

Buy EUR 47.00 (EUR 42.00) Price EUR 35.91 Upside 30.9 %	Value Indicators: EUR DCF: 46.90 FCF-Value Potential 19e: 36.80	Share data: Bloomberg: D6H GR Reuters: D6HG ISIN: DE000A0JC8S7	Description: IT service provider with focus on recurring services
	Market Snapshot: EUR m Market cap: 299.8 No. of shares (m): 8.3 EV: 328.5 Freefloat MC: 147.5 Ø Trad. Vol. (30d): 475.72 th	Shareholders: Freefloat 49.2 % HHS Beteiligungsges. mbH 50.8 %	Risk Profile (WRe): 2016/17e Beta: 1.3 Price / Book: 4.5 x Equity Ratio: 31 % Net Fin. Debt / EBITDA: 0.8 x Net Debt / EBITDA: 2.6 x

Share price consolidation has no fundamental background, est. and PT up

Based on the overall strong Q3 figures reported in the German IT industry, we increase our estimates. Consequently, Datagroup's recent share price consolidation appears to be unjustified and represents an attractive entry point.

Modular and centralised full-service offering: Datagroup is an IT services provider focussing on recurring services for its mainly mid-sized customer base. At the core of Datagroup's comprehensive IT service offering is **Corbox** – Datagroup's modular full-service offering, mainly for medium-sized companies, which is Datagroup's chief customer target group. Corbox services range from cloud-based data center services to security and big data. It comprises a total of 12 sets of IT services such as data center services, application services, SAP services, help desk etc. which cover the essential elements of a company's IT. The offering is rounded off with project-related services and the reselling of IT which remain approximately stable in absolute terms.

Industrial revolution in IT: With Corbox, Datagroup is taking an industrial services approach (standardised, centralised and repeatable services), which leads to increasing efficiency. Datagroup avoids contracts that are based on time and material, which tend to be subject to price pressure. With EBITDA margins of 13-14% (WRe) and a rising Corbox share (revenue share 2016/17e: ca. 60%), margins are bound to expand.

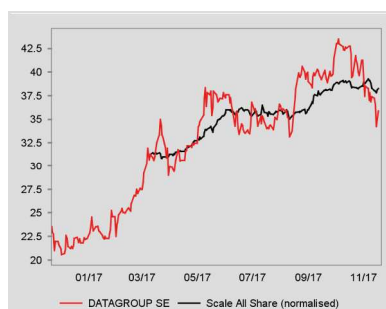
High visibility: The underlying contracts are based on service level agreements which usually have a duration of 3-5 years. As a result of high renewal rates of more than 98%, visibility is high. As a result, **ca. 85% of Datagroup's gross profit is recurring.**

Predictable growth: Given average Corbox contract volumes of approx. EUR 750k, Datagroup only has to win as few as 20 new customers each year to achieve the projected organic top-line growth of approx. 8%. Helped by acquisitions, management aims to achieve revenues of approx. EUR 500m by 2020/21. Driven by an increasing share of high-margin Corbox revenues, EBITDA margins look set to increase further and reach 13%. As Datagroup has an outstanding M&A track record with 95% successful acquisitions since its IPO in 2006, a continuation of the successful path should catapult the share price above the EUR 70 threshold within the next four years.

The model is being reworked and rolled forward, PT increased to EUR 47. Buy.

Changes in Estimates:			Comment on Changes:			
FY End: 30.9. in EUR m	2016/17e (old)	+ / -	2017/18e (old)	+ / -	2018/19e (old)	+ / -
Sales	224.0	0.0 %	276.0	0.0 %	296.4	0.0 %
EBITDA	23.7	4.2 %	30.6	7.2 %	33.4	0.0 %
EBIT adj.	19.7	5.1 %	26.4	8.4 %	28.7	0.0 %
EBIT	16.5	6.0 %	22.4	9.8 %	25.2	0.0 %
EPS	1.19	7.6 %	1.71	10.5 %	1.97	0.0 %

■ As Datagroup already completed its financial year in September, the model is being rolled forward.

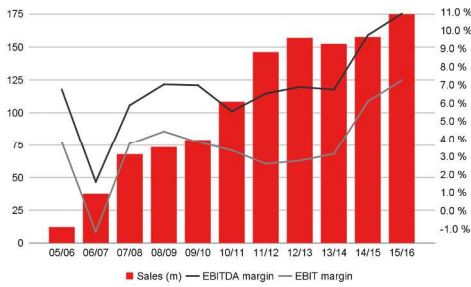


Rel. Performance vs Scale All	
1 month:	-8.9 %
6 months:	-17.7 %
Year to date:	n/a
Trailing 12 months:	n/a

Company events:	

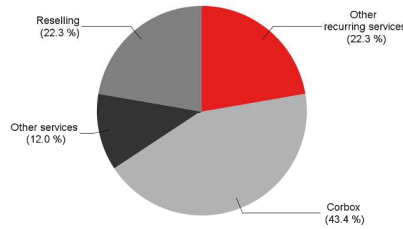
FY End: 30.9. in EUR m	CAGR (15/16-18/19e)	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Sales	19.2 %	156.9	152.4	157.6	174.9	224.0	276.0	296.4
Change Sales yoy		7.4 %	-2.9 %	3.4 %	11.0 %	28.0 %	23.2 %	7.4 %
Gross profit margin		64.2 %	64.0 %	66.5 %	67.0 %	72.2 %	73.0 %	73.2 %
EBITDA	20.5 %	10.8	10.3	15.3	19.1	24.7	32.9	33.4
Margin		6.9 %	6.8 %	9.7 %	10.9 %	11.0 %	11.9 %	11.3 %
EBIT adj.	23.3 %	9.4	9.1	12.4	15.3	20.7	28.7	28.7
Margin		6.0 %	6.0 %	7.9 %	8.8 %	9.3 %	10.4 %	9.7 %
EBIT	25.7 %	4.3	4.8	9.6	12.7	17.5	24.7	25.2
Net income	42.1 %	1.9	1.1	4.9	5.7	10.2	15.8	16.4
EPS	38.0 %	0.25	0.14	0.65	0.75	1.28	1.89	1.97
DPS	26.0 %	0.20	0.20	0.25	0.30	0.40	0.50	0.60
Dividend Yield		3.3 %	2.4 %	2.2 %	2.1 %	1.1 %	1.4 %	1.7 %
FCFPS		1.04	0.93	0.76	0.82	1.07	1.57	1.83
FCF / Market cap		16.9 %	11.2 %	6.6 %	5.6 %	2.8 %	4.4 %	5.1 %
EV / Sales		0.3 x	0.4 x	0.6 x	0.8 x	1.5 x	1.2 x	1.0 x
EV / EBITDA		5.0 x	6.6 x	6.6 x	7.8 x	13.3 x	9.7 x	9.3 x
EV / EBIT		12.5 x	14.1 x	10.5 x	11.7 x	18.7 x	13.0 x	12.3 x
EV / EBIT adj.		5.8 x	7.4 x	8.1 x	9.7 x	15.8 x	11.2 x	10.8 x
P / E		24.6 x	59.5 x	17.6 x	19.5 x	28.1 x	19.0 x	18.2 x
FCF Potential Yield		14.8 %	10.7 %	10.3 %	8.2 %	5.2 %	7.1 %	7.3 %
Net Debt		42.8	39.9	49.8	72.8	64.0	55.3	45.2
ROCE (NOPAT)		4.9 %	3.5 %	9.0 %	8.2 %	10.4 %	12.7 %	12.7 %
Guidance:		2016/17: sales: EUR 215-225m; EBITDA: > EUR 23m						

Sales development
in EUR m



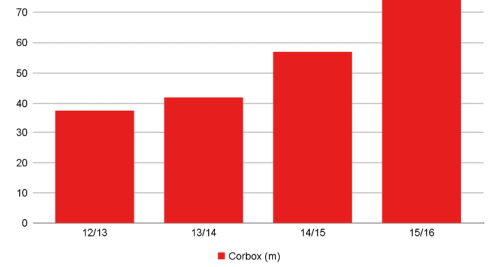
Source: Warburg Research

Revenue share
2015/16; in %



Source: Warburg Research

Corbox revenues
in EUR m



Source: Warburg Research

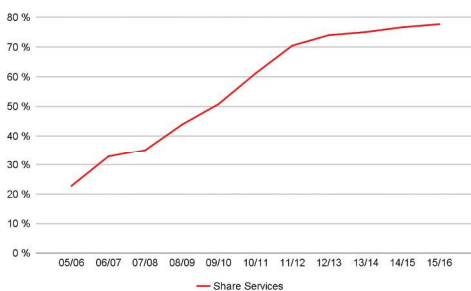
Company Background

- Datagroup is among the leading independent IT service providers in Germany and is present nationwide.
- Corbox is Datagroup's main offering. This is Datagroup's modular full-service offering, mainly for medium-sized companies, which is Datagroup's chief customer target group.
- Corbox services range from cloud-based data center services to security and big data. It comprises a total of 12 sets of IT services, which cover the essential elements of a company's IT.
- The offering is rounded off with project-related services and the reselling of IT.
- 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

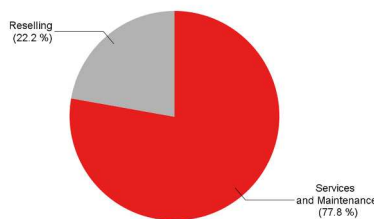
- With its wide service offering, Datagroup is positioned as a one-stop-shop for its customers.
- The focus on the service business means that Datagroup differentiates itself from the competition with the quality of its services (e.g. Services 24x7). The service level is signified by its ISO 20000 certification.
- The IT processes outsourced to Datagroup on the basis of multi-year contracts lead to high customer loyalty and a corresponding reduction in competition.
- Customer satisfaction of nearly 80% supports renewal rates of more than 98%.
- Datagroup has a successful takeover track record.

Services
in % of sales



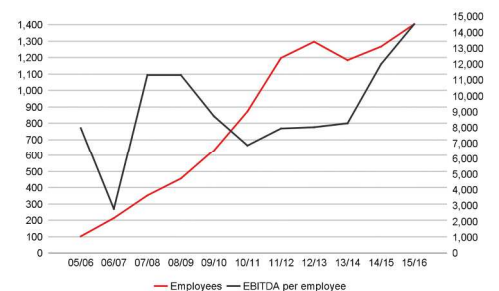
Source: Warburg Research

Sales by segments
2015/16; in %



Source: Warburg Research

Employees



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	16/17e	17/18e	18/19e	19/20e	20/21e	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	
Sales	224.0	276.0	296.4	315.7	333.7	350.5	366.1	380.3	393.4	405.3	416.0	425.8	434.3	
Sales change	28.0 %	23.2 %	7.4 %	6.5 %	5.7 %	5.0 %	4.4 %	3.9 %	3.4 %	3.0 %	2.7 %	2.3 %	2.0 %	2.0 %
EBIT	17.5	24.7	25.2	28.4	31.7	33.3	34.8	36.1	37.4	38.5	39.5	40.4	41.3	
EBIT-margin	7.8 %	8.9 %	8.5 %	9.0 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	
Tax rate (EBT)	31.5 %	31.5 %	31.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	32.5 %	
NOPAT	12.0	16.9	17.3	19.2	21.4	22.5	23.5	24.4	25.2	26.0	26.7	27.3	27.8	
Depreciation	7.2	8.2	8.2	6.9	6.7	7.0	7.3	7.6	7.9	8.1	8.3	8.5	8.7	
in % of Sales	3.2 %	3.0 %	2.8 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
Changes in provisions	1.2	1.0	1.0	7.1	0.4	0.1	-0.3	-0.5	-0.7	-0.9	-1.1	-1.2	-1.3	
Change in Liquidity from														
- Working Capital	4.8	2.9	4.0	-0.1	1.4	1.3	1.2	1.1	1.0	1.0	0.9	0.8	0.7	
- Capex	4.3	4.7	5.3	6.3	7.0	7.4	7.7	8.0	8.3	8.5	8.7	8.9	9.1	
Capex in % of Sales	1.9 %	1.7 %	1.8 %	2.0 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	
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)	11.3	18.5	17.2	27.0	20.0	20.8	21.6	22.4	23.0	23.7	24.3	24.9	25.4	28
PV of FCF	11.3	17.3	15.0	22.0	15.2	14.8	14.3	13.8	13.3	12.8	12.2	11.7	11.1	238
share of PVs	10.29 %			33.40 %										56.31 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	23.50 %	Financial Strength	1.50
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.25
Market return	7.00 %	Cyclicality	1.25
Risk free rate	1.50 %	Transparency	1.25
		Others	1.25
WACC	7.11 %	Beta	1.30

Valuation (m)

Present values 2028/29e	185		
Terminal Value	238		
Financial liabilities	55		
Pension liabilities	7		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	31	No. of shares (m)	8.3
Equity Value	392	Value per share (EUR)	46.94

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.54	8.1 %	36.31	37.03	37.80	38.64	39.55	40.54	41.63	1.54	8.1 %	31.70	34.01	36.33	38.64	40.95	43.27	45.58
1.42	7.6 %	39.52	40.41	41.37	42.42	43.56	44.82	46.21	1.42	7.6 %	34.86	37.38	39.90	42.42	44.93	47.45	49.97
1.36	7.4 %	41.33	42.32	43.39	44.57	45.87	47.29	48.87	1.36	7.4 %	36.67	39.30	41.94	44.57	47.21	49.84	52.47
1.30	7.1 %	43.29	44.40	45.61	46.94	48.41	50.03	51.85	1.30	7.1 %	38.65	41.41	44.18	46.94	49.70	52.46	55.23
1.24	6.9 %	45.43	46.68	48.04	49.55	51.23	53.09	55.18	1.24	6.9 %	40.84	43.75	46.65	49.55	52.46	55.36	58.26
1.18	6.6 %	47.77	49.18	50.73	52.45	54.37	56.52	58.95	1.18	6.6 %	43.27	46.33	49.39	52.45	55.51	58.57	61.63
1.06	6.1 %	53.19	55.01	57.04	59.32	61.89	64.81	68.17	1.06	6.1 %	49.02	52.45	55.88	59.32	62.75	66.18	69.61

- The intact outsourcing trend lays the basis for future growth.
- The rising service business share has a positive effect on the margin development.

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	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e	
Net Income before minorities	1.9	1.1	4.9	5.7	10.2	15.8	16.4	
+ Depreciation + Amortisation	6.5	5.5	5.7	6.4	7.2	8.2	8.2	
- Net Interest Income	-1.9	-2.5	-1.8	-2.6	-2.6	-1.6	-1.2	
- Maintenance Capex	2.2	1.8	2.1	2.7	2.8	2.9	3.3	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	8.0	7.2	10.4	12.1	17.2	22.6	22.6	
FCF Potential Yield (on market EV)	14.8 %	10.7 %	10.3 %	8.2 %	5.2 %	7.1 %	7.3 %	
WACC	7.11 %	7.11 %	7.11 %	7.11 %	7.11 %	7.11 %	7.11 %	
= Enterprise Value (EV)	54.0	67.7	101.0	148.1	328.5	319.7	309.6	
= Fair Enterprise Value	112.5	101.5	146.5	169.8	242.5	318.5	317.2	
- Net Debt (Cash)	31.0	31.0	31.0	31.0	21.0	11.3	0.2	
- Pension Liabilities	41.8	41.8	41.8	41.8	43.0	44.0	45.0	
- Other	-35.4	-35.4	-35.4	-35.4	-35.4	-35.4	-35.4	
- 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	75.1	64.1	109.1	132.4	213.8	298.6	307.4	
Aktienanzahl (Mio.)	7.6	7.6	7.6	7.6	8.0	8.3	8.3	
= Fair value per share (EUR)	9.91	8.47	14.41	17.49	26.83	35.76	36.82	
premium (-) / discount (+) in %					-25.3 %	-0.4 %	2.5 %	
Sensitivity Fair value per Share (EUR)								
	10.11 %	4.99	4.07	7.86	9.82	16.99	24.44	25.54
	9.11 %	6.03	5.01	9.22	11.39	19.23	27.39	28.48
	8.11 %	7.33	6.18	10.91	13.35	22.03	31.06	32.13
WACC	7.11 %	8.99	7.68	13.07	15.86	25.61	35.76	36.82
	6.11 %	11.19	9.67	15.94	19.19	30.36	42.01	43.03
	5.11 %	14.26	12.44	19.94	23.82	36.97	50.69	51.69
	4.11 %	18.82	16.55	25.88	30.71	46.80	63.60	64.54

- As an IT service provider, Datagroup has low investment requirements.
- Free cash flow was used for acquisitions, which supported FCF growth.
- FCF-Value-CAGR 2013-2019e: 26%

Valuation	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Price / Book	2.1 x	3.0 x	3.6 x	3.9 x	4.5 x	3.7 x	3.3 x
Book value per share ex intangibles	-3.56	-3.32	-3.41	-2.63	-1.98	-0.05	1.31
EV / Sales	0.3 x	0.4 x	0.6 x	0.8 x	1.5 x	1.2 x	1.0 x
EV / EBITDA	5.0 x	6.6 x	6.6 x	7.8 x	13.3 x	9.7 x	9.3 x
EV / EBIT	12.5 x	14.1 x	10.5 x	11.7 x	18.7 x	13.0 x	12.3 x
EV / EBIT adj.*	5.8 x	7.4 x	8.1 x	9.7 x	15.8 x	11.2 x	10.8 x
P / FCF	5.9 x	9.0 x	15.0 x	17.8 x	35.1 x	22.9 x	19.7 x
P / E	24.6 x	59.5 x	17.6 x	19.5 x	28.1 x	19.0 x	18.2 x
P / E adj.*	12.8 x	59.5 x	17.6 x	19.5 x	28.1 x	19.0 x	18.2 x
Dividend Yield	3.3 %	2.4 %	2.2 %	2.1 %	1.1 %	1.4 %	1.7 %
FCF Potential Yield (on market EV)	14.8 %	10.7 %	10.3 %	8.2 %	5.2 %	7.1 %	7.3 %

*Adjustments made for: PPA amortisation

Company Specific Items	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Share Services	74.0 %	75.1 %	76.7 %	77.7 %	79.8 %	85.2 %	86.2 %
Employees	1,298	1,186	1,267	1,404	1,685	1,803	1,929
EBITDA per employee	8.0	8.3	12.0	14.5	18.3	23.5	23.2
Other recurring services	62.8	57.0	45.0	39.0	38.5	44.2	45.5
Corbox	37.7	42.0	57.0	76.0	122.6	143.3	162.2
Other services	15.7	15.0	19.0	21.0	20.6	21.0	21.0
Reselling	40.8	38.0	37.0	39.0	40.0	40.5	40.5

Consolidated profit & loss

In 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	224.0	276.0	296.4
Change Sales yoy	7.4 %	-2.9 %	3.4 %	11.0 %	28.0 %	23.2 %	7.4 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.4	0.1	0.3	0.5	0.5	0.5	0.5
Total Sales	157.4	152.5	157.9	175.4	224.4	276.5	296.9
Material expenses	56.6	55.0	53.2	58.2	62.7	75.0	80.0
Gross profit	100.8	97.5	104.7	117.2	161.7	201.5	216.9
<i>Gross profit margin</i>	<i>64.2 %</i>	<i>64.0 %</i>	<i>66.5 %</i>	<i>67.0 %</i>	<i>72.2 %</i>	<i>73.0 %</i>	<i>73.2 %</i>
Personnel expenses	76.2	72.9	77.1	85.7	120.5	148.5	159.2
Other operating income	3.8	3.0	4.6	8.4	6.0	7.2	5.0
Other operating expenses	17.6	17.3	16.9	20.8	22.5	27.3	29.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	10.8	10.3	15.3	19.1	24.7	32.9	33.4
<i>Margin</i>	<i>6.9 %</i>	<i>6.8 %</i>	<i>9.7 %</i>	<i>10.9 %</i>	<i>11.0 %</i>	<i>11.9 %</i>	<i>11.3 %</i>
Depreciation of fixed assets	2.4	2.6	2.8	3.8	4.0	4.2	4.7
EBITA	8.4	7.7	12.5	15.3	20.7	28.7	28.7
Amortisation of intangible assets	4.0	2.9	2.9	2.6	3.2	4.0	3.5
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.3	4.8	9.6	12.7	17.5	24.7	25.2
<i>Margin</i>	<i>2.8 %</i>	<i>3.2 %</i>	<i>6.1 %</i>	<i>7.2 %</i>	<i>7.8 %</i>	<i>8.9 %</i>	<i>8.5 %</i>
EBIT adj.	9.4	9.1	12.4	15.3	20.7	28.7	28.7
Interest income	1.0	0.0	0.6	0.0	0.1	0.1	0.1
Interest expenses	2.9	2.5	2.4	2.6	2.7	1.7	1.3
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	2.5	2.4	7.8	10.1	14.9	23.1	24.0
<i>Margin</i>	<i>1.6 %</i>	<i>1.5 %</i>	<i>4.9 %</i>	<i>5.8 %</i>	<i>6.6 %</i>	<i>8.4 %</i>	<i>8.1 %</i>
Total taxes	0.6	1.3	2.9	4.4	4.7	7.3	7.5
Net income from continuing operations	1.9	1.1	4.9	5.7	10.2	15.8	16.4
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	1.9	1.1	4.9	5.7	10.2	15.8	16.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.9	1.1	4.9	5.7	10.2	15.8	16.4
<i>Margin</i>	<i>1.2 %</i>	<i>0.7 %</i>	<i>3.1 %</i>	<i>3.3 %</i>	<i>4.6 %</i>	<i>5.7 %</i>	<i>5.5 %</i>
Number of shares, average	7.6	7.6	7.6	7.6	8.0	8.3	8.3
EPS	0.25	0.14	0.65	0.75	1.28	1.89	1.97
EPS adj.	0.48	0.14	0.65	0.75	1.28	1.89	1.97

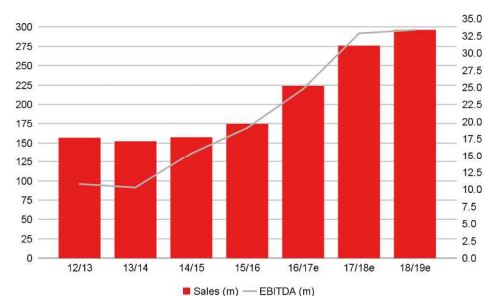
*Adjustments made for: PPA amortisation

Guidance: 2016/17: sales: EUR 215-225m; EBITDA: > EUR 23m

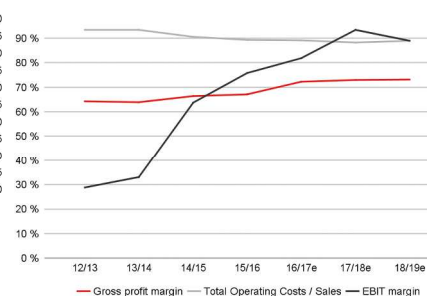
Financial Ratios

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Total Operating Costs / Sales	93.4 %	93.3 %	90.5 %	89.4 %	89.2 %	88.3 %	88.9 %
Operating Leverage	1.9 x	-3.8 x	29.2 x	2.9 x	1.4 x	1.7 x	0.3 x
EBITDA / Interest expenses	3.7 x	4.2 x	6.5 x	7.4 x	9.2 x	19.9 x	25.7 x
Tax rate (EBT)	23.5 %	53.7 %	36.7 %	43.4 %	31.5 %	31.5 %	31.5 %
Dividend Payout Ratio	79.7 %	138.7 %	38.4 %	39.7 %	31.3 %	26.4 %	30.5 %
Sales per Employee	116,767	122,887	123,375	132,965	165,279	197,760	206,208

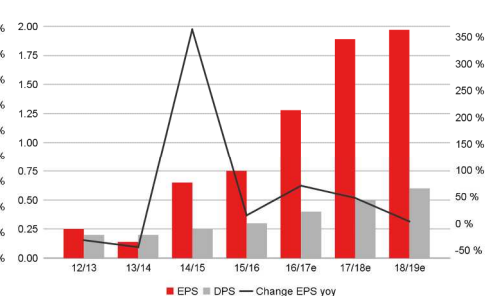
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

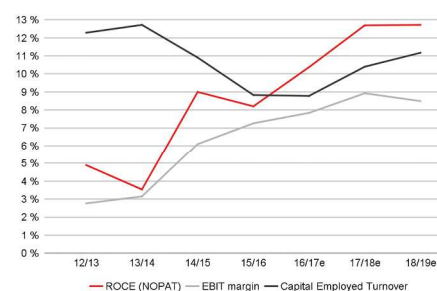
Consolidated balance sheet

In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Assets							
Goodwill and other intangible assets	49.6	46.5	50.0	48.3	82.9	80.9	79.4
thereof other intangible assets	14.8	11.7	11.4	9.8	26.4	24.4	22.9
thereof Goodwill	34.8	34.8	38.5	38.5	56.5	56.5	56.5
Property, plant and equipment	4.7	3.9	7.3	7.3	5.8	4.3	2.9
Financial assets	11.9	11.9	14.7	10.9	10.9	10.9	10.9
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	66.1	62.3	71.9	66.5	99.6	96.1	93.2
Inventories	1.5	1.1	1.5	1.4	1.8	2.2	2.5
Accounts receivable	15.2	13.7	19.7	19.1	24.5	27.2	30.0
Liquid assets	11.4	9.4	2.3	24.4	36.0	23.7	15.8
Other short-term assets	7.5	8.6	8.0	48.3	50.0	49.0	49.0
Current assets	35.6	32.8	31.4	93.2	112.3	102.1	97.3
Total Assets	101.7	95.1	103.4	159.7	211.9	198.3	190.5
Liabilities and shareholders' equity							
Subscribed capital	7.6	7.6	7.6	7.6	8.3	8.3	8.3
Capital reserve	11.7	11.7	11.7	11.7	32.7	32.7	32.7
Retained earnings	5.7	5.3	8.7	12.6	20.5	32.9	45.2
Other equity components	-2.5	-3.3	-4.0	-3.5	4.8	6.5	4.1
Shareholders' equity	22.5	21.3	24.1	28.4	66.3	80.5	90.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	22.5	21.3	24.1	28.4	66.3	80.5	90.3
Provisions	15.2	17.6	19.1	47.4	50.8	50.8	52.1
thereof provisions for pensions and similar obligations	10.7	11.9	12.8	41.8	43.0	44.0	45.0
Financial liabilities (total)	43.5	37.4	39.2	55.4	57.0	35.0	16.0
thereof short-term financial liabilities	7.7	7.5	14.6	3.5	4.0	5.0	6.0
Accounts payable	5.0	3.3	4.8	2.7	3.7	3.8	4.1
Other liabilities	15.5	15.5	16.3	25.9	34.1	28.2	28.0
Liabilities	79.2	73.8	79.4	131.4	145.6	117.8	100.2
Total liabilities and shareholders' equity	101.7	95.1	103.4	159.7	211.9	198.3	190.5

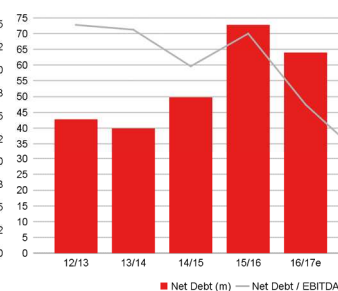
Financial Ratios

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Efficiency of Capital Employment							
Operating Assets Turnover	9.6 x	10.0 x	6.7 x	8.3 x	9.2 x	10.7 x	10.5 x
Capital Employed Turnover	2.4 x	2.5 x	2.1 x	1.7 x	1.7 x	2.0 x	2.2 x
ROA	2.9 %	1.8 %	6.8 %	8.6 %	10.2 %	16.4 %	17.6 %
Return on Capital							
ROCE (NOPAT)	4.9 %	3.5 %	9.0 %	8.2 %	10.4 %	12.7 %	12.7 %
ROE	8.4 %	5.0 %	21.7 %	21.8 %	21.5 %	21.5 %	19.2 %
Adj. ROE	16.2 %	5.0 %	21.7 %	21.8 %	21.5 %	21.5 %	19.2 %
Balance sheet quality							
Net Debt	42.8	39.9	49.8	72.8	64.0	55.3	45.2
Net Financial Debt	32.1	28.0	37.0	31.0	21.0	11.3	0.2
Net Gearing	190.1 %	187.8 %	207.0 %	256.6 %	96.4 %	68.6 %	50.0 %
Net Fin. Debt / EBITDA	297.5 %	272.0 %	240.9 %	162.0 %	84.9 %	34.3 %	0.5 %
Book Value / Share	3.0	2.8	3.2	3.7	7.9	9.6	10.8
Book value per share ex intangibles	-3.6	-3.3	-3.4	-2.6	-2.0	0.0	1.3

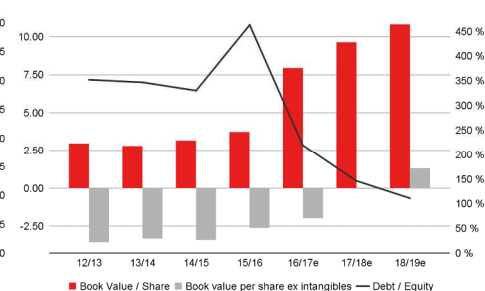
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

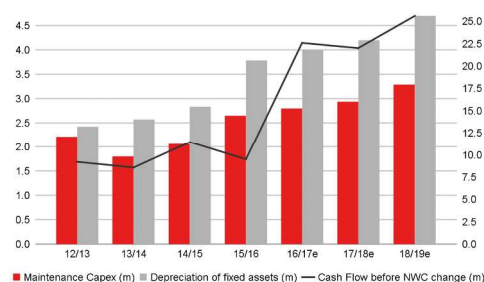
In EUR m	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Net income	1.9	1.1	4.9	5.7	10.2	15.8	16.4
Depreciation of fixed assets	2.4	2.6	2.8	3.8	4.0	4.2	4.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.0	2.9	2.9	2.6	3.2	4.0	3.5
Increase/decrease in long-term provisions	0.1	0.0	0.0	-0.1	1.2	1.0	1.0
Other non-cash income and expenses	0.8	2.0	0.8	-2.6	4.0	-3.0	0.0
Cash Flow before NWC change	9.2	8.6	11.4	9.5	22.6	22.0	25.6
Increase / decrease in inventory	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.3
Increase / decrease in accounts receivable	4.6	1.0	-1.5	-5.1	-5.4	-2.7	-2.8
Increase / decrease in accounts payable	-1.8	-1.0	-1.1	5.7	1.0	0.2	-0.9
Increase / decrease in other working capital positions	-1.0	0.8	0.6	-0.6	-1.0	-1.3	-1.1
Increase / decrease in working capital (total)	1.8	0.7	-2.0	0.0	-9.7	-4.2	-5.1
Net cash provided by operating activities [1]	10.9	9.3	9.4	9.5	12.8	17.8	20.6
Investments in intangible assets	-0.7	-0.6	-1.6	-1.5	-1.8	-2.0	-2.0
Investments in property, plant and equipment	-2.3	-1.7	-2.1	-1.8	-2.5	-2.7	-3.3
Payments for acquisitions	-3.0	-2.2	-4.5	-2.0	-18.0	0.0	0.0
Financial investments	0.0	-2.3	-3.5	-4.2	0.0	0.0	0.0
Income from asset disposals	0.8	2.4	2.4	5.8	0.0	0.0	0.0
Net cash provided by investing activities [2]	-5.2	-4.3	-9.3	-3.7	-22.3	-4.7	-5.3
Change in financial liabilities	6.1	-3.8	-4.3	19.6	1.6	-22.0	-19.0
Dividends paid	-1.5	-1.5	-1.5	-1.9	-2.3	-3.3	-4.2
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	21.7	0.0	0.0
Other	-1.7	-1.6	-1.7	-1.2	0.0	0.0	0.0
Net cash provided by financing activities [3]	2.8	-6.9	-7.5	16.5	21.0	-25.3	-23.2
Change in liquid funds [1]+[2]+[3]	8.5	-2.0	-7.4	22.4	11.6	-12.3	-7.9
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	11.7	9.4	2.1	24.6	36.0	23.7	15.8

Financial Ratios

	2012/13	2013/14	2014/15	2015/16	2016/17e	2017/18e	2018/19e
Cash Flow							
FCF	7.9	7.0	5.8	6.2	8.5	13.1	15.3
Free Cash Flow / Sales	5.0 %	4.6 %	3.7 %	3.5 %	3.8 %	4.7 %	5.1 %
Free Cash Flow Potential	8.0	7.2	10.4	12.1	17.2	22.6	22.6
Free Cash Flow / Net Profit	415.4 %	645.4 %	116.9 %	108.5 %	83.7 %	82.8 %	93.0 %
Interest Received / Avg. Cash	14.3 %	0.0 %	9.5 %	0.0 %	0.2 %	0.2 %	0.3 %
Interest Paid / Avg. Debt	6.9 %	6.1 %	6.2 %	5.5 %	4.8 %	3.6 %	5.1 %
Management of Funds							
Investment ratio	1.9 %	1.5 %	2.3 %	1.9 %	1.9 %	1.7 %	1.8 %
Maint. Capex / Sales	1.4 %	1.2 %	1.3 %	1.5 %	1.3 %	1.1 %	1.1 %
Capex / Dep	47.3 %	40.9 %	64.0 %	51.7 %	59.7 %	57.3 %	64.6 %
Avg. Working Capital / Sales	7.6 %	7.5 %	8.7 %	8.5 %	7.2 %	7.2 %	7.9 %
Trade Debtors / Trade Creditors	304.0 %	411.7 %	409.7 %	716.6 %	662.2 %	715.8 %	731.7 %
Inventory Turnover	37.4 x	51.0 x	34.7 x	41.8 x	34.8 x	34.1 x	32.0 x
Receivables collection period (days)	35	33	46	40	40	36	37
Payables payment period (days)	32	22	33	17	22	18	19
Cash conversion cycle (Days)	-22	-15	-23	-33	-34	-27	-20

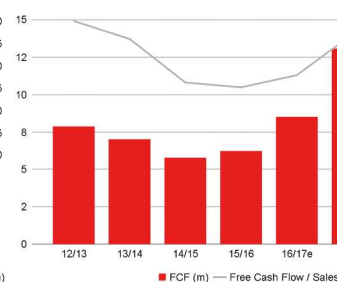
CAPEX and Cash Flow

in EUR m



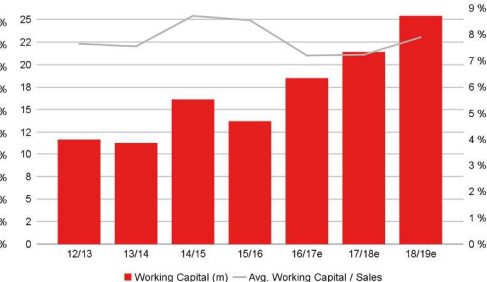
Free Cash Flow Generation

in EUR m



Working Capital

in EUR m



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
DATAGROUP	4, 5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0JC8S7.htm

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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 – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	105	52
Hold	90	44
Sell	8	4
Rating suspended	0	0
Total	203	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

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

Rating	Number of stocks	% of Universe
Buy	31	76
Hold	9	22
Sell	1	2
Rating suspended	0	0
Total	41	100

PRICE AND RATING HISTORY DATAGROUP AS OF 20.11.2017



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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