Supervisory Board in 2018 and was appointed as Chairman of the board in the same year. He was then appointed as CEO in 2020 and left the Supervisory Board. Achim Plate is a managing partner of SPSW Capital, one of the investment companies which was as a controlling shareholder of Lloyd Fonds and decided on the change in strategy in 2018.

Governance score

Company (Sector)

6.7 (5.2)

Independent board

Yes

Parameters	Company	Sector	Score	Weight
Number of board members	5	9	10/10	5.0%
Board feminization (%)	0	32	1/10	5.0%
Board domestic density (%)	80	68	4/10	10.0%
Average age of board's members	61	58	5/10	5.0%
Type of company : Small cap, controlled			4/10	10.0%
Independent directors rate	80	44	8/10	20.0%
One share, one vote			✓	10.0%
Chairman vs. Executive split			✓	0.0%
Chairman not ex executive			✗	5.0%
Full disclosure on mgt pay			✓	5.0%
Disclosure of performance anchor for bonus trigger			✓	5.0%
Compensation committee reporting to board of directors			✗	5.0%
Straightforward, clean by-laws			✓	15.0%
Governance score			6.7/10	100.0%

Management

Name	Function	Birth date	Date in	Date out	Compensation, in k€ (year)	
					Cash	Equity linked
Achim PLATE	M CEO	1959	2020		611 (2021)	(2021)
Stefan MAYERHOFER	M Senior Executive	1965	2022		672 (2022)	

Board of Directors

Name	Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Oliver HEINE	M ✗	Member		1962	2019		61.0 (2021)	(2021)
Wolfgang HENSELER	M ✓	Member		1961	2018		40.0 (2021)	(2021)
Jörg OHLSEN	M ✓	Member		1955	2020		40.0 (2021)	(2021)
Helmut PAULUS	M ✓	Member			2023			
Stefan RINDFLEISCH	M ✓	Member		1967	2017		81.0 (2021)	(2021)

Environment

LAIQON's environmental strategy is based on the Paris Climate Agreement, complies with the UN Global Compact principles and is aligned with the UN Sustainability Development Goals.

LAIQON also participates to several sustainability initiatives in the financial industry, such as the Principles for Responsible Investment (PRI) and the Carbon Disclosure Project (CDP).

The group has set sustainability targets in order to transform towards carbon neutrality and encourage transition in all of its product segments. As such, LAIQON offers several article 8 and article 9 funds while encouraging sustainability and transition through all of its services offered.

The group reported 200 tonnes of CO2 emissions in 2021 and is aiming to compensate its carbon greenhouse gases through planting trees. So far no 2022 metrics have been published, which leads to the currently poor environment score.

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO ² Emission	10/10	7/10	30%
Water withdrawal	1/10	3/10	30%
Energy	1/10	5/10	25%
Waste	1/10	4/10	15%
Environmental score	3.7		100%

Company (Sector)

3.7 (4.6)


















Environmental metrics

	Company 2021	2023	Sector 2021
		3.7	4.2
CO ² tons per €m in capital employed	2		1

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
En+		3/10	367,200,000	53,700,000	992,900,000	199,946,600
DWS		4/10		4,329		
Adyen		5/10	n/a	4,561	n/a	n/a
Nexi		5/10	235,296	14,960	857,400	2,246
HBM Healthcare Investments		1/10				
Wise		5/10	12,565	868	n/a	227
Prosus		3/10	n/a	21,736	n/a	n/a
sino AG		1/10				
Linus Digital Finance AG		1/10	n/a		n/a	n/a
LAIQON AG		4/10		151		
EdenRed		5/10	46,152	8,474	32,312	478
Vivendi		10/10	558,490	34,589	28,548	20,237
Deutsche Boerse		7/10	278,420	8,771	74,633	20
Porsche SE		1/10				

LAIQON AG (Buy)

Bouygues		4/10	5,466,499	1,900,000	1,000,000	
GBL		4/10		150		
Investor		7/10	3,668	69		49
Hal Trust		1/10				
Heineken Holding		8/10	8,287,200	1,478,000	92,500,000	5,238,188
London Stock Exchange Group		10/10	593,842	5,617	89	3,331
Eurazeo		7/10	9,827,411	771,602	36,311,694	40,627
Industrivärden		4/10		26		
Corporacion Financiera Alba		10/10	29,952	3,729	39,883	19,701
Kinnevik Investment		6/10	590	11	n/a	n/a
Sonae		8/10	2,902,000	171,598	2,185,426	102,446
Ackermans & van Haaren		2/10		672,792	811	
Partners Group		4/10		578,076	2,374,472	
Exor		3/10		411,302		
Bolloré		10/10	979,880	347,629	1,463,062	37,675
Wendel		4/10		173		
D'leteren Group		6/10	1,952,302	145,291		166,600
Tessenderlo Group		3/10	13,530,000		19,000,000	n/a
MPC Capital		1/10				
Deutsche Beteiligungs AG		4/10		210		
Amundi		10/10	77,645	4,875	29,764	161
Euronext NV		4/10	23,522	6,687	253,892	
Worldline		10/10	278,094	3,764	17,372	2,092

Social

LAIQON's recent HR strategy has been turned towards the integration of the companies acquired in the past few years as the total number of employees has grown nearly two fold in the space of a year.

Several tranches of variable compensation exist for all employees with certain employees also benefiting from specific individual variable compensation plans.

Social score

Company (Sector)

5.2 (5.5)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	10/10	20%
Average wage trend	2/10	35%
Share of added value taken up by staff cost	1/10	25%
Share of added value taken up by taxes	1/10	20%
Wage dispersion trend	0/10	0%
Pension bonus (0 or 1)	0	
Quantitative score	3.2/10	100%

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	10/10	35%
Pay	7/10	20%
Job satisfaction	10/10	10%
Internal communication	10/10	10%
Qualitative score	9.4/10	100%

Baader Europe powered by AlphaValue

LAIQON AG (Buy)

AlphaValue analysts tick boxes on essential components of the social/HR corporate life. Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes  / No 	Weight
Accidents at work		25%
Set targets for work safety on all group sites?		10.0%
Are accidents at work declining?		15.0%
Human resources development		35%
Are competences required to meet medium term targets identified?		3.5%
Is there a medium term (2 to 5 years) recruitment plan?		3.5%
Is there a training strategy tuned to the company objectives?		3.5%
Are employees trained for tomorrow's objectives?		3.5%
Can all employees have access to training?		3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?		3.5%
Have key competences stayed?		3.5%
Are managers given managerial objectives?		3.5%
If yes, are managerial results a deciding factor when assessing compensation level?		3.5%
Is mobility encouraged between operating units of the group?		3.5%
Pay		20%
Is there a compensation committee?		6.0%
Is employees' performance combining group AND individual performance?		14.0%
Job satisfaction		10%
Is there a measure of job satisfaction?		3.3%
Can anyone participate ?		3.4%
Are there action plans to prop up employees' morale?		3.3%
Internal communication		10%
Are strategy and objectives made available to every employee?		10.0%
Qualitative score	9.4/10	100.0%

Staff & Pension matters

The workforce has increased considerably over time as LAIQON has made several acquisitions and is integrating the acquired asset management and wealth management companies.

Recent updates

19/12/2023

Cooperation agreement with Union Investment is a game changer

Change in Target Price € 10.00 vs 8.75 +14.3%

The cooperative banking sector is one of the three pillars of the German banking sector. The two new collaborations in the WM and DW segments should therefore be a game changer for Laiqon although they will initially involve investment costs. Laiqon today announced new AuM targets after the announcement of the cooperation agreement with Union Investment. We have updated our forecasts to reflect this announcement and the ensuing higher DCF and NAV values have led to a higher target price for Laiqon.

Change in EPS 2023 : € -0.17 vs 0.58 ns
2024 : € 0.03 vs -0.09 ns

We have updated our EPS forecasts after the announcement of new AuM targets. The two new collaboration agreements will initially mean higher investment costs for Laiqon. However, the full earnings impact of the cooperation with Union Investment and mVBRB Rosenheim will become apparent after 2025.

Change in DCF € 19.1 vs 15.1 +26.9%

The assets under management of the LAIC subgroup are expected to increase to around €5.5 – 6.5bn by 2028e compared to total AuMs of €6.0bn for Laiqon group in June 2023. We have therefore updated our DCF figures. The full cash flow impact of the cooperation with Union Investment and mVBRB Rosenheim will become apparent after 2025.

18/12/2023

Milestone cooperation with Union Investment

Strategic Plan

- **Laiqon and Union Investment have signed a cooperation agreement for the use of LAIC AI**
- **The product launch of iFVV is planned for Q4 24**
- **Laiqon has announced the launch of the asset management company “meine Bayerische Vermögen” (mbV) together with meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim)**

Fact

Laiqon and Union Investment have signed a cooperation agreement for the use of LAIC AI. The subject of the cooperation agreement is the cooperation with Union Investment, which has already been announced in ad hoc announcements earlier in 2023 (memorandum of understanding), on the joint launch of a new type of fund-based individual asset management (“iFVV product”) for high-end service clients of the Cooperative Financial Network. On the one hand, the iFVV product uses the technical possibilities of LAIQON's

DAP 4.0 in the form of digital closing paths and, on the other hand, the AI of the LAIC ADVISOR as an outsourced financial portfolio management as well as the support of reporting.

Union Investment, in cooperation with partner banks of the Cooperative Financial Network, aims to attract target customers to the iFVV product and conclude individual asset management contracts for the joint iFVV product.

For Union Investment, the iFVV is an exclusive offering for the high-end service segment of the Cooperative Financial Network. The product launch of iFVV is planned for Q4 24 on the basis of Union Investment's existing sales partnerships with partner banks.

Additionally, Laiqon announced the launch of the asset management company "meine Bayerische Vermögen" GmbH (mbV) together with meine Volksbank Raiffeisenbank eG (mVBRB Rosenheim).

Analysis

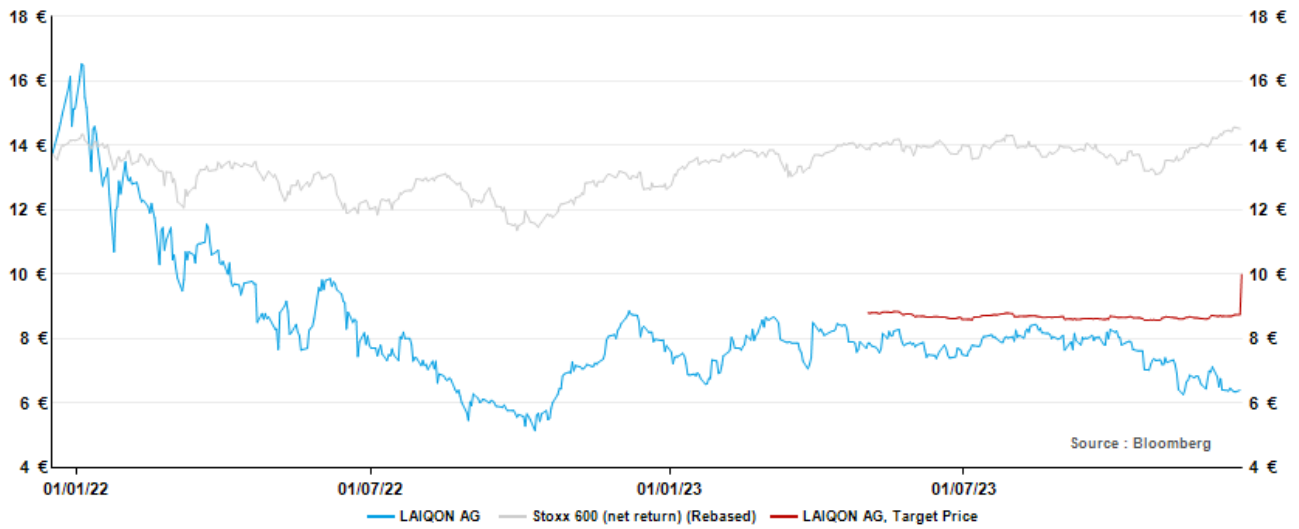
The cooperative banking sector is one of the three pillars of the German banking sector, along with private banks and public banks. The market share of cooperative banks in Germany is around 25%. At the end of 2020, there were 814 cooperative banks in Germany with total assets of €1,100bn. The cooperative banks had 18.4m members and over 7,700 branches. The Union Investment Group is the asset management expert in the Cooperative Financial Network of the cooperative banking sector. Union Investment has around €432.3bn assets under management. mVBRB Rosenheim is the largest Volksbank Raiffeisenbank in Bavaria and the tenth largest cooperative bank in Germany. The announcement of the cooperation with Union Investment and the start of mbV are therefore excellent news for Laiqon. The two new collaborations in DW (Digital Wealth) and WM (Wealth Management) segments might become the game-changer for Laiqon.

Impact

Our forecasts are under review. However, the full earnings impact of the cooperations with Union Investment and mVBRB Rosenheim will become fully apparent after 2025.

LAIQON AG (Buy)

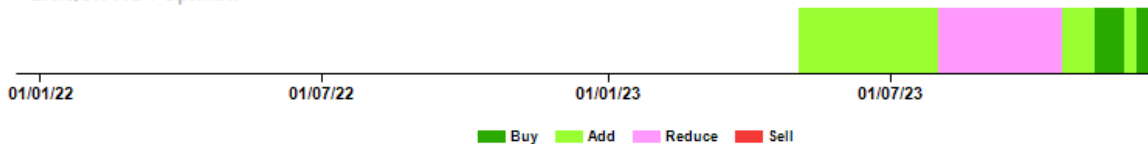
Stock Price and Target Price



Earnings Per Share & Opinion

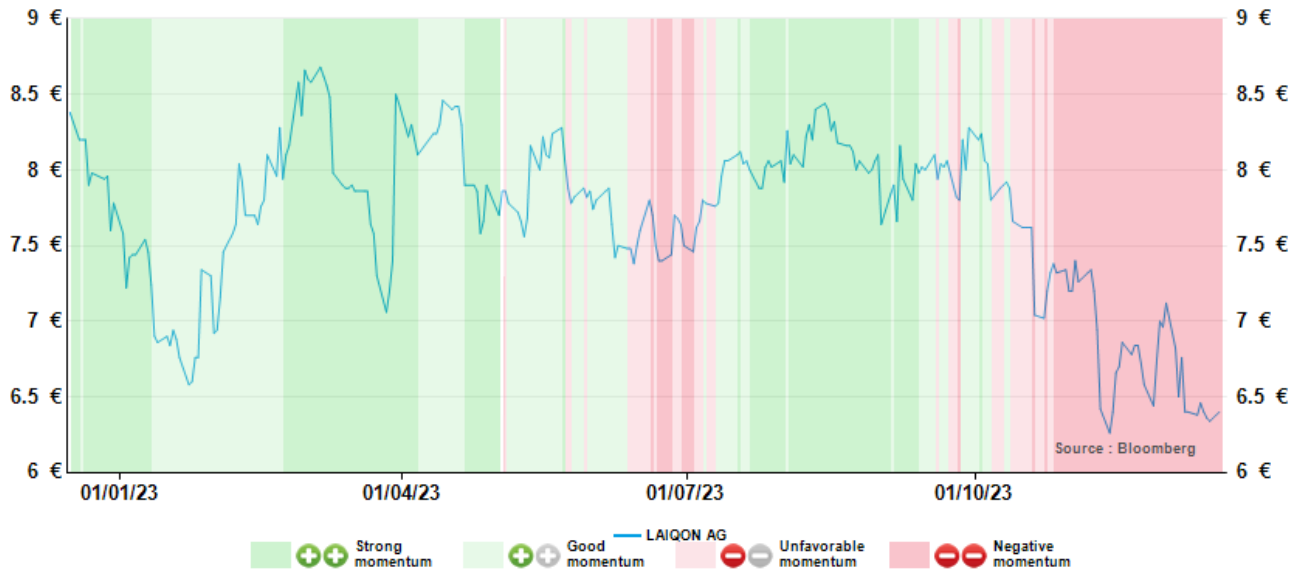


LAIQON AG : Opinion



LAIQON AG (Buy)

Momentum



Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.

The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.

For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

++ : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

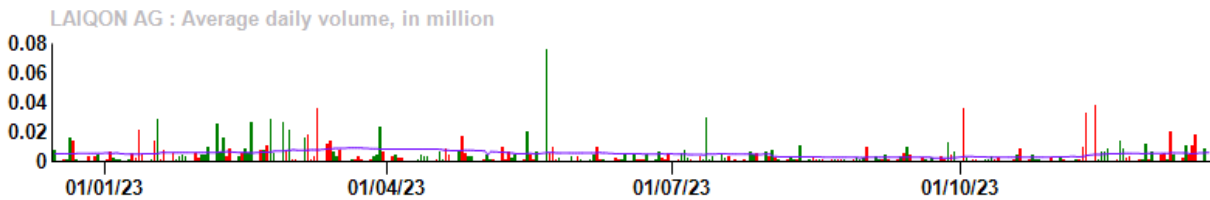
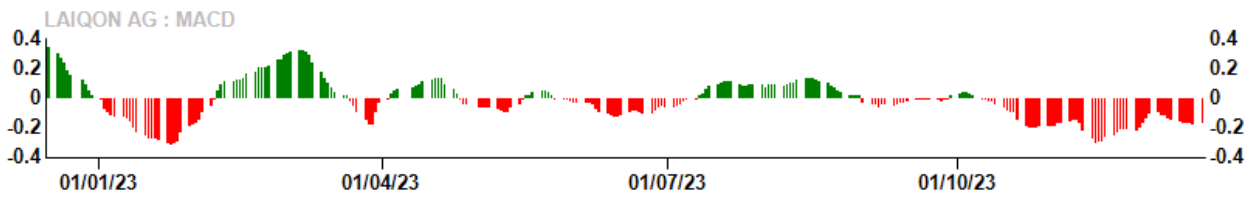
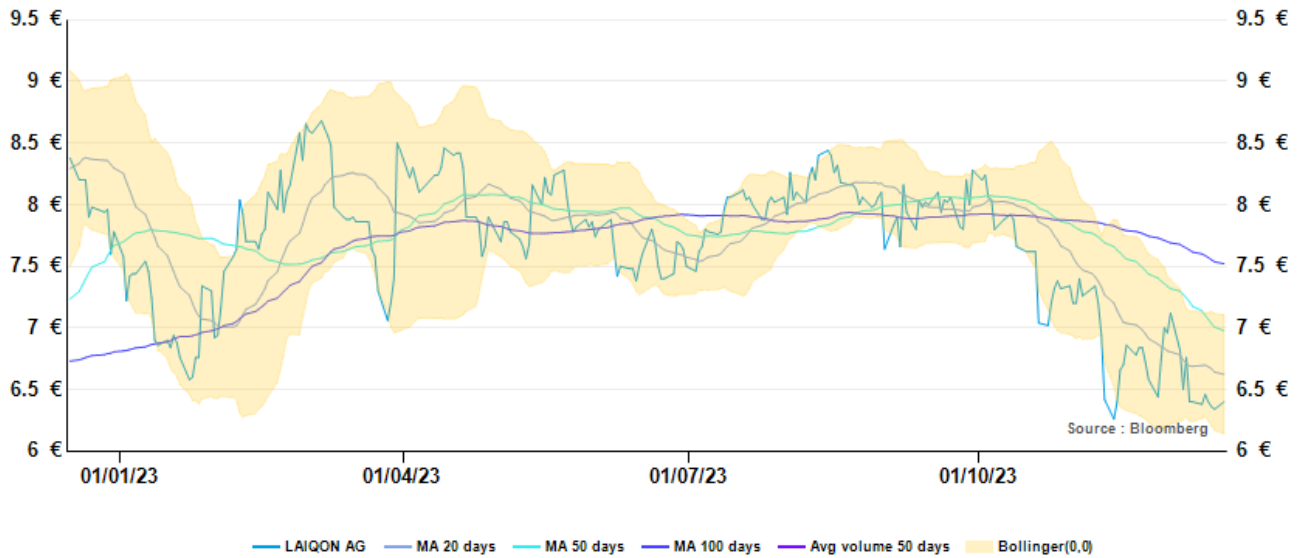
+ + : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

- - : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

-- : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

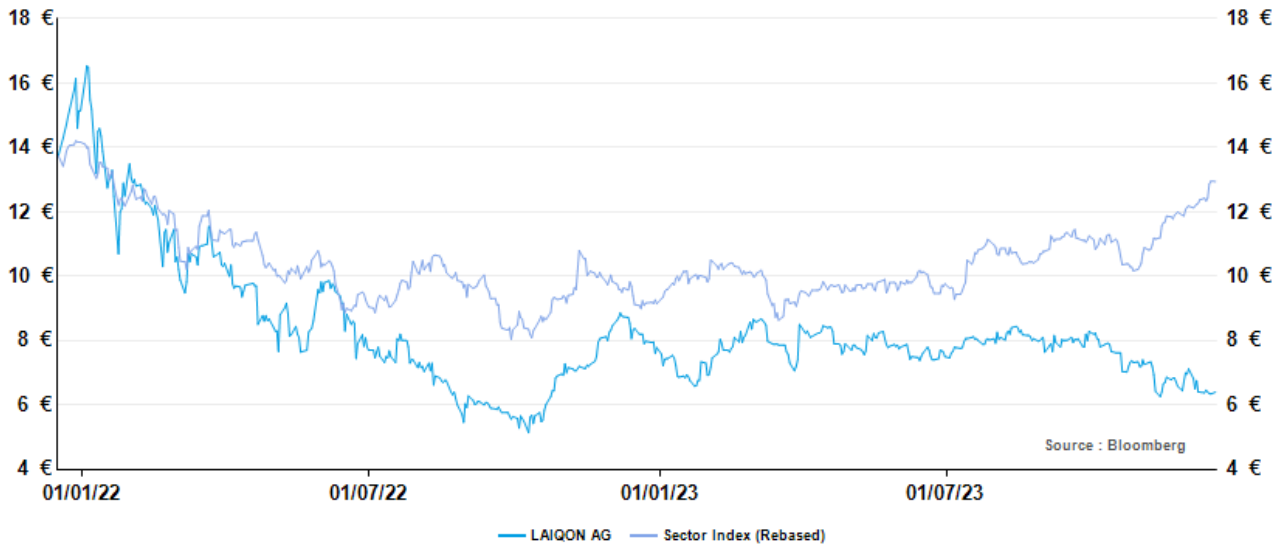
LAIQON AG (Buy)

Moving Average MACD & Volume



LAIQON AG (Buy)

Sector Other Financials



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LAIQON AG (Buy)**Detailed Financials****Valuation Key Data**

		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	x	-12.8	-37.5	193	20.6
Reported P/E	x	-14.6	-37.5	197	20.6
EV/EBITDA(R)	x	-18.7	ns	29.8	10.3
EV/EBIT	x	-12.8	-35.6	ns	14.4
EV/Sales	x	8.89	3.98	3.41	2.53
P/Book	x	2.29	1.45	1.45	1.34
Dividend yield	%	0.00	0.00	0.00	3.13
<i>Preferred dividend yield</i>	%	0.00	0.00	0.00	0.00
<i>Free cash flow yield</i>	%	-7.05	0.42	1.16	4.49
Average stock price	€	8.71	6.40	6.40	6.40
Average preferred stock price	€	0.01	0.01	0.01	0.01

LAIQON AG (Buy)

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€M	21.6	36.7	43.7	57.0
<i>Sales growth</i>	%	-17.4	70.0	19.1	30.4
<i>Sales per employee</i>	€th	140	194	226	289
Purchases and external costs (incl. IT)	€M	-14.7	-14.6	-15.8	-17.2
Staff costs	€M	-17.1	-22.0	-23.0	-26.0
Operating lease payments	€M	0.00	0.00	0.00	0.00
Cost of sales/COGS (indicative)	€M	-17.1	-22.0	-23.0	-26.0
EBITDA	€M	-10.2	1.12	5.00	14.0
EBITDA(R)	€M	-10.2	1.12	5.00	14.0
<i>EBITDA(R) margin</i>	%	-47.4	3.05	11.4	24.6
<i>EBITDA(R) per employee</i>	€th	-66.4	5.92	25.9	71.1
Depreciation	€M	-1.99	-2.07	-1.09	-0.99
<i>Depreciations/Sales</i>	%	9.24	5.65	2.50	1.74
Amortisation	€M	-2.72	-3.14	-3.00	-3.00
Underlying operating profit	€M	-14.9	-4.10	0.91	10.0
<i>Underlying operating margin</i>	%	-69.2	-11.2	2.08	17.6
Other income/expense (cash)	€M	0.00	0.00	0.00	0.00
Other inc./ exp. (non cash; incl. assets revaluation)	€M	0.00	0.00	0.00	
Impairment charges/goodwill amortisation	€M				
Operating profit (EBIT)	€M	-14.9	-4.10	0.91	10.0
Interest expenses	€M	-2.93	-2.38	-4.00	-4.00
<i>of which effectively paid cash interest expenses</i>	€M	-2.93			0.00
Financial income	€M	0.00	0.00	0.00	0.00
Other financial income (expense)	€M	0.01	-0.01	0.00	0.00
Net financial expenses	€M	-2.92	-2.39	-4.00	-4.00
<i>of which related to pensions</i>	€M		0.00	0.00	0.00
Pre-tax profit before exceptional items	€M	-17.9	-6.49	-3.09	6.01
Exceptional items and other (before taxes)	€M				0.00
<i>of which cash (cost) from exceptionals</i>	€M				0.00
Current tax	€M	0.27	2.58	1.53	-2.00
Impact of tax loss carry forward	€M				0.00
Deferred tax	€M	5.48	0.00	0.00	0.00
Corporate tax	€M	5.75	2.58	1.53	-2.00
<i>Tax rate</i>	%	32.2	39.8	49.3	33.3
<i>Net margin</i>	%	-56.1	-10.6	-3.59	7.03
Equity associates	€M	1.29	0.73	2.00	2.00
<i>Actual dividends received from equity holdings</i>	€M	5.90	0.73	0.40	0.40
Minority interests	€M	0.38	0.19	0.16	-0.33
<i>Actual dividends paid out to minorities</i>	€M				0.00
Income from discontinued operations	€M				0.00
Attributable net profit	€M	-10.4	-2.99	0.59	5.67
Impairment charges/goodwill amortisation	€M	0.00	0.00	0.00	0.00
Other adjustments	€M				0.00
Adjusted attributable net profit	€M	-10.4	-2.99	0.59	5.67
Interest expense savings	€M				0.00
Fully diluted adjusted attr. net profit	€M	-10.4	-2.99	0.59	5.67
NOPAT	€M	-9.92	-2.35	2.68	9.51

LAIQON AG (Buy)

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
EBITDA	€M	-10.2	1.12	5.00	14.0
Change in WCR	€M	-3.89	0.08	-0.11	-0.11
<i>of which (increases)/decr. in receivables</i>	€M	-5.31	-0.45	-0.21	-0.21
<i>of which (increases)/decr. in inventories</i>	€M	0.00	0.00	0.00	0.00
<i>of which increases/(decr.) in payables</i>	€M	2.32	0.53	0.10	0.10
<i>of which increases/(decr.) in other curr. liab.</i>	€M	-0.90	0.00	0.00	0.00
Actual dividends received from equity holdings	€M	5.90	0.73	0.40	0.40
Paid taxes	€M	0.00	2.58	1.53	-2.00
Exceptional items	€M	0.02	0.00	0.00	0.00
Other operating cash flows	€M	1.58	0.00	0.00	0.00
Total operating cash flows	€M	-6.62	4.51	6.81	12.3
Capital expenditure	€M	-1.20	-1.65	-1.46	-3.03
<i>Capex as a % of depreciation & amort.</i>	%	25.5	31.6	35.7	76.0
Net investments in shares	€M	-13.6	0.00	0.00	0.00
Other investment flows	€M	-2.22	0.00	0.00	0.00
Total investment flows	€M	-17.0	-1.65	-1.46	-3.03
Net interest expense	€M	-2.92	-2.39	-4.00	-4.00
<i>of which cash interest expense</i>	€M	-2.93	-2.39	-4.00	-4.00
Dividends (parent company)	€M	0.00	0.00	0.00	0.00
Dividends to minorities interests	€M	0.00	0.00	0.00	0.00
New shareholders' equity	€M	12.0	0.00	0.00	0.00
<i>of which (acquisition) release of treasury shares</i>	€M	0.00	0.00	0.00	0.00
Change in gross debt	€M	-6.76	-8.42	-1.81	-5.50
Other financial flows	€M	0.00	0.00	0.00	0.00
Total financial flows	€M	2.35	-10.8	-5.81	-9.50
Change in scope of consolidation, exchange rates & other	€M	-5.05	0.00	0.00	0.00
Change in cash position	€M	-26.4	-7.95	-0.45	-0.25
Change in net debt position	€M	-19.6	0.47	1.35	5.25
Free cash flow (pre div.)	€M	-10.7	0.47	1.35	5.25
Operating cash flow (clean)	€M	-6.64	4.51	6.81	12.3
<i>Reinvestment rate (capex/tangible fixed assets)</i>	%	11.5	12.7	11.0	22.4

LAIQON AG (Buy)

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Capitalised R&D	€M	0.00	0.00	0.00	0.00
Goodwill	€M	34.3	34.3	34.3	34.3
Contracts & Rights (incl. concession) intangible assets	€M	0.00	0.00	0.00	0.00
Other intangible assets	€M	56.0	53.9	55.0	56.1
Total intangible	€M	90.3	88.2	89.3	90.4
Tangible fixed assets	€M	10.4	13.0	13.3	13.5
Right-of-use	€M	0.00	0.00	0.00	0.00
Financial fixed assets (part of group strategy)	€M	2.61	4.24	4.32	4.41
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Other financial assets (investment purpose mainly)	€M	0.00	0.00	0.00	0.00
<i>of which available for sale</i>	€M	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
WCR	€M	5.66	5.58	5.69	5.80
<i>of which trade & receivables (+)</i>	€M	<i>9.98</i>	<i>10.4</i>	<i>10.6</i>	<i>10.8</i>
<i>of which inventories (+)</i>	€M	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which payables (+)</i>	€M	<i>4.32</i>	<i>4.85</i>	<i>4.95</i>	<i>5.05</i>
<i>of which other current liabilities (+)</i>	€M	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Other current assets	€M	16.1	19.0	19.4	19.7
<i>of which tax assets (+)</i>	€M	<i>16.1</i>	<i>19.0</i>	<i>19.4</i>	<i>19.7</i>
Total assets (net of short term liabilities)	€M	125	130	132	134
Ordinary shareholders' equity (group share)	€M	66.6	77.1	80.3	87.2
Quasi Equity & Preferred	€M	0.00	0.00	0.00	0.00
Minority interests	€M	5.47	0.41	0.41	0.42
Provisions for pensions	€M	0.00	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.31	0.33	0.00	0.00
Deferred tax liabilities	€M	19.0	18.9	19.2	19.6
Other liabilities	€M	0.00	0.00	0.00	0.00
Net debt / (cash)	€M	33.7	33.2	31.9	26.6
Total liabilities and shareholders' equity	€M	125	130	132	134
Gross Cash	€M	10.4	2.42	1.97	1.72
Average net debt / (cash)	€M	34.0	33.5	32.6	29.3

EV Calculations

		12/22A	12/23E	12/24E	12/25E
EV/EBITDA(R)	x	-18.7	ns	29.8	10.3
EV/EBIT	x	-12.8	-35.6	ns	14.4
EV/Sales	x	8.89	3.98	3.41	2.53
EV/Invested capital	x	1.76	1.31	1.33	1.26
Market cap	€M	152	112	117	117
+ Provisions (including pensions)	€M	0.31	0.33	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€M	33.7	33.2	31.9	26.6
+ Right-of-use (from 2019)/Leases debt equivalent	€M	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€M				
+ Minority interests (fair value)	€M	5.47	0.41	0.41	0.42
= Enterprise Value	€M	192	146	149	144

LAIQON AG (Buy)

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr goodwill amort. & dil.)	€	-0.68	-0.17	0.03	0.31
<i>Growth in EPS</i>	%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	836
Reported EPS	€	-0.60	-0.17	0.03	0.31
Net dividend per share	€	0.00	0.00	0.00	0.20
Free cash flow per share	€	-0.70	0.03	0.08	0.29
Operating cash flow per share	€	-0.43	0.26	0.38	0.67
Book value per share	€	3.81	4.41	4.40	4.77
Number of ordinary shares	Mio	17.5	17.5	18.3	18.3
Number of equivalent ordinary shares (year end)	Mio	17.5	17.5	18.3	18.3
Number of shares market cap.	Mio	17.5	17.5	18.3	18.3
Treasury stock (year end)	Mio	0.00	0.00	0.00	0.00
Number of shares net of treasury stock (year end)	Mio	17.5	17.5	18.3	18.3
Number of common shares (average)	Mio	15.4	17.5	17.9	18.3
Conversion of debt instruments into equity	Mio				
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio				
Other commitments to issue new shares	Mio				
Increase in shares outstanding (average)	Mio	0.00	0.00	0.00	0.00
Number of diluted shares (average)	Mio	15.4	17.5	17.9	18.3
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-0.68	-0.17	0.03	0.31
EPS before goodwill amortisation (non-diluted)	€	-0.68	-0.17	0.03	0.31
Payout ratio	%	0.00	0.00	0.00	64.4
Capital payout ratio (div +share buy back/net income)	%	0.00	0.00	0.00	

LAIQON AG (Buy)

Funding - Liquidity

		12/22A	12/23E	12/24E	12/25E
EBITDA	€M	-10.2	1.12	5.00	14.0
Funds from operations (FFO)	€M	-5.66	2.04	2.93	8.40
Ordinary shareholders' equity	€M	66.6	77.1	80.3	87.2
Gross debt	€M	44.1	35.7	33.9	28.4
o/w Less than 1 year - Gross debt	€M	16.6	1.81	5.50	1.60
o/w 1 to 5 year - Gross debt	€M	21.7	24.8	20.9	20.9
of which Y+2	€M	0.00	3.90	0.00	4.54
of which Y+3	€M	0.00	0.00	4.54	16.4
of which Y+4	€M	0.00	4.54	16.4	0.00
of which Y+5	€M	0.00	16.4	0.00	0.00
o/w Beyond 5 years - Gross debt	€M	5.84	9.04	7.44	5.84
+ Gross Cash	€M	10.4	2.42	1.97	1.72
= Net debt / (cash)	€M	33.7	33.2	31.9	26.6
Bank borrowings	€M	6.78	0.00	0.00	0.00
Issued bonds	€M	3.91	25.0	20.9	20.9
Financial leases liabilities	€M	8.16	10.6	9.04	7.44
Mortgages	€M	0.00	0.00	0.00	0.00
Other financing	€M	25.2	0.00	3.90	0.00
of which commercial paper	€M				0.00

Gearing (at book value)	%	51.1	43.4	40.5	33.6
Equity/Total asset (%)	%	53.2	59.3	60.9	65.1
Adj. Net debt/EBITDA(R)	x	-3.30	29.7	6.38	1.90
Adjusted Gross Debt/EBITDA(R)	x	-4.34	32.2	6.77	2.03
Adj. gross debt/(Adj. gross debt+Equity)	%	40.0	31.8	29.6	24.5
Ebit cover	x	-3.10	-1.41	0.33	2.60
FFO/Gross Debt	%	-12.7	5.68	8.64	29.6
FFO/Net debt	%	-16.8	6.14	9.17	31.5
FCF/Adj. gross debt (%)	%	-24.2	1.31	4.00	18.5
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	-0.02	1.60	0.60	4.36
"Cash" FCF/ST debt	x	-1.01	-0.14	0.17	3.03

ROE Analysis (Dupont's Breakdown)

		12/22A	12/23E	12/24E	12/25E
Tax burden (Net income/pretax pre excp income)	x	0.59	0.46	-0.19	0.94
EBIT margin (EBIT/sales)	%	-69.2	-11.2	2.08	17.6
Assets rotation (Sales/Avg assets)	%	19.4	28.8	33.4	42.9
Financial leverage (Avg assets /Avg equity)	x	2.02	1.77	1.66	1.59
ROE	%	-19.0	-4.15	0.75	6.77
ROA	%	-14.0	-3.84	0.84	9.12

Shareholder's Equity Review (Group Share)

		12/22A	12/23E	12/24E	12/25E
Y-1 shareholders' equity	€M	43.8	45.4	77.1	80.3
+ Net profit of year	€M	-10.4	-2.99	0.59	5.67
- Dividends (parent cy)	€M	0.00	0.00	0.00	0.00
+ Additions to equity	€M	12.0	0.00	0.00	0.00
o/w reduction (addition) to treasury shares	€M	0.00	0.00	0.00	0.00
- Unrecognised actuarial gains/(losses)	€M	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€M		34.8	2.61	1.14
= Year end shareholders' equity	€M	45.4	77.1	80.3	87.2

LAIQON AG (Buy)

Staffing Analytics

		12/22A	12/23E	12/24E	12/25E
Sales per staff	€th	140	194	226	289
Staff costs per employee	€th	-111	-116	-119	-132
Change in staff costs	%	50.9	28.6	4.55	13.0
Change in unit cost of staff	%	-21.6	4.75	2.38	10.7
Staff costs/(EBITDA+Staff costs)	%	249	95.2	82.1	65.0

Average workforce	unit	154	189	193	197
Europe	unit	154	189	193	197
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	€M	-17.1	-22.0	-23.0	-26.0
Wages and salaries	€M	-17.1	-22.0	-23.0	-26.0
Pension related costs	€M		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/22A	12/23E	12/24E	12/25E
Total sales	€M	21.6	36.7	43.7	57.0
Liquid Assets	€M	17.4			
Real Assets	€M	1.74			
Laiqon AM	€M		20.0	25.0	30.0
Laiqon Wealth	€M		9.04	10.0	14.0
Laiqon Digital Wealth	€M		1.78	5.00	9.00
Other	€M	2.38	5.86	3.70	4.00

Revenue Breakdown By Country

		12/22A	12/23E	12/24E	12/25E
Germany	%	100	100		
Other	%	0.00	0.00		

ROCE

		12/22A	12/23E	12/24E	12/25E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	-9.10	-2.11	2.38	8.33
CFROIC	%	-9.85	0.43	1.20	4.60
Goodwill	€M	34.3	34.3	34.3	34.3
Accumulated goodwill amortisation	€M	0.00	0.00	0.00	0.00
All intangible assets	€M	56.0	53.9	55.0	56.1
Accumulated intangible amortisation	€M	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Capitalised R&D	€M	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	€M	0.00	0.00	0.00	0.00
Other fixed assets	€M	10.4	13.0	13.3	13.5
Accumulated depreciation	€M	0.00	0.00	0.00	0.00
WCR	€M	5.66	5.58	5.69	5.80
Other assets	€M	2.61	4.24	4.32	4.41
Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	€M	109	111	113	114
Capital employed before depreciation	€M	109	111	113	114

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LAIQON AG (Buy)**Assets under Management**

		12/22A	12/23E	12/24E	12/25E
Active managed equity	€M	0.00	0.00	0.00	0.00
Active managed alternative assets	€M	0.00	0.00	0.00	0.00
Active managed fixed income	€M	0.00	0.00	0.00	0.00
Active managed multi assets	€M	0.00	0.00	0.00	0.00
Active managed SQI	€M	0.00	0.00	0.00	0.00
Passive managed assets	€M	0.00	0.00	0.00	0.00
Cash	€M	0.00	0.00	0.00	0.00
Other	€M	5,700	6,193	7,436	9,012
Total assets under Management	€M	5,700	6,193	7,436	9,012

Net new money flow

		12/22A	12/23E	12/24E	12/25E
Active managed equity	€M				
Active managed alternative assets	€M				
Active managed fixed income	€M				
Active managed multi assets	€M				
Active managed SQI	€M				
Passive managed assets	€M				
Cash	€M				
Other	€M		1,000	1,000	1,200
Total net new money flows	€M	0.00	1,000	1,000	1,200

LAIQON AG (Buy)**Fundamental Opinion**

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

There are different approaches and methodologies for determining and valuing stocks in research products, each provided by AlphaValue and Baader Helvea, as described below.

AlphaValue Research

Recommendations are geared to a “value” approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no “neutral” recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Baader Helvea Research**Rating categories:**

The following is an explanation of the ratings, if any, included in Baader Helvea research.

Interpretation matrix per risk category for each rating:

Expected total return based on forecast dividend and 12-month price targets.

Rating	Upside/downside to the target price
Buy	>20%
Add	5%-20%
Reduce	-10% to 5%
Sell	<-10%

Research ratings key:

There are four possible ratings: **Buy, Add, Reduce or Sell.**

Examples of certain ratings:

Buy: A company that the analyst(s) named in this report deem(s) higher risk with a forecast dividend yield of 5% and price appreciation potential of 16%, generating a forecast total return of 21% over 12 months.

Reduce: A company with a forecast dividend yield of 7% and price appreciation potential of -5%, generating a forecast total return of +2% over 12 months.

Baader Helvea uses three further categorizations for stocks in our coverage:

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Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' intrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%

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