



# Letter to Shareholders Q2 2022

Value-Holdings International AG ● Bahnhofstr. 30 ● 86150 Augsburg

To the Shareholders of

**Value-Holdings International AG**

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Dear Ladies and Gentlemen,

the topics that dominated the capital markets towards the end of the first quarter continued to move them in the last three months. While April was still quite unspectacular on the stock market, May was already more volatile and in June share prices knew only one direction - south. Russia's war of aggression against Ukraine continues unabated and has a clear impact on various input prices and raw material availability. Now that Russia has successively curtailed gas deliveries to Europe, uncertainty about future supplies to industry and consumers in the individual European countries, especially in Germany, is increasing. The associated sharp rise in energy costs is already placing a massive burden on both consumers and the economy. Together with the price increases of several other commodity groups, especially in the food sector, inflation has meanwhile risen to over 8%. The main central banks have already reacted to this or announced their intention to do so. In order to contain inflation rates and defend price stability, key interest rate increases have already been implemented and more will follow. This put additional pressure on the stock markets. In addition, the recurring lockdown measures in China are leading to further and continuing supply difficulties for important primary materials, which in turn is also driving up prices. In addition, the rigorous COVID measures are weighing on China's growth prospects as a globally important economic nation.

This overall situation led to considerable share price declines on a quarterly basis. The German leading index DAX and its European counterpart EuroStoxx 50 each lost around 11 %. The small cap index SDAX even fell by 17 %. Since the beginning of the year, losses have totalled 19.5 % (DAX), 19.6 % (EuroStoxx 50) and 27.6 % (SDAX). This means that the first six months of 2022 will go down in stock market history as one of the worst first half-years in a long time. Many of Value-Holdings International AG's (VHI) investments were also unable to escape this environment. In some cases, we had to accept significantly lower prices. However, the focus on valuable companies led to an overall lower loss than the broader market. On a quarterly basis, the minus amounts to approx. 7 %. In the first half of the year as a whole, the net asset value (NAV) fell by -14.5% to € 2.83 per share. The price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange has been between € 1.51 (without volume) and € 3.42 so far in 2022. At the end of June the quotation was € 3.14.

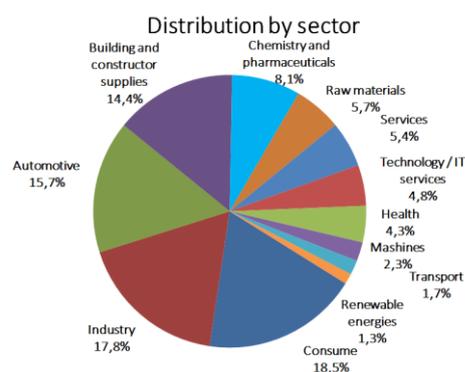
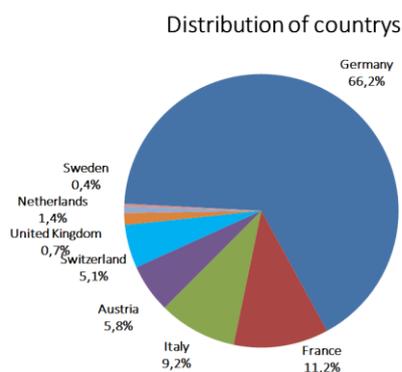
After executing relatively few transactions in the first three months of the year, we were much more active in portfolio management in the second quarter. We divested four investments completely and sold a small part of one position (Eurokai). The complete disposals concerned Freenet, Takkt, DBA Group and Daimler Truck. In the case of Freenet and Takkt, the fair values had been reached, so that we consistently sold these shares before the respective annual general meetings, despite the high dividend yields. In the DBA Group we did not see any further upside potential. We swapped Daimler Truck for the much more promising Traton (including MAN and Scania). In addition to Traton, we also invested for the first time in Lanxess,

Kion, Dr. Höhle and Siltronic, and again acquired an initial position in Keller, after having sold this holding completely at the beginning of 2021 at significantly higher prices. We also took advantage of depressed share prices in some existing positions to increase the size of our participations. This concerned HeidelbergCement, Sto, Deutz, Hochtief, SAF-Holland, q.beyond, and Innotec.

In view of the overall market development, it is not surprising that numerous VHI investments also had to record price declines, some of them considerable. Fortunately, however, individual stocks also developed positively. Without taking into account the respective dividends paid out, BIC (+10%), Carlo Gavazzi (+9%) and Orsero (+7%) were the strongest performers among the portfolio items. DBA Group (+63%) and Freenet (+13%) performed better until the respective sale. Unfortunately, the list of disproportionate share price declines is longer, without company-specific news necessarily being responsible for this. Above all, industrial stocks are affected suffering from rising input costs, fears of recession and uncertainty about the further impact of the Ukraine war (keyword: gas supply). SAF-Holland, Deutz, q.beyond, Semperit and Sto are worth mentioning here, with VHI recording the largest losses in the first half of the year.

The portfolio changes explained resulted in a liquidity ratio of around 7% at the end of the second quarter of 2022, meaning that our company was invested at just over 93% (31.12.2021: 91%). The top 10 investments out of a total of 40 (end of 2021: 37) core positions, i.e. excluding the Future Portfolio, were the following securities in order of portfolio size as at 30.06.2022:

1) SMT Scharf AG	5,2 %	6) BIC S.A.	3,8 %
2) Neodecortech SpA	4,7 %	7) Mercedes-Benz Group AG	3,8 %
3) BMW AG (Preferred)	4,4 %	8) Hawesko Holding AG	3,6 %
4) Sto SE & Co. KGaA	4,1 %	9) Evonik AG	3,3 %
5) Eutelsat Communication S.A.	3,9 %	10) Fresenius SE	3,3 %



The above-mentioned transactions have so far resulted in sales profits of approximately € 350 thousand. In addition, VHI has already been able to collect the majority of the expected dividend income in the second quarter. With just under € 400 thousand in securities income, the company has thus already been able to book more than in the entire previous record year 2019 (€ 361 thousand). We expect further payments in the second half of the year. The dividend distribution of VHI itself will take place, assuming a positive vote, after this year's Annual General Meeting, which will be held in Augsburg on 20 July 2022. In view of the current circumstances, we currently assume that we will have to make value adjustments to individual investments at the end of the year, which will have a corresponding effect on the annual result.

Yours sincerely

Roland Könen  
Member of the Board of Value-Holdings International AG