

Buy (old: Buy)

Price target: EUR 32.00 (old: EUR 32.00)

Price:	EUR 26.80	Next result:	Q2 17: tba
Bloomberg:	D6H:GR	Market cap:	EUR 203.4 m
Reuters:	D6HG.DE	Enterprise Value:	EUR 261.4 m

22-February-17

Tim Wunderlich, CFA
Analyst

tim.wunderlich@ha-research.de
Tel.: +49 40 4143885 81

Strong Q1 ahead of est.; Positive news flow to continue

Exceeding our expectations, **Datagroup released strong Q1 figures** (see next page). This reflects dynamic growth of recurring and high-margin Cloud Services (i.e. CORBOX / 50% of sales in '17E) and in particular the successful integration of the c. 70 cloud customers won through the deal with Hewlett-Packard (HPE), which is expected to yield a total of € 33m sales in 2017E.

The release underpins our view that **consensus expectations are too low** for both 2017E and 2018E. In fact, consensus expects no more than 20% yoy sales growth and a 10% EBITDA margin for FY 2017E – this looks too conservative following the strong Q1 (sales +28% yoy / 10% EBITDA margin) **which is typically the seasonally weakest quarter of the year**. Accordingly, our estimates are 4% (sales) and 7% (EBITDA) ahead of eCons (see next page).

Q1 sales rose by 28% yoy to € 53m versus € 52m expected thanks to dynamic CORBOX customer win activity in 2016 (18 new clients / 3-9 months until a client "goes live") and the contribution from the HPE deal which should have amounted to c. € 7-8m in the quarter.

Q1 EBITDA more than doubled yoy to € 5.2m (eH&A: € 4.8m) revealing the scalability of the cloud services business with incremental EBITDA margins of 20-25% as personnel (e.g. for SAP, database, operations) and other operating expenses (e.g. rental expenses) increase less-than-proportionately to sales.

Q1 net income increased even more profoundly by 350% yoy to € 1.8m (eH&A: € 1.2m) in light of the financial and operating leverage of Datagroup with D&A still biased by c. € 0.7m PPA amortisation in Q1 (eH&A).

The FY 2017E outlook remains intact with management guiding for more than € 200m sales (eH&A: € 218m) and above € 20m EBITDA (eH&A: € 22m). We expect **positive news flow to continue** given possible consensus upgrades. Moreover, boasting a strong track record of value-accretive deals, Datagroup could execute up to two acquisitions this year which should benefit shareholders.

Remains a BUY with a € 32.00 PT based on FCFY 2019E. – cont. –

Y/E 30.9 (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Sales	156.9	152.4	157.6	174.9	217.9	232.1	247.0
Sales growth	7 %	-3 %	3 %	11 %	25 %	7 %	6 %
EBITDA	10.8	10.3	15.3	19.1	22.2	26.0	29.7
EBIT	4.3	4.8	9.6	12.7	15.5	20.0	23.6
Net income	1.9	1.1	4.9	5.7	8.4	11.4	13.8
Net debt	32.1	28.0	37.0	31.0	27.4	19.6	9.9
Net gearing	142.7 %	131.6 %	153.6 %	109.1 %	79.4 %	51.3 %	20.0 %
Net Debt/EBITDA	3.0	2.7	2.4	1.6	1.2	0.8	0.3
EPS pro forma	0.25	0.41	0.91	1.00	1.37	1.67	1.97
CPS	1.17	0.93	0.94	0.92	1.06	1.70	2.01
DPS	0.20	0.20	0.25	0.30	0.35	0.40	0.45
Dividend yield	0.7 %	0.7 %	0.9 %	1.1 %	1.3 %	1.5 %	1.7 %
Gross profit margin	64.0 %	63.9 %	66.3 %	66.8 %	67.5 %	68.0 %	68.3 %
EBITDA margin	6.9 %	6.8 %	9.7 %	10.9 %	10.2 %	11.2 %	12.0 %
EBIT margin	2.8 %	3.2 %	6.1 %	7.2 %	7.1 %	8.6 %	9.6 %
ROCE	5.5 %	6.1 %	12.1 %	11.9 %	12.1 %	16.1 %	18.8 %
EV/sales	1.6	1.6	1.6	1.6	1.2	1.1	0.9
EV/EBITDA	22.9	23.7	16.6	14.5	11.8	9.5	7.8
EV/EBIT	56.9	50.7	26.4	21.9	16.8	12.4	9.8
PER	107.2	65.2	29.6	26.9	19.6	16.0	13.6
Adjusted FCF yield	3.4 %	2.9 %	4.2 %	4.5 %	5.9 %	7.1 %	8.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.02.2017



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	26.86 / 13.22
Price/Book Ratio:	5.9
Relative performance (TecDAX):	
3 months	6.5 %
6 months	48.1 %
12 months	73.4 %

Changes in estimates

		Sales	EBIT	EPS
2017	old:	217.9	15.5	1.37
	Δ	-	-	-
2018	old:	232.1	20.0	1.67
	Δ	-	-	-
2019	old:	247.0	23.6	1.97
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs)	7.6
Authorised capital: (in € m)	3.0
Book value per share: (in €)	4.5
Ø trading volume: (12 months)	6,500

Major shareholders:

HHS Beteiligung (CEO)	61.4 %
Free Float	34.2 %
Executive Board	4.4 %

Company description:

Leading cloud / IT outsourcing provider in Germany

Datagroup SE

EUR	Q1 17	Q1 17 est	Q1 16	yoy	Q4 16	qoq
Sales	53.4	51.9	41.6	28%	48.2	10.8%
EBITDA	5.2	4.8	2.5	108%	9.6	-46%
EBITDA margin	9.7%	9.2%	6.0%	+ 3.7 pp	19.9%	- 10.2 pp
EBIT	3.3	3.0	0.9	267%	7.9	-58%
EBIT margin	6.2%	5.8%	2.2%	+ 4.0 pp	16.4%	- 10.2 pp
Net profit	1.8	1.2	0.4	350%	4.9	-63%
Net margin	3.4%	2.3%	1.0%	+ 2.4 pp	10.2%	- 6.8 pp
EPS	0.23	0.15	0.05	336%	0.65	-64%

Source: Company data, Hauck & Aufhäuser

Consensus-Overview	2017E	2018E	2019E
Sales (consensus)	210	223	233
yoy in %	20%	6%	4%
Sales (Hauck&Aufhäuser)	218	232	247
yoy in %	25%	7%	6%
delta H&A estimates (%)	4%	4%	6%
EBITDA (consensus)	21	23	na
yoy in %		10.6%	
margin in %	9.9%	10.3%	
EBITDA (Hauck&Aufhäuser)	22	26	30
yoy in %		17%	14%
margin in %	10.2%	11.2%	12.0%
delta H&A estimates (%)	7%	13%	
EBIT (consensus)	15	17	19
yoy in %		15%	13%
margin in %	7.1%	7.7%	8.3%
EBIT (Hauck&Aufhäuser)	16	20	24
yoy in %		29%	18%
margin in %	7.1%	8.6%	9.6%
delta H&A estimates (%)	4%	16%	22%
Net profit (consensus)	8	10	11
margin in %	3.8%	4.5%	4.7%
Net profit (Hauck&Aufhäuser)	8	11	14
margin in %	3.9%	4.9%	5.6%
delta H&A estimates (%)	5%	14%	26%

Source: Company data, Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Net sales	156.9	152.4	157.6	174.9	217.9	232.1	247.0
<i>Sales growth</i>	7.4 %	-2.9 %	3.4 %	11.0 %	24.6 %	6.5 %	6.4 %
Increase/decrease in finished goods and work-in-process	0.4	0.1	0.3	0.5	0.4	0.5	0.5
Total sales	157.4	152.5	157.9	175.4	218.3	232.6	247.5
Other operating income	3.8	3.0	4.6	8.4	3.7	3.2	3.2
Material expenses	56.6	55.0	53.2	58.2	71.0	74.4	78.5
Personnel expenses	74.4	71.5	77.1	85.7	105.9	111.6	117.8
Other operating expenses	19.3	18.7	16.9	20.8	22.9	23.7	24.7
Total operating expenses	146.6	142.2	142.6	156.3	196.1	206.6	217.8
EBITDA	10.8	10.3	15.3	19.1	22.2	26.0	29.7
Depreciation	2.4	1.9	2.1	2.8	2.8	3.1	3.4
EBITA	8.4	8.4	13.3	16.3	19.4	22.9	26.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.0	3.6	3.7	3.6	3.9	2.9	2.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.3	4.8	9.6	12.7	15.5	20.0	23.6
Interest income	1.0	0.5	0.6	0.9	0.3	0.3	0.4
Interest expenses	2.9	2.9	2.4	3.5	3.0	3.0	3.0
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.9	-2.5	-1.8	-2.6	-2.8	-2.7	-2.6
Recurring pretax income from continuing operations	2.5	2.4	7.8	10.1	12.7	17.2	21.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.5	2.4	7.8	10.1	12.7	17.2	21.0
Taxes	0.6	1.3	2.9	4.4	4.3	5.9	7.1
Net income from continuing operations	1.9	1.1	4.9	5.7	8.4	11.4	13.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.9	1.1	4.9	5.7	8.4	11.4	13.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (net of minority interest)	1.9	1.1	4.9	5.7	8.4	11.4	13.8
Average number of shares	7.6	7.6	7.6	7.6	7.6	7.6	7.6
EPS reported	0.25	0.14	0.65	0.75	1.11	1.50	1.82

Profit and loss (common size)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	0.3 %	0.1 %	0.2 %	0.3 %	0.2 %	0.2 %	0.2 %
Total sales	100.3 %	100.1 %	100.2 %	100.3 %	100.2 %	100.2 %	100.2 %
Other operating income	2.4 %	2.0 %	2.9 %	4.8 %	1.7 %	1.4 %	1.3 %
Material expenses	36.1 %	36.1 %	33.7 %	33.3 %	32.6 %	32.1 %	31.8 %
Personnel expenses	47.4 %	46.9 %	48.9 %	49.0 %	48.6 %	48.1 %	47.7 %
Other operating expenses	12.3 %	12.3 %	10.7 %	11.9 %	10.5 %	10.2 %	10.0 %
Total operating expenses	93.4 %	93.3 %	90.5 %	89.4 %	90.0 %	89.0 %	88.2 %
EBITDA	6.9 %	6.8 %	9.7 %	10.9 %	10.2 %	11.2 %	12.0 %
Depreciation	1.5 %	1.2 %	1.3 %	1.6 %	1.3 %	1.3 %	1.4 %
EBITA	5.3 %	5.5 %	8.4 %	9.3 %	8.9 %	9.9 %	10.7 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.6 %	2.4 %	2.3 %	2.1 %	1.8 %	1.2 %	1.1 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	2.8 %	3.2 %	6.1 %	7.2 %	7.1 %	8.6 %	9.6 %
Interest income	0.7 %	0.3 %	0.4 %	0.5 %	0.1 %	0.1 %	0.2 %
Interest expenses	1.8 %	1.9 %	1.5 %	2.0 %	1.4 %	1.3 %	1.2 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.2 %	-1.6 %	-1.2 %	-1.5 %	-1.3 %	-1.2 %	-1.1 %
Recurring pretax income from continuing operations	1.6 %	1.5 %	4.9 %	5.8 %	5.8 %	7.4 %	8.5 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	1.6 %	1.5 %	4.9 %	5.8 %	5.8 %	7.4 %	8.5 %
Tax rate	23.5 %	53.7 %	36.7 %	43.4 %	34.0 %	34.0 %	34.0 %
Net income from continuing operations	1.2 %	0.7 %	3.1 %	3.3 %	3.9 %	4.9 %	5.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	1.2 %	0.7 %	3.1 %	3.3 %	3.9 %	4.9 %	5.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	1.2 %	0.7 %	3.1 %	3.3 %	3.9 %	4.9 %	5.6 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Intangible assets	49.6	46.5	50.0	48.3	46.6	45.9	45.4
Property, plant and equipment	4.7	3.9	7.3	7.3	7.5	7.9	8.2
Financial assets	6.5	6.5	9.3	5.6	5.6	5.6	5.6
FIXED ASSETS	60.7	56.9	66.6	61.2	59.7	59.4	59.2
Inventories	1.5	1.1	1.5	1.4	2.2	2.3	2.5
Accounts receivable	13.9	12.8	16.7	16.1	20.0	21.3	22.7
Other current assets	12.2	12.7	14.8	52.0	40.0	29.0	23.4
Liquid assets	11.4	9.4	2.3	24.4	28.0	35.8	45.5
Deferred taxes	1.9	2.1	1.5	4.7	4.7	4.7	4.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	41.0	38.2	36.8	98.6	94.8	93.1	98.7
TOTAL ASSETS	101.7	95.1	103.3	159.7	154.5	152.5	157.9
SHAREHOLDERS EQUITY	22.5	21.3	24.1	28.4	34.5	38.2	49.4
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	35.9	29.9	24.6	51.8	51.8	51.8	51.8
Provisions for pensions and similar obligations	11.3	12.8	13.6	42.6	30.6	24.6	18.6
Other provisions	3.9	4.8	5.5	4.8	4.8	4.8	4.8
Non-current liabilities	51.0	47.6	43.8	99.3	87.3	81.3	75.3
short-term liabilities to banks	7.7	7.5	14.6	3.5	3.5	3.5	3.5
Accounts payable	5.0	3.3	4.7	2.6	3.3	3.5	3.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	13.5	14.2	15.4	23.0	23.0	23.0	23.0
Deferred taxes	2.1	1.3	0.8	2.9	2.9	2.9	2.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	28.2	26.3	35.5	32.1	32.8	33.0	33.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	101.7	95.1	103.3	159.7	154.5	152.5	157.9

Balance sheet (common size)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Intangible assets	48.7 %	48.9 %	48.3 %	30.2 %	30.2 %	30.1 %	28.7 %
Property, plant and equipment	4.6 %	4.1 %	7.1 %	4.6 %	4.9 %	5.2 %	5.2 %
Financial assets	6.4 %	6.8 %	9.0 %	3.5 %	3.6 %	3.6 %	3.5 %
FIXED ASSETS	59.7 %	59.8 %	64.4 %	38.3 %	38.6 %	38.9 %	37.5 %
Inventories	1.5 %	1.1 %	1.5 %	0.9 %	1.4 %	1.5 %	1.6 %
Accounts receivable	13.7 %	13.5 %	16.1 %	10.1 %	13.0 %	14.0 %	14.4 %
Other current assets	12.0 %	13.4 %	14.4 %	32.5 %	25.9 %	19.0 %	14.8 %
Liquid assets	11.2 %	9.9 %	2.2 %	15.3 %	18.1 %	23.5 %	28.8 %
Deferred taxes	1.9 %	2.2 %	1.4 %	2.9 %	3.0 %	3.1 %	3.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	40.3 %	40.2 %	35.6 %	61.7 %	61.4 %	61.1 %	62.5 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	22.1 %	22.4 %	23.3 %	17.8 %	22.3 %	25.1 %	31.3 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	35.3 %	31.5 %	23.8 %	32.4 %	33.5 %	34.0 %	32.8 %
Provisions for pensions and similar obligations	11.1 %	13.5 %	13.2 %	26.7 %	19.8 %	16.2 %	11.8 %
Other provisions	3.8 %	5.1 %	5.3 %	3.0 %	3.1 %	3.1 %	3.0 %
Non-current liabilities	50.2 %	50.0 %	42.3 %	62.1 %	56.5 %	53.3 %	47.7 %
short-term liabilities to banks	7.5 %	7.9 %	14.1 %	2.2 %	2.3 %	2.3 %	2.2 %
Accounts payable	4.9 %	3.5 %	4.6 %	1.7 %	2.1 %	2.3 %	2.4 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	13.2 %	14.9 %	14.9 %	14.4 %	14.9 %	15.1 %	14.6 %
Deferred taxes	2.0 %	1.3 %	0.8 %	1.8 %	1.9 %	1.9 %	1.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	27.7 %	27.6 %	34.4 %	20.1 %	21.2 %	21.6 %	21.0 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Net profit/loss	1.9	1.1	4.9	5.7	8.4	11.4	13.8
Depreciation of fixed assets (incl. leases)	2.4	1.9	2.1	6.4	2.8	3.1	3.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.0	3.6	3.7	0.0	3.9	2.9	2.7
Others	2.1	2.8	1.3	-3.7	0.0	0.0	0.0
Cash flow from operations before changes in w/c	10.4	9.4	11.9	8.4	15.1	17.4	19.9
Increase/decrease in inventory	0.5	0.4	0.6	0.1	-0.8	-0.2	-0.2
Increase/decrease in accounts receivable	1.6	1.1	-1.5	-5.1	-3.9	-1.3	-1.4
Increase/decrease in accounts payable	-1.5	-1.7	-1.1	5.7	0.7	0.2	0.2
Increase/decrease in other working capital positions	0.0	0.0	-0.5	0.4	0.0	0.0	0.0
Increase/decrease in working capital	0.6	-0.1	-2.5	1.1	-4.1	-1.3	-1.3
Cash flow from operating activities	10.9	9.3	9.4	9.5	11.0	16.1	18.6
CAPEX	3.1	2.2	3.7	3.3	5.2	5.7	5.9
Payments for acquisitions	3.0	2.2	4.5	2.0	0.0	0.0	0.0
Financial investments	0.0	0.8	1.6	-1.2	0.0	0.0	0.0
Income from asset disposals	0.8	0.9	0.5	0.4	0.0	0.0	0.0
Cash flow from investing activities	-5.2	-4.3	-9.3	-3.7	-5.2	-5.7	-5.9
Cash flow before financing	5.7	5.0	0.1	5.8	5.8	10.4	12.7
Increase/decrease in debt position	6.1	-3.8	-4.3	19.6	0.0	0.0	0.0
Purchase of own shares	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	1.5	1.5	1.5	1.9	2.3	2.7	3.0
Others	-1.7	-1.6	-1.7	-1.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	2.8	-6.9	-7.5	16.5	-2.3	-2.7	-3.0
Increase/decrease in liquid assets	8.5	-2.0	-7.4	22.4	3.6	7.8	9.7
Liquid assets at end of period	11.4	9.4	2.1	24.4	28.0	35.8	45.5

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
Domestic	156.0	151.2	156.0	172.1	215.1	229.3	244.3
yoy change	8.1 %	-3.1 %	3.2 %	10.3 %	25.0 %	6.6 %	6.5 %
Rest of Europe	0.9	1.2	1.6	2.8	2.8	2.8	2.7
yoy change	-50.5 %	29.5 %	29.3 %	77.6 %	1.2 %	-1.7 %	-2.4 %
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TTL	156.9	152.4	157.6	174.9	217.9	232.1	247.0
yoy change	7.4 %	-2.9 %	3.4 %	11.0 %	24.6 %	6.5 %	6.4 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012/13	2013/14	2014/15	2015/16	2016/17E	2017/18E	2018/19E
P&L growth analysis							
Sales growth	7.4 %	-2.9 %	3.4 %	11.0 %	24.6 %	6.5 %	6.4 %
EBITDA growth	13.1 %	-4.7 %	49.1 %	24.5 %	16.3 %	16.9 %	14.4 %
EBIT growth	14.3 %	11.1 %	99.5 %	32.0 %	22.5 %	28.6 %	18.2 %
EPS growth	-26.3 %	-42.5 %	351.3 %	16.1 %	47.1 %	35.3 %	21.6 %
Efficiency							
Total operating costs / sales	93.4 %	93.3 %	90.5 %	89.4 %	90.0 %	89.0 %	88.2 %
Sales per employee	120.9	128.5	124.4	124.6	132.1	137.3	142.6
EBITDA per employee	8.3	8.7	12.1	13.6	13.5	15.4	17.2
Balance sheet analysis							
Avg. working capital / sales	6.8 %	6.9 %	7.6 %	8.1 %	7.7 %	8.4 %	8.4 %
Inventory turnover (sales/inventory)	103.7	141.2	102.8	125.6	101.0	100.0	99.0
Trade debtors in days of sales	32.4	30.7	38.6	33.5	33.5	33.5	33.5
A/P turnover [(A/P*365)/sales]	11.6	8.0	11.0	5.5	5.5	5.5	5.5
Cash conversion cycle (days)	9.9	15.7	16.5	25.7	27.7	27.7	27.8
Cash flow analysis							
Free cash flow	7.9	7.0	5.8	6.2	5.8	10.4	12.7
Free cash flow/sales	5.0 %	4.6 %	3.7 %	3.5 %	2.7 %	4.5 %	5.2 %
FCF / net profit	416.0 %	646.1 %	117.0 %	108.4 %	69.5 %	91.6 %	92.1 %
Capex / depre	47.7 %	56.0 %	91.4 %	32.6 %	77.6 %	95.0 %	96.4 %
Capex / maintenance capex	142.9 %	82.3 %	91.9 %	115.5 %	100.0 %	109.4 %	109.0 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	32.1	28.0	37.0	31.0	27.4	19.6	9.9
Net Debt/EBITDA	3.0	2.7	2.4	1.6	1.2	0.8	0.3
Net debt / equity	1.4	1.3	1.5	1.1	0.8	0.5	0.2
Interest cover	1.5	1.6	4.0	3.6	5.1	6.6	7.8
Dividend payout ratio	80.0 %	139.2 %	38.5 %	39.8 %	31.6 %	26.7 %	24.7 %
Asset utilisation							
Capital employed turnover	1.9	2.0	1.9	1.3	1.7	1.9	1.9
Operating assets turnover	10.4	10.5	7.6	7.9	8.3	8.3	8.3
Plant turnover	33.7	38.9	21.5	23.9	29.0	29.4	30.1
Inventory turnover (sales/inventory)	103.7	141.2	102.8	125.6	101.0	100.0	99.0
Returns							
ROCE	5.5 %	6.1 %	12.1 %	11.9 %	12.1 %	16.1 %	18.8 %
ROE	8.4 %	5.1 %	20.5 %	20.1 %	24.4 %	29.8 %	28.0 %
Other							
Interest paid / avg. debt	6.9 %	7.2 %	6.2 %	7.3 %	5.5 %	5.5 %	5.5 %
No. employees (average)	1298	1186	1267	1404	1650	1691	1732
Number of shares	7.6	7.6	7.6	7.6	7.6	7.6	7.6
DPS	0.2	0.2	0.3	0.3	0.4	0.4	0.5
EPS reported	0.25	0.14	0.65	0.75	1.11	1.50	1.82
Valuation ratios							
P/BV	9.0	9.6	8.5	7.2	5.9	5.3	4.1
EV/sales	1.6	1.6	1.6	1.6	1.2	1.1	0.9
EV/EBITDA	22.9	23.7	16.6	14.5	11.8	9.5	7.8
EV/EBITA	29.5	29.0	19.2	17.0	13.5	10.8	8.8
EV/EBIT	56.9	50.7	26.4	21.9	16.8	12.4	9.8
EV/FCF	31.3	34.7	44.1	44.7	44.7	23.7	18.2
Adjusted FCF yield	3.4 %	2.9 %	4.2 %	4.5 %	5.9 %	7.1 %	8.6 %
Dividend yield	0.7 %	0.7 %	0.9 %	1.1 %	1.3 %	1.5 %	1.7 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers KGaA pursuant to section 34b of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 34b of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers KGaA

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers KGaA or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

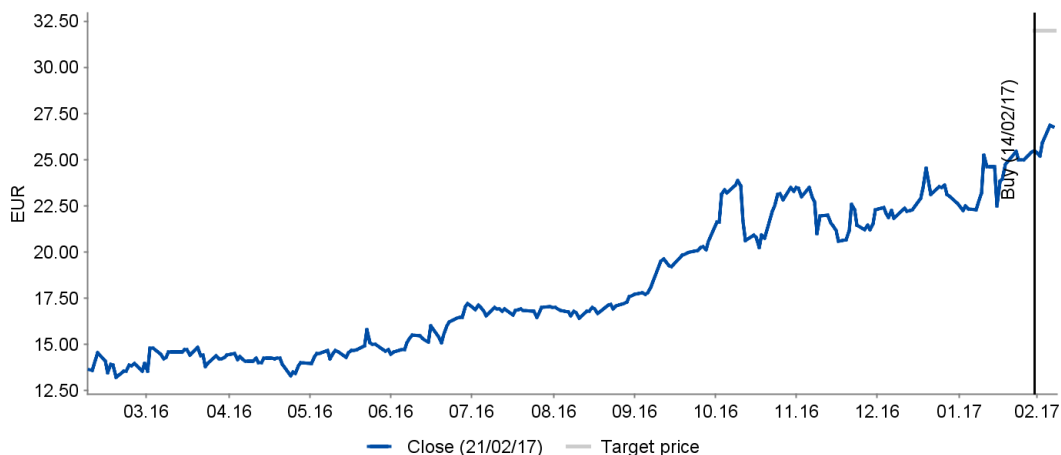
Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
Datagroup SE	8

Historical target price and rating changes for Datagroup SE in the last 12 months

Price and Rating History Datagroup SE as of 22/02/17

Initiation coverage
17-February-17



Company	Date	Analyst	Rating	Target price	Close
Datagroup SE	17.02.2017	Wunderlich, CFA, Tim	Buy	EUR 32.00	EUR 25.91
Datagroup SE	17.02.2017	Wunderlich, CFA, Tim	Buy	EUR 32.00	EUR 25.91

Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	58.09 %	100.00 %
Sell	10.29 %	0.00 %
Hold	31.62 %	0.00 %

Date of publication creation: 22/02/2017 09:54 AM

Date of publication dissemination: 22/02/2017 10:02 AM

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers KGaA. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers KGaA. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers KGaA, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers KGaA took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers KGaA involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers KGaA uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers KGaA are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers KGaA. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers KGaA whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers KGaA has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers KGaA are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:
https://www.hauck-aufhaeuser.de/page/UVV_InstitutResearch

Contacts: Hauck&Aufhäuser Privatbankiers KGaA

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 93
Fax: +49 (0) 40 414 3885 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Head of Research
Tel.: +49 40 414 3885 85
E-Mail: sascha.berresch@ha-research.de

Leonhard Bayer
Analyst
Tel.: +49 40 414 3885 79
E-Mail: leonhard.bayer@ha-research.de

Henning Breiter
Analyst
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-research.de

Lars Dannenberg
Analyst
Tel.: +49 40 414 3885 92
E-Mail: lars.dannenberg@ha-research.de

Nils-Peter Gehrman
Analyst
Tel.: +49 40 414 3885 86
E-Mail: nils-peter.gehrman@ha-research.de

Pierre Gröning
Analyst
Tel.: +49 40 450 6342 30 92
E-Mail: pierre.groening@ha-research.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-research.de

Aliaksandr Halitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: aliaksandr.halitsa@ha-research.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-research.de

Christian Schwenkenbecher
Analyst
Tel.: +49 40 414 3885 76
E-Mail: christian.schwenkenbecher@ha-research.de

Torben Teichler
Analyst
Tel.: +49 40 414 3885 74
E-Mail: torben.teichler@ha-research.de

Tim Wunderlich, CFA
Analyst
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Oliver Anderson
Sales
Tel.: +44 207 408 1100
E-Mail: oliver.anderson@ha-research.de

Toby Woods
Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-research.de

Hugues Madelin
Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Christian Alisch
Sales
Tel.: +49 40 414 3885 99
E-Mail: christian.alisch@ha-research.de

Vincent Bischoff
Sales
Tel.: +49 40 414 3885 88
E-Mail: vincent.bischoff@ha-research.de

Alexander Lachmann
Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-research.de

Georgina Harrold
Sales
Tel.: +49 69 2161 1299
E-Mail: georgina.harrold@hauck-aufhaeuser.de

Jan Neynaber
Sales
Tel.: +49 69 2161 1268
E-Mail: jan.neynaber@hauck-aufhaeuser.de

Marco Schumann
Sales
Tel.: +49 69 2161 1250
E-Mail: marco.schumann@hauck-aufhaeuser.de

JPP Eurosecurities Inc.
Sales North America
Quinn Raftery
Tel.: + 1 231 649 4998
E-Mail: quinn.raftery@haa-na.com

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 75
Fax: +49 40 414 3885 71
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading
Tel.: +49 40 414 3885 75
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Joseph Kaselak
Trading
Tel.: +49 40 450 6342 3093
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

Christian von Schuler
Trading
Tel.: +49 40 414 3885 77
E-Mail: christian.schuler@hauck-aufhaeuser.de

Fin Schaffer
Trading
Tel.: +49 40 414 3885 98
E-Mail: fin.schaffer@hauck-aufhaeuser.de

Kathleen Jonas
Middle-Office
Tel.: +49 40 414 3885 97
E-Mail: kathleen.jonas@hauck-aufhaeuser.de

Carolin Weber
Middle-Office
Tel.: +49 40 414 3885 87
E-Mail: carolin.weber@hauck-aufhaeuser.de