

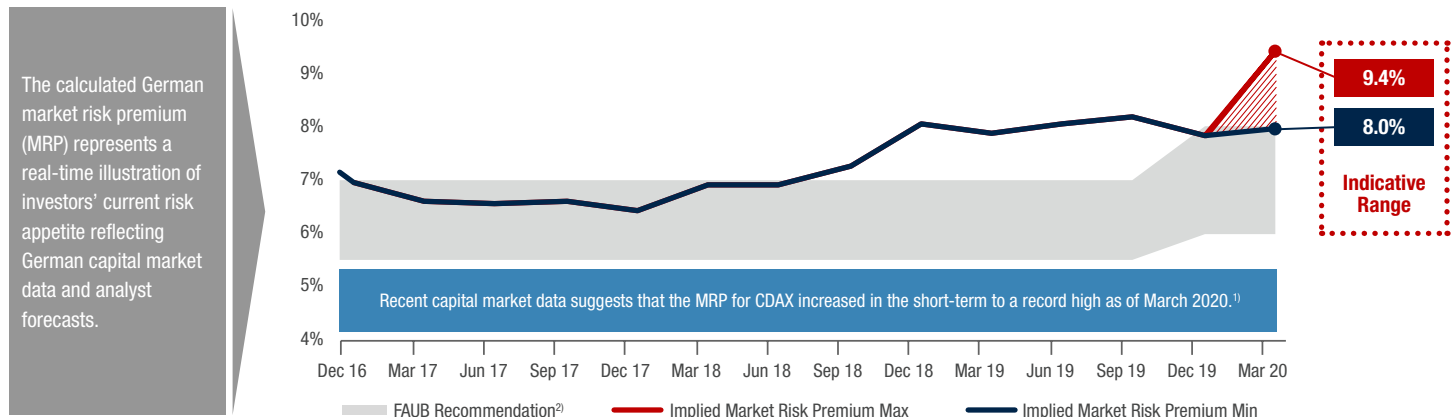


VALUATION

THE PERCEIVED RISK OF EQUITY INVESTING REACHED A RECORD HIGH

The calculated German market risk premium (MRP) represents a real time reflection of investors' current risk appetite reflecting German capital market data and analyst forecasts. MRP increased due to declining stock prices and consensus estimates. However, the stock market prices are more robust than expected. Analysts predict an impending recession and slump in growth including a decline in earnings for 2020.

IMPACT OF THE COVID-19 PANDEMIC ON THE PRICE FOR TAKING THE RISK OF EQUITY INVESTMENTS IN GERMANY

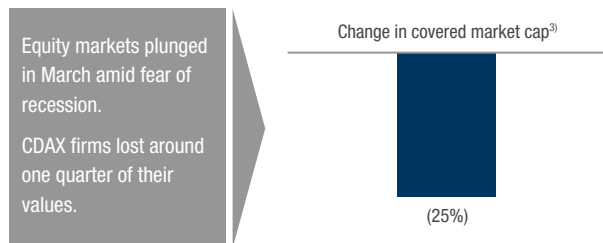


Results are subject to information deficiencies and capital market exaggerations:

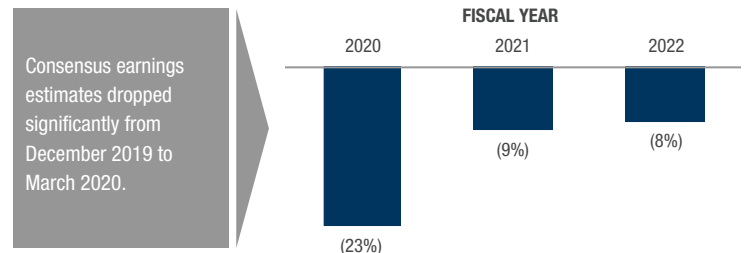
- The MRP is calculated by relating the market capitalization of CDAX companies to analyst forecasts. Whereas stock prices are volatile, not all analyst forecasts have already incorporated the impact of the COVID-19 pandemic. Consensus estimates will be updated frequently.
- The use of MRP in corporate valuation needs to be judged against underlying risk profiles of cash flows, the overall cost of capital applied and other methods to obtain MRP estimates.

THE SHIFT IN RISK PERCEPTION IS EXPLAINED BY THE IMPACT OF LOCKDOWNS ON ECONOMIC ACTIVITY AND ASSOCIATED ASSET PRICES

CDAX | Dec 2019 vs Mar 2020



EPS Forecast | Dec 2019 vs Mar 2020



- The A&M implied MRP model considers capital market data as well as consensus earnings estimates as of 31 March 2020 and is updated on a monthly basis. The results might be affected by a timing lag with regards to updates of consensus estimates by the equity research community. The range of the MRP shown is derived by varying stock price data from 60 trading days to 20 trading days.
- Fachausschuss für Unternehmensbewertung und Betriebswirtschaft (FAUB) of the German Institute of Chartered Accountants (IDW).
- The A&M implied MRP model generally analyses firm level data for all CDAX firms with sufficient data availability. As of 31 Dec 2019 (31 Mar 2020), about 96% (94%) of the total market cap of CDAX is covered.

FOR MORE INFORMATION:



Dr. Tim Laas
Managing Director
+49 171 176 7507
tlaas@alvarezandmarsal.com



Dr. Christian Büchelhofer
Senior Director
+49 160 9922 4024
cbuechelhofer@alvarezandmarsal.com