DATAGROUP

(EntryStandard, Software/IT)

WARBURG RESEARCH

Buy

EUR 16.50

Price	EUR 13.92
Upside	18.6 %

Value Indicators:	EUR
DCF:	16.90
FCF-Value Potential 16e:	15.80

Share data:	
Bloomberg:	D6H GR
Reuters:	D6HG
ISIN:	DE000A0JC8S7

Description:

IT service provider with focus on recurring services

Market Snapshot:	EUR m
Market cap:	105.4
No. of shares (m):	7.6
EV:	136.0
Freefloat MC:	40.7
Ø Trad. Vol. (30d):	29.57 th

Shareholders:	
Freefloat	38.6 %
HHS Beteiligungsges. mbH	61.4 %

Risk Profile (WRe):	2015/16e
Beta:	1.5
Price / Book:	3.9 x
Equity Ratio:	24 %
Net Fin. Debt / EBITDA:	1.1 x
Net Debt / EBITDA:	1.9 x

Services are growing further, M&A-related costs weigh on the bottom line

Stated Figures Q2/2015/16:

Figures in EUR m	Q2/16	Q2/16e	Q2/15	yoy	6M/16	6M/15	yoy
Sales	41.1	41.0	39.5	4.1%	82.7	78.4	5.4%
Gross profit	28.2	30.0	26.3	7.2%	55.7	50.7	10.0%
margin	*68.7%*	*73.2%*	*66.7%*		*67.4%*	*64.6%*	
EBITDA	3.5	4.0	4.2	-15.6%	6.0	7.3	-17.6%
margin	*8.6%*	*9.8%*	*10.6%*		*7.3%*	*9.3%*	
EBIT	1.9	2.4	2.9	-32.6%	2.8	4.5	-37.1%
margin	*4.7%*	*5.9%*	*7.2%*		*3.4%*	*5.7%*	
EPS in EUR	0.13	0.16	0.23	-43.5%	0.17	0.33	-48.5%
Services and Maintenance	32.5	32.0	30.1	7.9%	65.1	58.5	11.2%
Service revenue share	*79.0%*		*76.2%*		*78.7%*		
Reselling	8.6	9.0	9.3	-8.2%	17.5	19.8	-11.6%

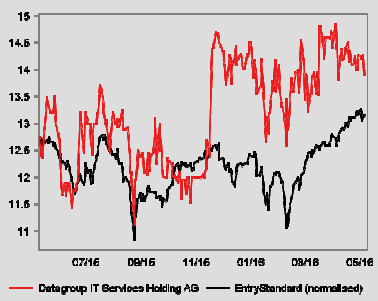
Comment on Figures:

- The **Services** revenue share has reached 79%
- While the consolidation of Datagroup Vega contributed to top-line growth, its profitability is still below group average. Margin improvements should materialise in the upcoming periods.
- Q2 2014/15 benefitted from a positive one-time effect which distorts the comparison this year.

Datagroup's Q2 figures were in line with our revenue expectation. The revenue development shows the impact of planned lower hardware reselling revenues reflecting Datagroup's focus on the core IT Services business. The latter grew by approx. 8% and was supported by the consolidation of Datagroup Vega, a subsidiary acquired in an asset deal last year. The bottom line was below our expectation due to the Easter holidays which fell in the last quarter. Higher than anticipated "Other costs" negatively impacted the results as well. These higher other costs were attributable to M&A-related expenses. While one deal has not materialised, Datagroup is still in exclusive negotiations regarding the takeover of business activities from HPE in the area of SAP and application outsourcing in Germany. The takeover would secure Datagroup a triple-digit million revenue figure over five years.

Along with the release of the Q2 figures, Datagroup has also announced that the company has issued a new promissory loan note with a total volume of EUR 30m. The promissory loan will be payable after three, five and seven years (EUR 9m, EUR 12m and EUR 9m). Thus Datagroup has secured low interest rates of 1.2%. The proceeds will be utilised for further growth.

Datagroup is currently below the run rate for the full-year EBITDA target of EUR 15.5-20m. Given the positive view on the second half of the year and some tailwind from a higher number of calendar days, management confirmed its guidance. On a stand-alone basis the lower end of range is likely to be hit. With the takeover of the HPE business activities, however, the upper end would be supported. As a result, the estimates remain unchanged. The **PT of EUR 16.50** and the **Buy rating are being confirmed**.



Rel. Performance vs EntryStandard:	
1 month:	-3.4 %
6 months:	8.9 %
Year to date:	-10.0 %
Trailing 12 months:	7.8 %

Company events:

25.05.16	RS LON
29.06.16	RS HAM

FY End: 30.9. in EUR m	CAGR (14/15-17/18e)	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Sales	5.6 %	146.2	156.9	152.4	157.6	167.0	175.0	185.5
Change Sales yoy		34.7 %	7.4 %	-2.9 %	3.4 %	6.0 %	4.8 %	6.0 %
Gross profit margin		*62.0 %*	*64.2 %*	*64.0 %*	*66.5 %*	*64.4 %*	*64.9 %*	*66.0 %*
EBITDA	6.0 %	9.5	10.8	10.3	15.3	16.3	17.1	18.2
Margin		*6.5 %*	*6.9 %*	*6.8 %*	*9.7 %*	*9.8 %*	*9.8 %*	*9.8 %*
EBIT	12.1 %	3.8	4.3	4.8	9.6	11.1	12.2	13.5
Margin		*2.6 %*	*2.8 %*	*3.2 %*	*6.1 %*	*6.6 %*	*7.0 %*	*7.3 %*
EBIT adj.	6.7 %	6.5	9.4	9.1	12.4	13.3	14.0	15.0
Net income	18.7 %	2.6	1.9	1.1	4.9	6.4	7.3	8.2
EPS	18.8 %	0.36	0.25	0.14	0.65	0.85	0.96	1.09
DPS	26.0 %	0.20	0.20	0.20	0.25	0.30	0.40	0.50
Dividend Yield		3.6 %	3.3 %	2.4 %	2.2 %	2.2 %	2.9 %	3.6 %
FCFPS		0.63	1.04	0.93	1.31	2.09	1.21	1.29
FCF / Market cap		11.3 %	16.9 %	11.2 %	11.4 %	15.0 %	8.7 %	9.3 %
EV / Sales		0.6 x	0.5 x	0.6 x	0.8 x	0.8 x	0.7 x	0.7 x
EV / EBITDA		8.4 x	7.8 x	9.5 x	8.5 x	8.4 x	7.6 x	6.8 x
EV / EBIT		21.3 x	19.4 x	20.3 x	13.6 x	12.3 x	10.7 x	9.1 x
EV / EBIT adj.		12.3 x	9.0 x	10.7 x	10.6 x	10.2 x	9.3 x	8.2 x
P / E		15.6 x	24.6 x	59.5 x	17.6 x	16.4 x	14.5 x	12.8 x
FCF Yield Potential		6.8 %	8.4 %	6.6 %	7.3 %	7.6 %	8.3 %	9.2 %
Net Debt		40.5	37.4	34.6	44.4	30.7	24.2	18.0
ROCE (NOPAT)		5.3 %	5.4 %	3.9 %	9.8 %	12.1 %	14.7 %	16.9 %
Guidance:		2015/16: sales: EUR 167-175m; EBITDA EUR 15.5-20m; EPS; EUR 0.66-1.00						

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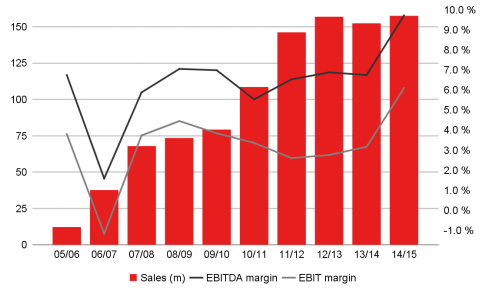
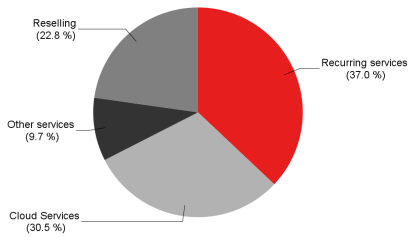
Sales development
in EUR m



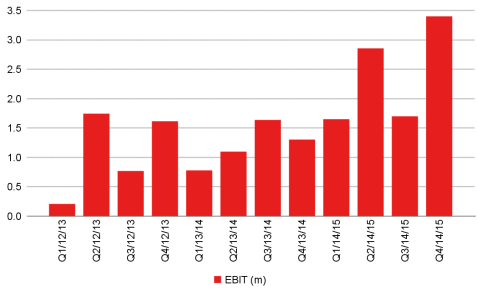
Source: Warburg Research

Revenue share
2014/15; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

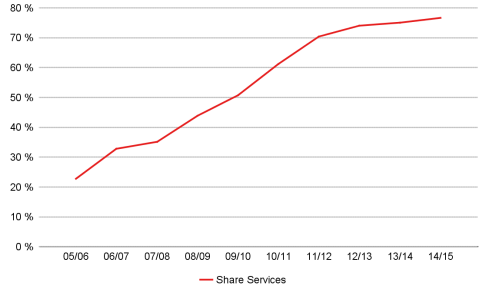
Company Background

- Datagroup is among the leading independent IT service providers in Germany and is present in more than 15 locations
- The company focuses on recurring services. This includes IT outsourcing for medium-sized and large companies, as well as Cloud offerings.
- The range of services offered also includes Solutions and Consulting
- The IT Service spectrum includes e.g. service management, data-centre operation, roll-out services and also SAP-related services
- Acquisitions are an essential element of the corporate strategy. These include restructuring cases, successor regulation, as well as takeovers that complement and expand the portfolio

Competitive Quality

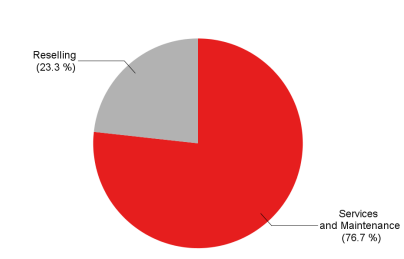
- With the wide service offering, Datagroup is positioned as a one-stop-shop for the customers
- The focus on the service business means that Datagroup differentiates itself from the competition with the quality of the services (e.g. Services 24x7). The service level is underlined by ISO 20000 certification
- The IT processes outsourced to Datagroup on the basis of multi-year contracts lead to high customer loyalty and the corresponding reduction in competitive intensity
- Datagroup has a successful track record in takeovers

Services
in % of sales



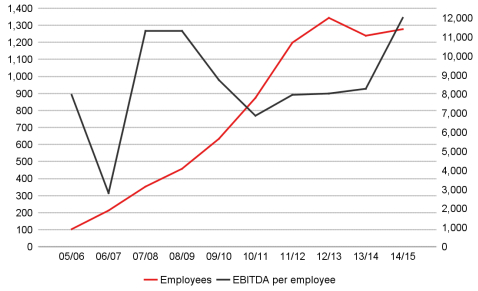
Source: Warburg Research

Sales by segments
2014/15; in %



Source: Warburg Research

Employees



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	**15/16e**	**16/17e**	**17/18e**	**18/19e**	**19/20e**	**20/21e**	**21/22e**	**22/23e**	**23/24e**	**24/25e**	**25/26e**	**26/27e**	**27/28e**	
Sales	167.0	175.0	185.5	192.2	198.4	204.2	209.5	214.5	219.1	223.2	227.1	230.6	235.2	
Sales change	*6.0 %*	*4.8 %*	*6.0 %*	*3.6 %*	*3.2 %*	*2.9 %*	*2.6 %*	*2.4 %*	*2.1 %*	*1.9 %*	*1.7 %*	*1.5 %*	*2.0 %*	*2.0 %*
EBIT	11.1	12.2	13.5	13.3	13.7	14.1	14.5	14.8	15.1	15.4	15.7	15.9	16.2	
EBIT-margin	*6.6 %*	*7.0 %*	*7.3 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	*6.9 %*	
Tax rate (EBT)	*31.0 %*	*31.0 %*	*31.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	
NOPAT	7.6	8.4	9.3	9.3	9.6	9.9	10.1	10.4	10.6	10.8	11.0	11.1	11.4	
Depreciation	5.3	4.9	4.7	3.8	3.0	2.9	2.9	3.0	3.1	3.1	3.2	3.2	3.3	
in % of Sales	*3.1 %*	*2.8 %*	*2.5 %*	*2.0 %*	*1.5 %*	*1.4 %*	*1.4 %*	*1.4 %*	*1.4 %*	*1.4 %*	*1.4 %*	*1.4 %*	*1.4 %*	
Changes in provisions	0.2	0.5	0.5	-2.5	-0.8	-0.8	-0.8	-0.7	-0.7	-0.6	-0.6	-0.6	-0.5	
Change in Liquidity from														
- Working Capital	-7.0	0.5	0.6	1.7	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	
- Capex	2.3	2.5	2.6	2.9	3.0	3.1	3.1	3.2	3.3	3.3	3.4	3.5	3.5	
Capex in % of Sales	*1.4 %*	*1.4 %*	*1.4 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	*1.5 %*	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	17.7	10.9	11.4	6.0	8.4	8.5	8.8	9.1	9.4	9.7	9.9	10.1	10.4	11
PV of FCF	17.7	10.1	9.8	4.9	6.3	5.9	5.7	5.5	5.3	5.1	4.8	4.6	4.4	82
share of PVs	**21.86 %**			**30.48 %**										**47.66 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	30.00 %	Financial Strength	1.90
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.70
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	**7.46 %**	**Beta**	**1.50**

Valuation (m)

Present values 2027/28e	90		
Terminal Value	82		
Financial liabilities	39		
Pension liabilities	13		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	8	No. of shares (m)	7.6
Equity Value	**128**	**Value per share (EUR)**	**16.89**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.25 %	1.50 %	1.75 %	**2.00 %**	2.25 %	2.50 %	2.75 %
1.76	8.5 %	12.91	13.17	13.46	13.76	14.09	14.45	14.84
1.63	8.0 %	14.14	14.47	14.82	15.19	15.61	16.06	16.55
1.56	7.7 %	14.83	15.19	15.58	16.01	16.47	16.97	17.53
1.50	7.5 %	15.58	15.98	16.42	**16.89**	17.41	17.99	18.62
1.44	7.2 %	16.39	16.84	17.33	17.86	18.45	19.10	19.83
1.37	7.0 %	17.27	17.77	18.33	18.93	19.60	20.35	21.18
1.24	6.5 %	19.29	19.93	20.64	21.43	22.31	23.31	24.44

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.76	8.5 %	9.51	10.92	12.34	13.76	15.18	16.60	18.02
1.63	8.0 %	10.60	12.13	13.66	15.19	16.73	18.26	19.79
1.56	7.7 %	11.22	12.81	14.41	16.01	17.60	19.20	20.80
1.50	7.5 %	11.89	13.56	15.22	**16.89**	18.56	20.23	21.89
1.44	7.2 %	12.63	14.37	16.12	17.86	19.61	21.35	23.09
1.37	7.0 %	13.45	15.27	17.10	18.93	20.76	22.59	24.42
1.24	6.5 %	15.35	17.38	19.40	21.43	23.46	25.48	27.51

- The intact outsourcing trend lays the basis for future growth
- The rising share of Service business has a positive effect on the margin development…
- …however the high competitive intensity in the fragmented market should burden the margins long term

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Net Income before minorities	2.5	1.9	1.1	4.9	6.4	7.3	8.2
+ Depreciation + Amortisation	5.8	6.5	5.5	5.7	5.3	4.9	4.7
- Net Interest Income	-0.2	-1.9	-2.5	-1.8	-1.7	-1.6	-1.6
- Maintenance Capex	3.0	3.2	2.6	2.9	3.0	3.1	3.2
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Free Cash Flow Potential	**5.5**	**7.0**	**6.4**	**9.5**	**10.4**	**10.7**	**11.3**
Free Cash Flow Yield Potential	6.8 %	8.4 %	6.6 %	7.3 %	7.6 %	8.3 %	9.2 %
WACC	7.46 %	7.46 %	7.46 %	7.46 %	7.46 %	7.46 %	7.46 %
= Enterprise Value (EV)	**80.6**	**84.0**	**97.7**	**131.0**	**136.3**	**129.9**	**123.6**
= Fair Enterprise Value	**73.9**	**94.6**	**86.5**	**127.9**	**139.7**	**144.0**	**152.2**
- Net Debt (Cash)	31.6	31.6	31.6	31.6	17.7	10.7	4.0
- Pension Liabilities	12.8	12.8	12.8	12.8	13.0	13.5	14.0
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**29.5**	**50.1**	**42.1**	**83.5**	**109.1**	**119.8**	**134.3**
No. of shares (total) (m)	7.6	7.6	7.6	7.6	7.6	7.6	7.6
= Fair value per share (EUR)	**3.89**	**6.62**	**5.56**	**11.03**	**14.40**	**15.81**	**17.73**
premium (-) / discount (+) in %					3.5 %	13.7 %	27.4 %

Sensitivity Fair value per Share (EUR)

WACC	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
10.46 %	1.09	3.04	2.28	6.18	9.11	10.36	11.96
9.46 %	1.83	3.98	3.14	7.45	10.50	11.79	13.48
8.46 %	2.74	5.14	4.21	9.03	12.22	13.57	15.35
7.46 %	**3.89**	**6.62**	**5.56**	**11.03**	**14.40**	**15.81**	**17.73**
6.46 %	5.40	8.56	7.33	13.65	17.26	18.76	20.85
5.46 %	7.47	11.20	9.74	17.22	21.17	22.79	25.10
4.46 %	10.46	15.03	13.25	22.40	26.83	28.62	31.27

- As an IT service provider, Datagroup has low investment needs
- Free cash flow was allowed to be used for acquisitions, which allowed the FCF value to increase even further.
- FCF-Value-CAGR 2012-2018e: 29%

Valuation

	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Price / Book	1.8 x	2.1 x	3.0 x	3.6 x	3.9 x	3.3 x	2.9 x
Book value per share ex intangibles	-4.21	-3.57	-3.33	-3.42	-2.60	-1.69	-0.78
EV / Sales	0.6 x	0.5 x	0.6 x	0.8 x	0.8 x	0.7 x	0.7 x
EV / EBITDA	8.4 x	7.8 x	9.5 x	8.5 x	8.4 x	7.6 x	6.8 x
EV / EBIT	21.3 x	19.4 x	20.3 x	13.6 x	12.3 x	10.7 x	9.1 x
EV / EBIT adj.*	12.3 x	9.0 x	10.7 x	10.6 x	10.2 x	9.3 x	8.2 x
P / FCF	8.8 x	5.9 x	9.0 x	8.8 x	6.7 x	11.5 x	10.8 x
P / E	15.6 x	24.6 x	59.5 x	17.6 x	16.4 x	14.5 x	12.8 x
P / E adj.*	15.6 x	12.8 x	59.5 x	17.6 x	16.4 x	14.5 x	12.8 x
Dividend Yield	3.6 %	3.3 %	2.4 %	2.2 %	2.2 %	2.9 %	3.6 %
Free Cash Flow Yield Potential	6.8 %	8.4 %	6.6 %	7.3 %	7.6 %	8.3 %	9.2 %

*Adjustments made for: PPA amortization

Company Specific Items

	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Share Services	70.4 %	74.0 %	75.1 %	76.7 %	79.5 %	81.4 %	83.3 %
Employees	1,199	1,344	1,240	1,277	1,316	1,355	1,396
EBITDA per employee	8.0	8.0	8.3	12.0	12.4	12.6	13.1
Recurring services	55.7	62.8	57.0	58.7	60.5	62.3	64.2
Cloud Services	32.2	37.7	42.0	48.3	55.5	63.9	73.5
Other services	15.1	15.7	15.0	15.5	15.9	16.4	16.9
Reselling	43.3	40.8	38.0	36.1	34.3	32.6	31.0

Consolidated profit & loss

In EUR m	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Sales	**146.2**	**156.9**	**152.4**	**157.6**	**167.0**	**175.0**	**185.5**
Change Sales yoy	34.7 %	7.4 %	-2.9 %	3.4 %	6.0 %	4.8 %	6.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.6	0.4	0.1	0.3	0.0	0.0	0.0
Total Sales	**146.8**	**157.4**	**152.5**	**157.9**	**167.0**	**175.0**	**185.5**
Material Expenses	56.1	56.6	55.0	53.2	59.5	61.5	63.0
Gross profit	**90.7**	**100.8**	**97.5**	**104.7**	**107.5**	**113.5**	**122.5**
Gross profit margin	*62.0 %*	*64.2 %*	*64.0 %*	*66.5 %*	*64.4 %*	*64.9 %*	*66.0 %*
Personnel expenses	67.5	76.2	72.9	77.1	76.0	81.0	87.0
Other operating income	3.2	3.8	3.0	4.6	2.8	3.0	3.2
Other operating expenses	16.9	17.6	17.3	16.9	18.0	18.4	20.4
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**9.5**	**10.8**	**10.3**	**15.3**	**16.3**	**17.1**	**18.2**
Margin	*6.5 %*	*6.9 %*	*6.8 %*	*9.7 %*	*9.8 %*	*9.8 %*	*9.8 %*
Depreciation of fixed assets	2.4	2.4	2.6	2.8	1.5	1.6	1.7
EBITA	**7.2**	**8.4**	**7.7**	**12.5**	**14.8**	**15.5**	**16.5**
Amortisation of intangible assets	3.4	4.0	2.9	2.9	3.8	3.3	3.0
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**3.8**	**4.3**	**4.8**	**9.6**	**11.1**	**12.2**	**13.5**
Margin	*2.6 %*	*2.8 %*	*3.2 %*	*6.1 %*	*6.6 %*	*7.0 %*	*7.3 %*
EBIT adj.	**6.5**	**9.4**	**9.1**	**12.4**	**13.3**	**14.0**	**15.0**
Interest income	2.3	1.0	0.0	0.6	0.1	0.1	0.1
Interest expenses	2.5	2.9	2.5	2.4	1.8	1.7	1.7
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**3.6**	**2.5**	**2.4**	**7.8**	**9.3**	**10.5**	**11.9**
Margin	*2.5 %*	*1.6 %*	*1.5 %*	*4.9 %*	*5.6 %*	*6.0 %*	*6.4 %*
Total taxes	1.0	0.6	1.3	2.9	2.9	3.3	3.7
Net income from continuing operations	**2.5**	**1.9**	**1.1**	**4.9**	**6.4**	**7.3**	**8.2**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**2.5**	**1.9**	**1.1**	**4.9**	**6.4**	**7.3**	**8.2**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**2.6**	**1.9**	**1.1**	**4.9**	**6.4**	**7.3**	**8.2**
Margin	*1.8 %*	*1.2 %*	*0.7 %*	*3.1 %*	*3.8 %*	*4.2 %*	*4.4 %*
Number of shares, average	7.2	7.6	7.6	7.6	7.6	7.6	7.6
EPS	**0.36**	**0.25**	**0.14**	**0.65**	**0.85**	**0.96**	**1.09**
EPS adj.	0.36	0.48	0.14	0.65	0.85	0.96	1.09

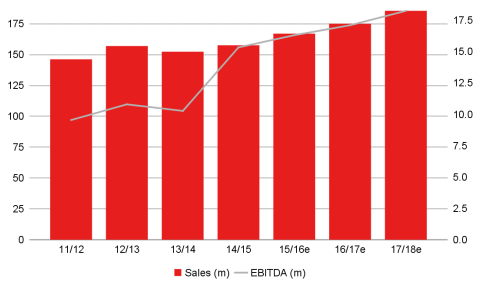
*Adjustments made for: PPA amortization

Guidance: 2015/16: sales: EUR 167-175m; EBITDA EUR 15.5-20m; EPS; EUR 0.66-1.00

Financial Ratios

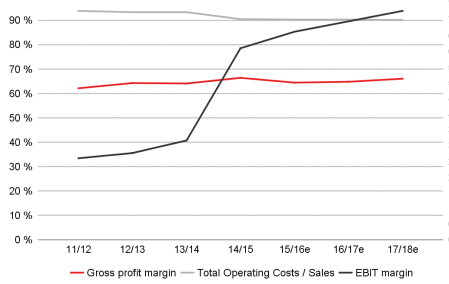
	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Total Operating Costs / Sales	93.9 %	93.4 %	93.3 %	90.5 %	90.2 %	90.2 %	90.2 %
Operating Leverage	0.1 x	1.9 x	-3.8 x	29.2 x	2.5 x	2.1 x	1.8 x
EBITDA / Interest expenses	3.9 x	3.7 x	4.2 x	6.5 x	9.1 x	10.1 x	11.1 x
Tax rate (EBT)	28.9 %	23.5 %	53.7 %	36.7 %	31.0 %	31.0 %	31.0 %
Dividend Payout Ratio	56.2 %	79.7 %	138.7 %	38.4 %	35.4 %	41.7 %	46.0 %
Sales per Employee	121,921	116,767	122,887	123,375	126,946	129,153	132,915

Sales, EBITDA
in EUR m



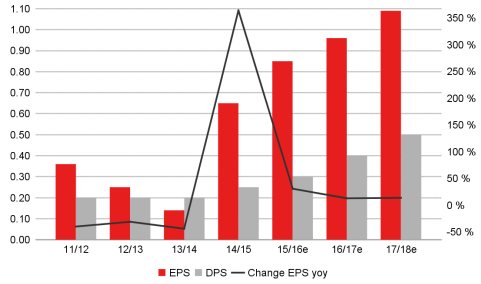
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

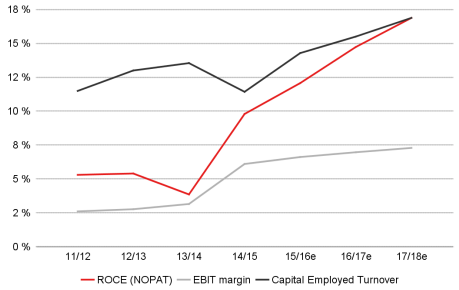
Consolidated balance sheet

In EUR m	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Assets							
Goodwill and other intangible assets	52.9	49.6	46.5	50.0	47.1	44.6	42.5
thereof other intangible assets	18.1	14.8	11.7	11.4	8.5	6.1	4.0
thereof Goodwill	34.8	34.8	34.8	38.5	38.5	38.5	38.5
Property, plant and equipment	6.7	4.7	3.9	7.3	7.3	7.3	7.3
Financial assets	2.2	6.5	6.5	9.3	9.3	9.3	9.3
Other long-term assets	5.9	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**67.7**	**60.7**	**56.9**	**66.6**	**63.7**	**61.2**	**59.1**
Inventories	3.2	1.5	1.1	1.5	3.0	3.2	3.4
Accounts receivable	15.5	15.2	13.7	19.7	13.3	13.9	14.7
Liquid assets	10.6	16.8	14.8	7.6	30.3	29.0	27.8
Other short-term assets	3.7	7.5	8.6	8.0	3.7	3.7	3.7
Current assets	**33.0**	**41.0**	**38.2**	**36.8**	**50.3**	**49.7**	**49.6**
Total Assets	**100.7**	**101.7**	**95.1**	**103.4**	**114.0**	**110.9**	**108.7**
Liabilities and shareholders' equity							
Subscribed capital	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Capital reserve	11.8	11.7	11.7	11.7	11.7	11.7	11.7
Retained earnings	5.4	5.7	5.3	8.7	13.3	18.3	23.5
Other equity components	-2.0	-2.5	-3.3	-4.0	-5.2	-5.8	-6.2
Shareholders' equity	22.7	22.5	21.3	24.1	27.4	31.8	36.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**22.7**	**22.5**	**21.3**	**24.1**	**27.4**	**31.8**	**36.6**
Provisions	14.3	15.2	17.6	19.1	18.0	18.5	19.0
thereof provisions for pensions and similar obligations	10.6	10.7	11.9	12.8	13.0	13.5	14.0
Financial liabilities (total)	40.4	43.5	37.4	39.2	48.0	39.7	31.8
thereof short-term financial liabilities	22.6	7.7	7.5	14.6	0.0	0.0	11.6
Accounts payable	6.5	5.0	3.3	4.8	6.9	7.2	7.6
Other liabilities	16.8	15.5	15.5	16.3	13.7	13.7	13.7
Liabilities	**78.0**	**79.2**	**73.8**	**79.4**	**86.6**	**79.1**	**72.1**
Total liabilities and shareholders' equity	**100.7**	**101.7**	**95.1**	**103.4**	**114.0**	**110.9**	**108.7**

Financial Ratios

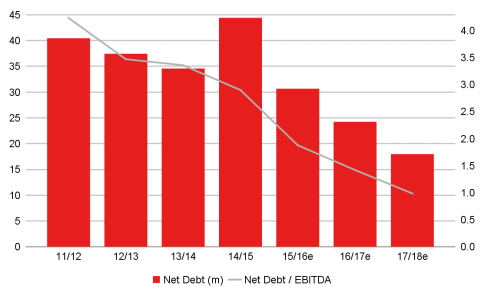
	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Efficiency of Capital Employment							
Operating Assets Turnover	7.7 x	9.6 x	10.0 x	6.8 x	10.4 x	10.6 x	10.9 x
Capital Employed Turnover	2.3 x	2.6 x	2.7 x	2.3 x	2.9 x	3.1 x	3.4 x
ROA	3.8 %	3.1 %	1.9 %	7.4 %	10.1 %	11.9 %	13.9 %
Return on Capital							
ROCE (NOPAT)	5.3 %	5.4 %	3.9 %	9.8 %	12.1 %	14.7 %	16.9 %
ROE	12.6 %	8.4 %	5.0 %	21.7 %	25.0 %	24.6 %	24.1 %
Adj. ROE	12.6 %	16.2 %	5.0 %	21.7 %	25.0 %	24.6 %	24.1 %
Balance sheet quality							
Net Debt	40.5	37.4	34.6	44.4	30.7	24.2	18.0
Net Financial Debt	29.8	26.8	22.6	31.6	17.7	10.7	4.0
Net Gearing	177.9 %	166.3 %	162.6 %	184.7 %	112.0 %	76.3 %	49.1 %
Net Fin. Debt / EBITDA	312.1 %	247.9 %	220.0 %	206.0 %	108.3 %	62.8 %	21.8 %
Book Value / Share	3.2	3.0	2.8	3.2	3.6	4.2	4.8
Book value per share ex intangibles	-4.2	-3.6	-3.3	-3.4	-2.6	-1.7	-0.8

ROCE Development



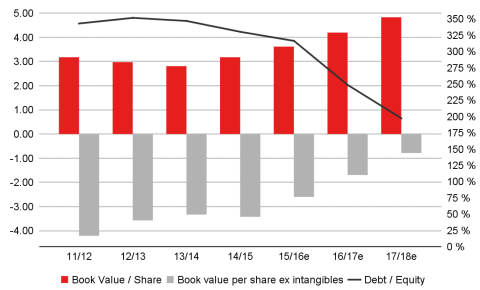
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

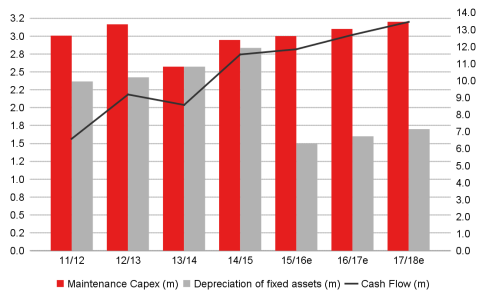
Consolidated cash flow statement

In EUR m	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Net income	2.5	1.9	1.1	4.9	6.4	7.3	8.2
Depreciation of fixed assets	2.4	2.4	2.6	2.8	1.5	1.6	1.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.4	4.0	2.9	2.9	3.8	3.3	3.0
Increase/decrease in long-term provisions	0.0	0.1	0.0	0.9	0.2	0.5	0.5
Other non-cash income and expenses	-1.8	0.8	2.0	0.0	0.0	0.0	0.0
Cash Flow	**6.6**	**9.2**	**8.6**	**11.5**	**11.9**	**12.7**	**13.5**
Increase / decrease in inventory	0.0	0.0	0.0	-0.5	-1.5	-0.2	-0.2
Increase / decrease in accounts receivable	5.8	4.6	1.0	-0.2	6.4	-0.6	-0.8
Increase / decrease in accounts payable	-3.6	-1.8	-1.0	2.0	2.1	0.3	0.4
Increase / decrease in other working capital positions	-0.3	-1.0	0.8	-0.8	-0.7	-0.5	-0.5
Increase / decrease in working capital (total)	1.9	1.8	0.7	0.6	6.3	-1.0	-1.1
Net cash provided by operating activities	**8.5**	**10.9**	**9.3**	**12.1**	**18.2**	**11.6**	**12.4**
Investments in intangible assets	-1.2	-0.7	-0.6	-0.8	-0.8	-0.9	-0.9
Investments in property, plant and equipment	-2.7	-2.3	-1.7	-1.4	-1.5	-1.6	-1.7
Payments for acquisitions	-15.1	-3.0	-2.2	-5.7	0.0	0.0	0.0
Financial investments	0.0	0.0	-2.3	0.0	0.0	0.0	0.0
Income from asset disposals	1.0	0.8	2.4	0.0	0.0	0.0	0.0
Net cash provided by investing activities	**-17.9**	**-5.2**	**-4.3**	**-7.9**	**-2.3**	**-2.5**	**-2.6**
Change in financial liabilities	9.0	6.1	-3.8	1.8	8.8	-8.3	-7.9
Dividends paid	-1.2	-1.5	-1.5	-1.5	-1.9	-2.3	-3.0
Purchase of own shares	0.5	-0.1	0.0	0.0	0.0	0.0	0.0
Capital measures	3.7	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-1.7	-1.6	0.0	0.0	0.0	0.0
Net cash provided by financing activities	**12.1**	**2.8**	**-6.9**	**0.3**	**6.9**	**-10.6**	**-10.9**
Change in liquid funds	2.6	8.5	-2.0	4.5	22.7	-1.4	-1.1
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	**3.7**	**11.7**	**9.4**	**13.9**	**25.0**	**23.6**	**22.5**

Financial Ratios

	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e
Cash Flow							
FCF	4.5	7.9	7.0	9.9	15.8	9.2	9.8
Free Cash Flow / Sales	3.1 %	5.0 %	4.6 %	6.3 %	9.5 %	5.3 %	5.3 %
Free Cash Flow Potential	5.5	7.0	6.4	9.5	10.4	10.7	11.3
Free Cash Flow / Net Profit	176.3 %	415.4 %	645.4 %	200.8 %	246.5 %	126.5 %	119.1 %
Interest Received / Avg. Cash	32.9 %	7.6 %	0.0 %	4.9 %	0.3 %	0.2 %	0.2 %
Interest Paid / Avg. Debt	7.7 %	6.9 %	6.1 %	6.2 %	4.1 %	3.9 %	4.6 %
Management of Funds							
Investment ratio	2.7 %	1.9 %	1.5 %	1.4 %	1.4 %	1.4 %	1.4 %
Maint. Capex / Sales	2.1 %	2.0 %	1.7 %	1.9 %	1.8 %	1.8 %	1.7 %
Capex / Dep	68.0 %	47.3 %	40.9 %	38.5 %	44.5 %	49.7 %	55.0 %
Avg. Working Capital / Sales	8.5 %	7.6 %	7.5 %	8.6 %	7.3 %	5.1 %	5.1 %
Trade Debtors / Trade Creditors	239.0 %	304.0 %	411.7 %	409.7 %	192.8 %	193.1 %	193.4 %
Inventory Turnover	17.3 x	37.4 x	51.0 x	34.7 x	19.8 x	19.2 x	18.5 x
Receivables collection period (days)	39	35	33	46	29	29	29
Payables payment period (days)	42	32	22	33	42	43	44
Cash conversion cycle (Days)	-19	-22	-15	-26	-27	-26	-27

CAPEX and Cash Flow
in EUR m



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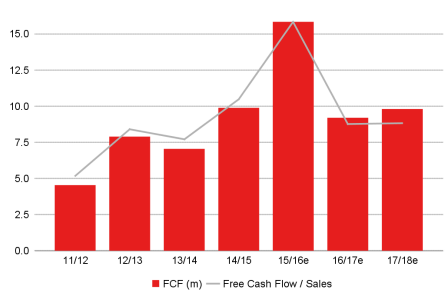
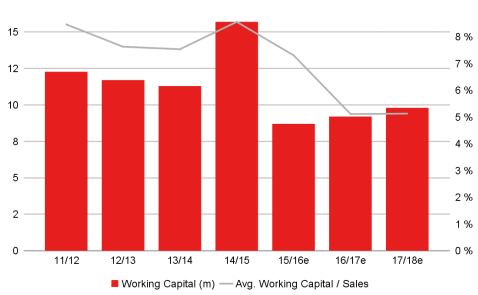
Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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-3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the financial analysis, in a market based on the provision of buy or sell contracts

-4- Warburg Research, or an affiliated company, were in the last twelve months bound by a service agreement with the issuers, who are themselves or their financial instruments are, subject of the financial analysis, in connection with **investment banking business** for which a service or a promise of a service emanated.

-5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the financial analysis** with the analysed company.

-6- Companies affiliated with Warburg Research **regularly trade** financial instruments of the analysed company or derivatives of these.

-7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

This report has been made accessible to the company analysed.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
DATAGROUP	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0JC8S7.htm

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

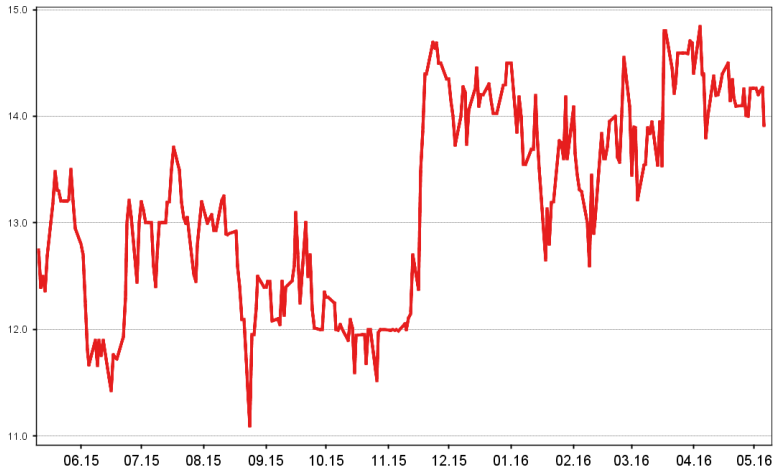
Rating	Number of stocks	% of Universe
Buy	118	64
Hold	61	33
Sell	4	2
Rating suspended	1	1
Total	**184**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment banking services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	23	77
Hold	7	23
Sell	0	0
Rating suspended	0	0
Total	**30**	**100**

PRICE AND RATING HISTORY DATAGROUP AS OF 09.05.2016



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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