



Buy (old: Buy)

Price target: EUR 52.00 (old: EUR 45.00)

Price:	EUR 33.55	Next result:	Q2 19: 21.05.19
Bloomberg:	D6H@GR	Market cap:	EUR 296.8 m
Reuters:	D6HG.DE	Enterprise Value:	EUR 345.0 m

25-February-19

Tim Wunderlich, CFA
Alina Köhler

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

The Cloud factory – Re-initiate with BUY; PT up

A leading cloud services provider for German SMEs, Datagroup combines the customer proximity and agility of a *Mittelstand* company with the efficiency of a larger provider.

The secret to its success: CORBOX. This cloud platform is the perfect fit for its clientele offering unparalleled breadth (12 cloud services), flexibility (modular set-up) AND efficiency as it follows the logic of industrial serial production relying on standardized, qualified and clearly defined services.

The mass production rationale also applies to Datagroup's own business model where regional sales & service offices (for local presence) are complemented by centralized "production" units (e.g. data center, SAP, AMS) and widely automated processes, **driving best-in-class personnel-intensity and capital efficiency evidenced by >15% ROCEs** (adjusted for IFRS 16 changes).

This differentiation is perceived and valued by its more than 160 CORBOX clients who have repeatedly voted Datagroup amongst the top three cloud providers in Germany with respect to total customer satisfaction, substantially ahead of peers like QSC and Bechtle.

This provides a strong foundation for Datagroup's **ongoing dynamic cloud performance**: we expect c. 6% annual top-line growth (CAGR '18-21E) carried by straightforward market share gains (current share only 3%) and an established up-selling cycle. Note that growth estimates do not include any further value-accretive M&A deals – which are a key part of the strategy – but account for the sensible scaling-back of non-core on-site IT services (c. 3% negative growth impact p.a.).

Meanwhile, net income is set to rise by almost 15% p.a. to € 18m (CAGR '18-21E) driven by further automation, synergies from latest M&A deals (e.g. cutting admin) and declining amortization from PPA.

Combining healthy returns with high visibility (75% recurring sales / recent project win with *NRW Bank* was largest in company's history) and an undemanding valuation (15x earnings '20E), **we re-initiate Datagroup with BUY and a new € 52.00 PT** based on an overhauled DCF model (7% WACC / 2% LT growth / 10% TY EBIT margin).

Y/E 30.9 (EUR m)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Sales	157.6	174.9	223.1	272.1	290.0	308.9	328.0
Sales growth	3 %	11 %	28 %	22 %	7 %	6 %	6 %
EBITDA	15.3	19.1	27.0	34.5	43.5	47.3	51.2
EBIT	9.6	12.7	18.6	20.4	23.0	26.3	30.4
Net income	4.9	5.7	11.2	12.9	13.5	15.5	18.4
Net debt	37.0	31.0	10.6	16.2	24.3	5.8	-14.9
Net gearing	153.6 %	109.1 %	17.9 %	24.1 %	32.1 %	6.8 %	-15.1 %
Net Debt/EBITDA	2.4	1.6	0.4	0.5	0.6	0.1	0.0
EPS pro forma	1.14	1.19	1.83	2.03	2.25	2.37	2.68
CPS	0.94	0.92	3.53	1.82	3.22	3.53	3.79
DPS	0.25	0.30	0.45	0.60	0.65	0.70	0.75
Dividend yield	0.7 %	0.8 %	1.3 %	1.7 %	1.8 %	2.0 %	2.1 %
Gross profit margin	66.3 %	66.8 %	71.3 %	70.5 %	70.6 %	70.6 %	70.6 %
EBITDA margin	9.7 %	10.9 %	12.1 %	12.7 %	15.0 %	15.3 %	15.6 %
EBIT margin	6.1 %	7.2 %	8.3 %	7.5 %	7.9 %	8.5 %	9.3 %
ROCE	12.1 %	11.9 %	12.2 %	11.6 %	12.2 %	13.7 %	14.6 %
EV/sales	2.0	2.0	1.5	1.3	1.2	1.1	0.9
EV/EBITDA	20.9	18.0	12.8	10.3	8.2	7.0	6.1
EV/EBIT	33.4	27.1	18.6	17.4	15.5	12.7	10.3
PER	31.2	29.9	19.4	17.5	15.8	15.0	13.3
Adjusted FCF yield	3.3 %	3.6 %	5.5 %	7.2 %	9.4 %	10.8 %	12.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 22.02.2019

High/low 52 weeks: 44.40 / 33.55
Price/Book Ratio: 4.7
Relative performance (TecDAX):
3 months -
6 months -
12 months -

Changes in estimates

	Sales	EBIT	EPS
--	-------	------	-----

Key share data:

Number of shares: (in m pcs) 8.35
Authorised capital: (in € m) 3.0
Book value per share: (in €) 7.1
Ø trading volume: (12 months) 6,500

Major shareholders:

HHS Beteiligung (CEO) 51.0 %
Free Float 45.0 %
Executive Board 4.0 %

Company description:

Leading cloud / IT outsourcing provider in Germany

Financials

Profit and loss (EUR m)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Net sales	157.6	174.9	223.1	272.1	290.0	308.9	328.0
<i>Sales growth</i>	3.4 %	11.0 %	27.6 %	21.9 %	6.6 %	6.5 %	6.2 %
Increase/decrease in finished goods and work-in-process	0.3	0.5	0.6	0.7	0.6	0.6	0.7
Total sales	157.9	175.4	223.8	272.8	290.6	309.5	328.7
Other operating income	4.6	8.4	9.1	5.7	5.8	5.9	5.9
Material expenses	53.2	58.2	64.2	80.4	85.6	91.1	96.8
Personnel expenses	77.1	85.7	119.9	134.7	142.1	150.4	158.8
Other operating expenses	16.9	20.8	21.7	28.8	25.2	26.6	27.9
Total operating expenses	142.6	156.3	196.7	238.3	247.1	262.2	277.5
EBITDA	15.3	19.1	27.0	34.5	43.5	47.3	51.2
Depreciation	2.1	2.8	4.1	8.1	14.6	15.1	15.3
EBITA	13.3	16.3	23.0	26.3	28.9	32.2	35.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.7	3.6	4.4	5.9	5.9	5.9	5.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	9.6	12.7	18.6	20.4	23.0	26.3	30.4
Interest income	0.6	0.9	0.8	0.5	0.4	0.6	0.8
Interest expenses	2.4	3.5	2.8	2.4	3.6	4.1	4.1
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.8	-2.6	-2.0	-1.9	-3.1	-3.5	-3.3
Recurring pretax income from continuing operations	7.8	10.1	16.6	18.5	19.9	22.7	27.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	7.8	10.1	16.6	18.5	19.9	22.7	27.0
Taxes	2.9	4.4	5.4	5.6	6.4	7.3	8.7
Net income from continuing operations	4.9	5.7	11.2	12.9	13.5	15.5	18.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	4.9	5.7	11.2	12.9	13.5	15.5	18.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	4.9	5.7	11.2	12.9	13.5	15.5	18.4
Average number of shares	7.6	7.6	8.0	8.3	8.3	8.3	8.3
EPS reported	0.65	0.75	1.41	1.54	1.62	1.85	2.20

Profit and loss (common size)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
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	0.2 %	0.3 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %
Total sales	100.2 %	100.3 %	100.3 %	100.3 %	100.2 %	100.2 %	100.2 %
Other operating income	2.9 %	4.8 %	4.1 %	2.1 %	2.0 %	1.9 %	1.8 %
Material expenses	33.7 %	33.3 %	28.8 %	29.5 %	29.5 %	29.5 %	29.5 %
Personnel expenses	48.9 %	49.0 %	53.7 %	49.5 %	49.0 %	48.7 %	48.4 %
Other operating expenses	10.7 %	11.9 %	9.7 %	10.6 %	8.7 %	8.6 %	8.5 %
Total operating expenses	90.5 %	89.4 %	88.2 %	87.6 %	85.2 %	84.9 %	84.6 %
EBITDA	9.7 %	10.9 %	12.1 %	12.7 %	15.0 %	15.3 %	15.6 %
Depreciation	1.3 %	1.6 %	1.8 %	3.0 %	5.0 %	4.9 %	4.7 %
EBITA	8.4 %	9.3 %	10.3 %	9.7 %	10.0 %	10.4 %	10.9 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.3 %	2.1 %	2.0 %	2.2 %	2.0 %	1.9 %	1.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	6.1 %	7.2 %	8.3 %	7.5 %	7.9 %	8.5 %	9.3 %
Interest income	0.4 %	0.5 %	0.4 %	0.2 %	0.2 %	0.2 %	0.2 %
Interest expenses	1.5 %	2.0 %	1.3 %	0.9 %	1.2 %	1.3 %	1.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	4.9 %	5.8 %	7.4 %	6.8 %	6.9 %	7.4 %	8.2 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	4.9 %	5.8 %	7.4 %	6.8 %	6.9 %	7.4 %	8.2 %
Tax rate	36.7 %	43.4 %	32.5 %	30.3 %	32.0 %	32.0 %	32.0 %
Net income from continuing operations	3.1 %	3.3 %	5.0 %	4.7 %	4.7 %	5.0 %	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	3.1 %	3.3 %	5.0 %	4.7 %	4.7 %	5.0 %	5.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	3.1 %	3.3 %	5.0 %	4.7 %	4.7 %	5.0 %	5.6 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Intangible assets	50.0	48.3	55.6	61.8	58.8	55.1	51.7
Property, plant and equipment	7.3	7.3	19.3	22.4	19.4	12.6	5.8
Financial assets	9.3	5.6	2.6	3.1	3.1	3.1	3.1
FIXED ASSETS	66.6	61.2	77.5	87.3	81.3	70.8	60.6
Inventories	1.5	1.4	3.5	2.0	2.9	3.1	3.3
Accounts receivable	16.7	16.1	26.8	31.2	33.3	35.5	37.7
Other current assets	14.8	52.0	47.9	51.6	66.0	66.0	66.0
Liquid assets	2.3	24.4	53.2	38.7	50.6	69.1	89.8
Deferred taxes	1.5	4.7	4.6	4.6	4.6	4.6	4.6
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	36.8	98.6	135.9	128.2	157.5	178.3	201.4
TOTAL ASSETS	103.3	159.7	213.4	215.5	238.8	249.1	262.1
SHAREHOLDERS EQUITY	24.1	28.4	59.6	67.3	75.8	85.8	98.3
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	24.6	51.8	52.7	42.6	62.6	62.6	62.6
Provisions for pensions and similar obligations	13.6	42.6	37.6	41.6	35.6	29.6	29.6
Other provisions	5.5	4.8	13.8	14.0	14.0	14.0	14.0
Non-current liabilities	43.8	99.3	104.1	98.2	112.2	106.2	106.2
short-term liabilities to banks	14.6	3.5	11.1	12.3	12.3	12.3	12.3
Accounts payable	4.7	2.6	4.5	5.4	5.8	6.2	6.5
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)	15.4	23.0	32.2	31.1	31.5	37.5	37.5
Deferred taxes	0.8	2.9	1.9	0.9	0.9	0.9	0.9
Deferred income	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Current liabilities	35.5	32.1	49.7	50.0	50.7	57.1	57.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	103.3	159.7	213.4	215.5	238.7	249.1	262.1

Balance sheet (common size)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Intangible assets	48.3 %	30.2 %	26.0 %	28.7 %	24.6 %	22.1 %	19.7 %
Property, plant and equipment	7.1 %	4.6 %	9.0 %	10.4 %	8.1 %	5.1 %	2.2 %
Financial assets	9.0 %	3.5 %	1.2 %	1.4 %	1.3 %	1.3 %	1.2 %
FIXED ASSETS	64.4 %	38.3 %	36.3 %	40.5 %	34.1 %	28.4 %	23.1 %
Inventories	1.5 %	0.9 %	1.6 %	0.9 %	1.2 %	1.3 %	1.3 %
Accounts receivable	16.1 %	10.1 %	12.5 %	14.5 %	13.9 %	14.2 %	14.4 %
Other current assets	14.4 %	32.5 %	22.5 %	24.0 %	27.7 %	26.5 %	25.2 %
Liquid assets	2.2 %	15.3 %	24.9 %	18.0 %	21.2 %	27.7 %	34.3 %
Deferred taxes	1.4 %	2.9 %	2.1 %	2.1 %	1.9 %	1.9 %	1.8 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	35.6 %	61.7 %	63.7 %	59.5 %	66.0 %	71.6 %	76.9 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	23.3 %	17.8 %	27.9 %	31.2 %	31.7 %	34.4 %	37.5 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	23.8 %	32.4 %	24.7 %	19.8 %	26.2 %	25.1 %	23.9 %
Provisions for pensions and similar obligations	13.2 %	26.7 %	17.6 %	19.3 %	14.9 %	11.9 %	11.3 %
Other provisions	5.3 %	3.0 %	6.5 %	6.5 %	5.9 %	5.6 %	5.4 %
Non-current liabilities	42.3 %	62.1 %	48.8 %	45.6 %	47.0 %	42.6 %	40.5 %
short-term liabilities to banks	14.1 %	2.2 %	5.2 %	5.7 %	5.2 %	5.0 %	4.7 %
Accounts payable	4.6 %	1.7 %	2.1 %	2.5 %	2.4 %	2.5 %	2.5 %
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)	14.9 %	14.4 %	15.1 %	14.4 %	13.2 %	15.1 %	14.3 %
Deferred taxes	0.8 %	1.8 %	0.9 %	0.4 %	0.4 %	0.4 %	0.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Current liabilities	34.4 %	20.1 %	23.3 %	23.2 %	21.3 %	22.9 %	21.9 %
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)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Net profit/loss	4.9	5.7	11.2	12.9	13.5	15.5	18.4
Depreciation of fixed assets (incl. leases)	2.1	6.4	8.5	10.1	14.6	15.1	15.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.7	0.0	0.0	4.0	5.9	5.9	5.5
Others	1.3	-3.7	-9.9	-5.9	0.0	0.0	0.0
Cash flow from operations before changes in w/c	11.9	8.4	9.7	21.0	34.0	36.5	39.2
Increase/decrease in inventory	0.6	0.1	4.7	1.5	-1.0	-0.2	-0.2
Increase/decrease in accounts receivable	-1.5	-5.1	16.2	-4.5	-2.1	-2.2	-2.2
Increase/decrease in accounts payable	-1.1	5.7	1.8	1.0	0.4	0.4	0.4
Increase/decrease in other working capital positions	-0.5	0.4	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-2.5	1.1	22.7	-2.0	-2.7	-2.0	-2.0
Cash flow from operating activities	9.4	9.5	32.5	19.0	31.4	34.5	37.2
CAPEX	3.7	3.3	10.5	14.8	14.5	10.5	10.7
Payments for acquisitions	4.5	2.0	10.5	4.8	0.0	0.0	0.0
Financial investments	1.6	-1.2	-0.8	-0.1	0.0	0.0	0.0
Income from asset disposals	0.5	0.4	0.4	0.4	0.0	0.0	0.0
Cash flow from investing activities	-9.3	-3.7	-19.7	-19.1	-14.5	-10.5	-10.7
Cash flow before financing	0.1	5.8	12.7	-0.1	16.9	24.0	26.5
Increase/decrease in debt position	-4.3	19.6	-1.3	-9.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	21.1	0.0	0.0	0.0	0.0
Dividends paid	1.5	1.9	2.3	3.7	5.0	5.4	5.8
Others	-1.7	-1.2	-1.5	-1.4	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	-7.5	16.5	16.0	-14.4	-5.0	-5.4	-5.8
Increase/decrease in liquid assets	-7.4	22.4	28.8	-14.5	11.9	18.6	20.7
Liquid assets at end of period	2.1	24.4	53.2	38.7	50.6	69.1	89.8

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
Domestic	156.0	172.1	220.2	268.8	286.8	305.8	324.7
yoy change	3.2 %	10.3 %	28.0 %	22.1 %	6.7 %	6.6 %	6.2 %
Rest of Europe	1.6	2.8	2.9	3.3	3.2	3.1	3.3
yoy change	29.3 %	77.6 %	3.6 %	12.6 %	-2.3 %	-3.2 %	6.2 %
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	157.6	174.9	223.1	272.1	290.0	308.9	328.0
yoy change	3.4 %	11.0 %	27.6 %	21.9 %	6.6 %	6.5 %	6.2 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E	2020/21E
P&L growth analysis							
Sales growth	3.4 %	11.0 %	27.6 %	21.9 %	6.6 %	6.5 %	6.2 %
EBITDA growth	49.1 %	24.5 %	41.6 %	27.4 %	26.2 %	37.1 %	17.6 %
EBIT growth	99.5 %	32.0 %	46.7 %	9.9 %	12.6 %	28.5 %	32.0 %
EPS growth	351.3 %	16.1 %	86.6 %	9.7 %	5.0 %	20.1 %	36.1 %
Efficiency							
Total operating costs / sales	90.5 %	89.4 %	88.2 %	87.6 %	85.2 %	84.9 %	84.6 %
Sales per employee	124.4	124.6	125.6	142.1	145.7	153.6	159.9
EBITDA per employee	12.1	13.6	15.2	18.0	21.9	23.5	24.9
Balance sheet analysis							
Avg. working capital / sales	7.6 %	8.1 %	9.1 %	9.8 %	10.0 %	9.7 %	9.9 %
Inventory turnover (sales/inventory)	102.8	125.6	64.4	138.0	99.0	99.0	99.0
Trade debtors in days of sales	38.6	33.5	43.8	41.9	41.9	41.9	41.9
A/P turnover [(A/P*365)/sales]	11.0	5.5	7.3	7.3	7.3	7.3	7.3
Cash conversion cycle (days)	16.5	25.7	38.1	26.3	29.8	29.8	29.8
Cash flow analysis							
Free cash flow	5.8	6.2	22.0	4.2	16.9	24.0	26.5
Free cash flow/sales	3.7 %	3.5 %	9.9 %	1.5 %	5.8 %	7.8 %	8.1 %
FCF / net profit	117.0 %	108.4 %	196.6 %	32.5 %	124.7 %	155.1 %	144.2 %
Capex / depn	91.4 %	32.6 %	113.7 %	104.4 %	70.7 %	50.0 %	51.2 %
Capex / maintenance capex	91.9 %	115.5 %	284.8 %	297.0 %	257.8 %	166.8 %	155.1 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	37.0	31.0	10.6	16.2	24.3	5.8	-14.9
Net Debt/EBITDA	2.4	1.6	0.4	0.5	0.6	0.1	0.0
Net debt / equity	1.5	1.1	0.2	0.2	0.3	0.1	neg.
Interest cover	4.0	3.6	6.6	8.4	6.4	6.4	7.4
Dividend payout ratio	38.5 %	39.8 %	33.5 %	38.9 %	40.2 %	37.8 %	34.1 %
Asset utilisation							
Capital employed turnover	1.9	1.3	1.3	1.5	1.4	1.5	1.5
Operating assets turnover	7.6	7.9	5.0	5.4	5.8	6.9	8.1
Plant turnover	21.5	23.9	11.6	12.2	15.0	24.5	56.4
Inventory turnover (sales/inventory)	102.8	125.6	64.4	138.0	99.0	99.0	99.0
Returns							
ROCE	12.1 %	11.9 %	12.2 %	11.6 %	12.2 %	13.7 %	14.6 %
ROE	20.5 %	20.1 %	18.8 %	19.1 %	17.8 %	18.0 %	18.7 %
Other							
Interest paid / avg. debt	6.2 %	7.3 %	4.7 %	4.1 %	5.5 %	6.3 %	5.5 %
No. employees (average)	1267	1404	1776	1915	1991	2011	2051
Number of shares	7.6	7.6	8.0	8.3	8.3	8.3	8.3
DPS	0.3	0.3	0.5	0.6	0.7	0.7	0.8
EPS reported	0.65	0.75	1.41	1.54	1.62	1.85	2.20
Valuation ratios							
P/BV	11.2	9.5	5.0	4.4	3.9	3.5	3.0
EV/sales	2.0	2.0	1.5	1.3	1.2	1.1	0.9
EV/EBITDA	20.9	18.0	12.8	10.3	8.2	7.0	6.1
EV/EBITA	24.2	21.1	15.0	13.5	12.3	10.3	8.7
EV/EBIT	33.4	27.1	18.6	17.4	15.5	12.7	10.3
EV/FCF	55.6	55.4	15.7	84.8	21.2	13.9	11.7
Adjusted FCF yield	3.3 %	3.6 %	5.5 %	7.2 %	9.4 %	10.8 %	12.2 %
Dividend yield	0.7 %	0.8 %	1.3 %	1.7 %	1.8 %	2.0 %	2.1 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 85 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

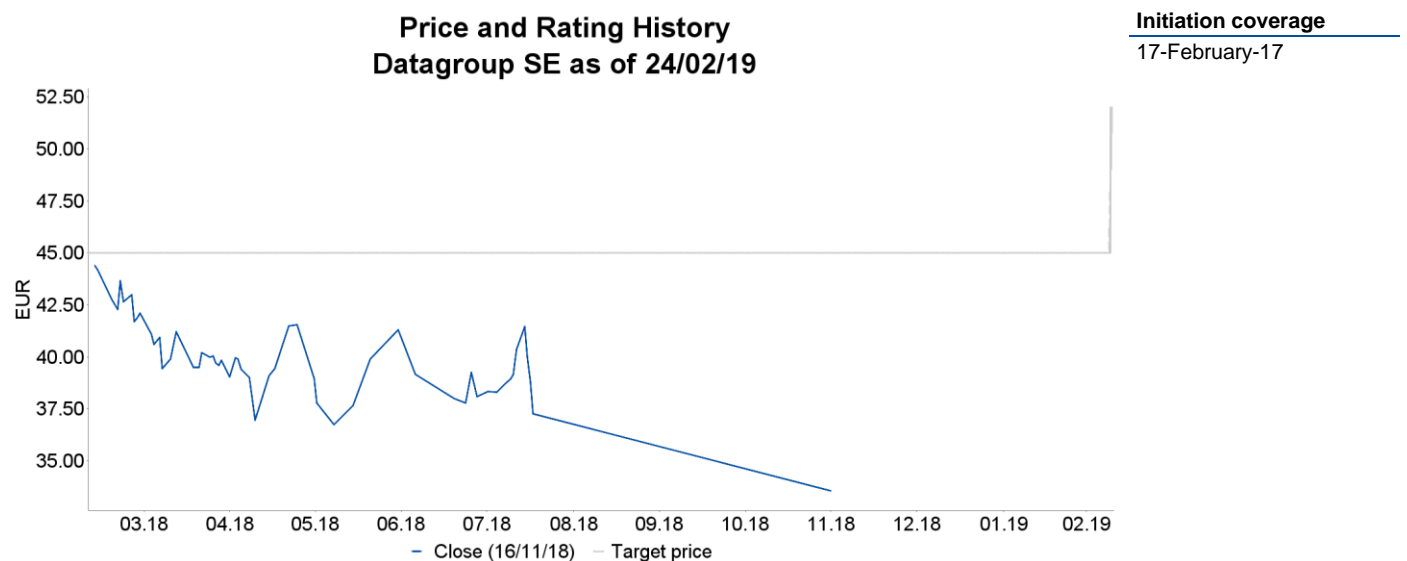
It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed 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 AG

- (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 AG 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	6

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



Company	Date	Analyst	Rating	Target price	Close
---------	------	---------	--------	--------------	-------

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

Buy	66.67 %	84.21 %
Sell	12.00 %	0.00 %
Hold	21.33 %	15.79 %

Date of publication creation: 25/02/2019 08:14 AM

Date of publication dissemination: 25/02/2019 08:15 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 AG, 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 AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, 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 AG 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 AG 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 AG 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 AG 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 AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG 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 AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG 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.com/en/investment-banking/equities#institutionalresearch>

Contacts: Hauck&Aufhäuser Privatbankiers AG

Hauck & Aufhäuser Research

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

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

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Marie-Thérèse Grübner
Head of Corporate Brokerage
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Carlos Becke
Analyst
Tel.: +49 40 414 3885 74
E-Mail: carlos.becke@ha-ib.de

Simon Bentlage
Analyst
Tel.: +49 40 4506342 3096
E-Mail: simon.bentlage@ha-ib.de

Frederik Bitter
Analyst
Tel.: +44 203 9473 247
E-Mail: frederik.bitter@ha-ib.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-ib.de

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

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

Alina Köhler
Analyst
Tel.: +49 40 4506342 3095
E-Mail: alina.koehler@ha-ib.de

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

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Julius Stinauer
Analyst
Tel.: +49 40 414 3885 84
E-Mail: julius.stinauer@ha-ib.de

Hauck & Aufhäuser Sales

Toby Woods
Sales
Tel.: +44 203 9473 245
E-Mail: toby.woods@ha-ib.de

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

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

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

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

Christian Schwenkenbecher
Sales
Tel.: +44 203 9473 246
E-Mail: christian.schwenkenbecher@ha-ib.de

Hauck & Aufhäuser Sales Trading

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

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

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

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

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

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

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