

## Krupa Global Investments supports GAM CEO Sanderson comments about merger talks, sees GAM shares above 8CHF by 2021

Krupa Global Investments (“KGI”) is one of the largest shareholders of GAM Holding AG. Currently holding nearly 3% stake in shares, options and CFDs.

KGI is supporting statement of CEO Sanderson that GAM is not talking about merger with anybody at this point. Media speculations showed that Generali, Italy’s biggest insurer has made comments that Generali is willing to spend €3bln for acquisitions in insurance and asset management space, GAM was one of the targets.

Based on our meeting with CFO McNamara, we believe that GAM management with new CEO Sanderson will increase profitability significantly within next few quarters, so we don’t see pressure to force GAM up for sale at this price as relevant. GAM shares are undervalued which we would like to support by valuation described below.

Over the past 5 years, GAM shares have traded at an average of 1.1x the book value, which is higher than the current 0.8x. Comparable companies are currently trading for 2.6x BV, a level that GAM has never reached in the five-year period under review, so we will use an average GAM multiple of 1.1x for the valuation.

In the case of the second multiple of EV / Revenue, the five-year average of GAM (2.8x) is virtually the same as that of comparable firms (2.9x), so we will use the sector average. GAM is currently trading below this level (1.7x).

<b>Current valuation</b>	
<b>P/BV - GAM 5Y average</b>	<b>1,1x</b>
BVPS (CHF)	5,30
<b>Implied value (CHF)</b>	<b>5,83</b>
<b>EV/Revenue - peers mean/ 5Y GAM average</b>	<b>2,9x</b>
Revenue - 2019E (CHF M)	342,2
<b>EV (CHF M)</b>	<b>983,2</b>
Net Debt 30.6.2019 (CHF M)	-146,6
<b>Equity (CHF M)</b>	<b>1 129,8</b>
<b>Equity value per share (CHF)</b>	<b>7,1</b>

Based on future value, comparable companies are trading at 8.8x EV / EBITDA, which is exactly the same as the five-year average of GAM, so we will use this amount. We will use the net state to reflect the level of debt as of June 30 2019, because in subsequent periods we do not expect any significant changes in this figure.

The intrinsic value of GAM's shares is in the range of 6.3 CHF to 8.2 CHF due to improved performance in 2021, which represents growth potential against the current market value by more than 100%. (See table below)

### Contact for media:

Mgr. Barbora Hanáková, spokeswoman, +420 776 575 096, hanakova@krupainvestments.com  
**Krupa Global Investments a.s.**, Doudlebska 1699/5, 140 00 Prague 4, Czech Republic

If there will be relevant merger offer for GAM in future, KGI would fight and stand on behalf of shareholders and don't allow low-ball offers to be accepted by management.

<b>Future value</b>	<b>as of 31.12.2021</b>
<b>EV/EBITDA - peers mean/ 5Y GAM average</b>	<b>8,8x</b>
EBITDA - 2021E (CHF M)	98,3
<b>EV (CHF M)</b>	<b>861,8</b>
Net Debt (CHF M)	-146,6
<b>Equity (CHF M)</b>	<b>1 008,4</b>
<b>Equity value per share (CHF)</b>	<b>6,3</b>
<hr/>	
<b>EV/Revenue - peers mean/ 5Y GAM average</b>	<b>2,9x</b>
Revenue - 2021E (CHF M)	405,7
<b>EV (CHF M)</b>	<b>1 165,5</b>
Net Debt (CHF M)	-146,6
<b>Equity (CHF M)</b>	<b>1 312,1</b>
<b>Equity value per share (CHF)</b>	<b>8,2</b>

---

Krupa Global Investments is a spin-off from private equity group Arca Capital with AUM of €2bln. Our opportunistic business utilizes an activist investment approach in order to improve management practices, increase returns, and protect the interests of small shareholders. To further our objectives, we enlist the support of key partners when needed. For example, we invited Carl Icahn to involve himself and help increase the price on a problematic buyout transaction involving AmTrust Financial Services.

<https://www.reuters.com/article/us-amtrust-fin-serv-stake-icahn/carl-icahn-files-lawsuit-against-amtrust-controlling-family-idUSKCN1M1UJ>

**Contact for media:**

Mgr. Barbora Hanáková, spokeswoman, +420 776 575 096, hanakova@krupainvestments.com  
**Krupa Global Investments a.s.**, Doudlebska 1699/5, 140 00 Prague 4, Czech Republic

[www.krupainvestments.com](http://www.krupainvestments.com)