

<p>Buy</p> <p>EUR 53.00 (EUR 47.00)</p> <p>Price EUR 39.33</p> <p>Upside 34.8 %</p>	<p>Value Indicators: EUR</p> <p>DCF: 52.90</p> <p>FCF-Value Potential 20e: 43.60</p>	<p>Share data:</p> <p>Bloomberg: D6H GR</p> <p>Reuters: D6HG</p> <p>ISIN: DE000A0JC8S7</p>	<p>Description:</p> <p>IT service provider with focus on recurring services</p>
	<p>Market Snapshot: EUR m</p> <p>Market cap: 328.3</p> <p>No. of shares (m): 8.3</p> <p>EV: 342.2</p> <p>Freefloat MC: 161.5</p> <p>Ø Trad. Vol. (30d): 538.65 th</p>	<p>Shareholders:</p> <p>Freefloat 49.2 %</p> <p>HHS Beteiligungsges. mbH 50.8 %</p>	<p>Risk Profile (WRe): 2017/18e</p> <p>Beta: 1.2</p> <p>Price / Book: 3.8 x</p> <p>Equity Ratio: 41 %</p> <p>Net Debt / EBITDA: 1.2 x</p>

Strong Q4; Higher PT reflects a growing share of predictable revenue and profit

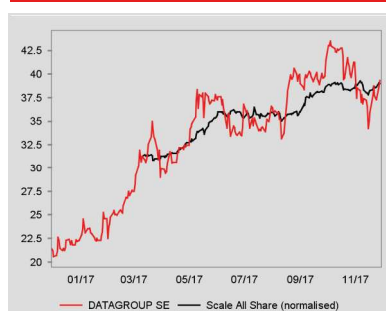
<p>Stated Figures Q4/2016/17:</p> <p>Figures in EUR m</p>							<p>Comment on Figures:</p> <ul style="list-style-type: none"> 2016/17 EBITDA came in clearly ahead of the full-year guidance (EBITDA >EUR 23m). Corbox/recurring outsourcing revenues reached a share of 56% vs. 44% last year. The slightly higher than expected hardware revenue has subdued the group margin as reselling business is merely complementary to Datagroup's overall offering. The overall hardware revenue level in absolute terms has remained approximately stable over the last 10 years. 		
	Q4/17	Q4/17e	Δ WR	Q4/16	yoy	2017	2016	yoy	
Sales	60.0	60.8	-13%	48.2	24.4%	223.1	174.9	27.6%	
EBITDA	8.4	6.0	39.3%	9.6	-12.6%	27.0	19.1	41.6%	
<i>margin</i>	13.9%	9.9%		19.8%		12.1%	10.9%		
EBIT	5.8	4.7	23.1%	7.9	-27.1%	16.6	12.7	46.7%	
<i>margin</i>	9.6%	7.7%		16.4%		8.3%	7.2%		
EPS in EUR	0.42	0.29	44.8%	0.65	-35.4%	1.41	0.75	88.0%	
Services and Maintenance	47.8	50.0	-4.3%	37.8	26.5%	180.6	135.9	32.9%	
<i>Service revenue share</i>	79.7%	82.2%		78.4%		80.9%	77.7%		
Reselling	12.1	10.8	12.4%	10.4	16.4%	42.3	38.8	9.0%	

Datagroup has released strong Q4 figures which reflected a strong EBITDA margin, driven by growth in the share of overall services revenues and Corbox in particular.

In 2016/17 Datagroup gained 18 Corbox customers. While the figure is slightly below our estimate of 20, overall Corbox revenue was ahead of our estimate (approx. EUR 125m vs. WRe: EUR 122.5m). Thus, the corresponding outsourcing revenue has reached a share of approx. 56% of total revenue vs. 44% last year. This indicates higher revenue per customer (WRe: EUR 850k vs. EUR 750k before) and increasing cross-selling. Last year, for example, Datagroup significantly increased its share of wallet at eight customers, which reflects Datagroup's standing as a trusted and valued full-service IT outsourcing partner for its mainly mid-sized client base.

Corbox is the centerpiece of Datagroup's comprehensive IT service offering. This is Datagroup's modular full-service offering, mainly for medium-sized companies, the chief customer target group. Corbox services range from cloud-based data center services to security, SAP outsourcing and big data. It comprises a total of 12 sets of IT services, which cover the essential elements of a company's IT. Based on Datagroup's **customer satisfaction rates of approx. 80%**, Corbox revenues are set to continue to rise and contribute to further margin expansion.

2019/2020 estimates are introduced. The **PT is increased to EUR 53** driven by slightly higher 2018/19 estimates and a lower beta which reflects the growing visibility of Datagroup's business as a result of recurring contracts with an average duration of 3-5 years and renewal rates of more than 98%. Datagroup shares are trading at an EV/EBITDA multiple of approx. 9 for the next financial year. In view of 85% recurring gross profit and given the upside of approx. 35% to our PT, the investment case remains intact. **Buy**.



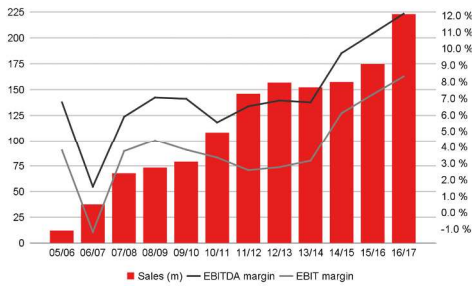
Rel. Performance vs Scale All

1 month:	-2.4 %
6 months:	-4.5 %
Year to date:	n/a
Trailing 12 months:	n/a

Company events:

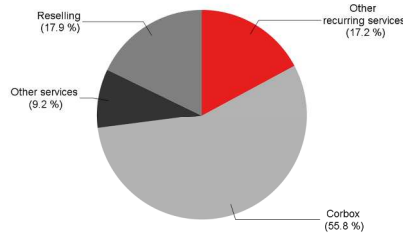
FY End: 30.9. in EUR m	CAGR (16/17-19/20e)	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Sales	11.7 %	152.4	157.6	174.9	223.1	276.0	296.4	311.2
Change Sales yoy		-2.9 %	3.4 %	11.0 %	27.6 %	23.7 %	7.4 %	5.0 %
Gross profit margin		64.0 %	66.5 %	67.0 %	71.5 %	73.0 %	73.2 %	73.2 %
EBITDA	10.9 %	10.3	15.3	19.1	27.0	32.9	35.2	36.9
Margin		6.8 %	9.7 %	10.9 %	12.1 %	11.9 %	11.9 %	11.9 %
EBIT adj.	13.3 %	9.1	12.4	15.3	21.8	27.5	30.2	31.7
Margin		6.0 %	7.9 %	8.8 %	9.8 %	9.9 %	10.2 %	10.2 %
EBIT	17.8 %	4.8	9.6	12.7	18.6	24.7	27.7	30.4
Net income	21.3 %	1.1	4.9	5.7	11.2	15.8	18.1	20.0
EPS	19.2 %	0.14	0.65	0.75	1.41	1.89	2.17	2.39
DPS	20.5 %	0.20	0.25	0.30	0.40	0.50	0.60	0.70
Dividend Yield		2.4 %	2.2 %	2.1 %	1.3 %	1.3 %	1.5 %	1.8 %
FCFPS		0.93	0.76	0.82	2.33	2.14	2.32	2.29
FCF / Market cap		11.2 %	6.6 %	5.6 %	7.7 %	5.4 %	5.9 %	5.9 %
EV / Sales		0.4 x	0.6 x	0.8 x	1.1 x	1.2 x	1.1 x	1.0 x
EV / EBITDA		6.6 x	6.6 x	7.8 x	9.4 x	10.1 x	9.1 x	8.1 x
EV / EBIT		14.1 x	10.5 x	11.7 x	13.7 x	13.5 x	11.5 x	9.9 x
EV / EBIT adj.		7.4 x	8.1 x	9.7 x	11.7 x	12.1 x	10.6 x	9.5 x
P / E		59.5 x	17.6 x	19.5 x	21.3 x	20.8 x	18.1 x	16.2 x
FCF Potential Yield		10.7 %	10.3 %	8.2 %	7.1 %	6.5 %	7.3 %	8.0 %
Net Debt		39.9	49.8	72.8	49.3	40.1	25.9	12.8
ROCE (NOPAT)		3.5 %	9.0 %	8.2 %	12.0 %	14.4 %	15.2 %	16.8 %
Guidance:		2016/17: sales: EUR 215-225m; EBITDA: > EUR 23m						

Sales development
in EUR m



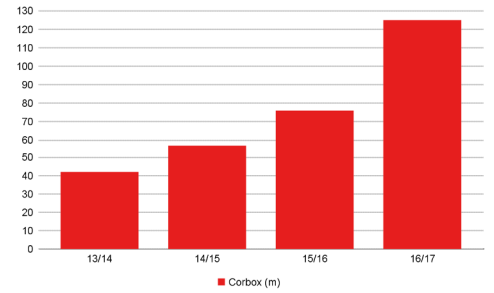
Source: Warburg Research

Revenue share
2016/17; in %



Source: Warburg Research

Corbox revenues
in EUR m



Source: Warburg Research

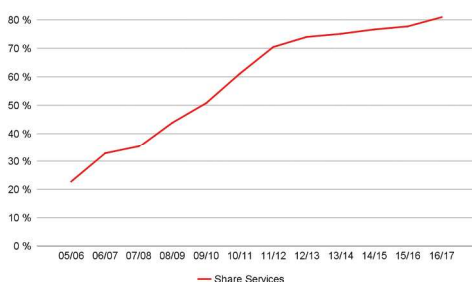
Company Background

- 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

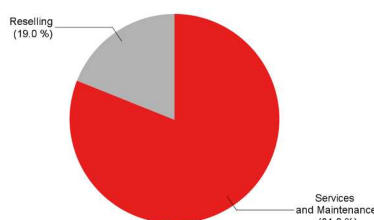
- With its wide service offering, Datagroup is positioned as a one-stop-shop for its customers.
- The focus on the service business means that Datagroup differentiates itself from the competition with the quality of its services (e.g. Services 24x7). The service level is signified by its ISO 20000 certification.
- 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



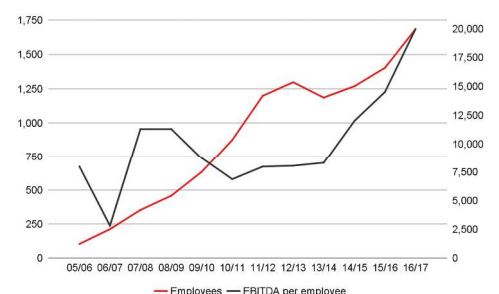
Source: Warburg Research

Sales by segments
2016/17; in %



Source: Warburg Research

Employees



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	17/18e	18/19e	19/20e	20/21e	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	
Sales	276.0	296.4	311.2	323.7	335.6	347.0	357.8	368.0	377.7	386.9	395.5	403.6	411.7	
Sales change	23.7 %	7.4 %	5.0 %	4.0 %	3.7 %	3.4 %	3.1 %	2.9 %	2.6 %	2.4 %	2.2 %	2.1 %	2.0 %	2.0 %
EBIT	24.7	27.7	30.4	31.7	33.6	34.7	35.8	36.8	37.8	38.7	39.6	40.4	41.2	
EBIT-margin	8.9 %	9.3 %	9.8 %	9.8 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	
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	16.9	19.0	20.8	21.4	22.7	23.4	24.1	24.8	25.5	26.1	26.7	27.2	27.8	
Depreciation	8.2	7.5	6.5	7.1	6.7	6.9	7.2	7.4	7.6	7.7	7.9	8.1	8.2	
in % of Sales	3.0 %	2.5 %	2.1 %	2.2 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
Changes in provisions	5.4	1.0	1.0	7.4	-0.6	-0.8	-0.9	-1.0	-1.1	-1.2	-1.2	-1.3	-1.3	
Change in Liquidity from														
- Working Capital	2.9	1.2	2.1	1.4	1.2	1.1	1.0	1.0	0.9	0.9	0.8	0.8	0.8	
- Capex	4.7	5.3	5.9	6.5	7.0	7.2	7.4	7.6	7.8	7.9	8.1	8.2	8.3	
Capex in % of Sales	1.7 %	1.8 %	1.9 %	2.0 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.0 %	2.0 %	2.0 %	2.0 %	
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)	22.9	21.0	20.3	28.1	20.5	21.2	21.9	22.6	23.2	23.9	24.5	25.1	25.7	28
PV of FCF	22.9	19.6	17.7	22.9	15.6	15.1	14.6	14.0	13.5	12.9	12.4	11.8	11.3	245
share of PVs	13.41 %			32.10 %										54.50 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	13.50 %	Financial Strength	1.20
Cost of debt (after tax)	1.7 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.10
		Others	1.10
WACC	7.05 %	Beta	1.16

Valuation (m)

Present values 2029/30e	204		
Terminal Value	245		
Financial liabilities	64		
Pension liabilities	4		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	8.3
Equity Value	442	Value per share (EUR)	52.89

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
1.37	8.1 %	41.90	42.65	43.45	44.32	45.26	46.29	47.41	1.37	8.1 %	37.46	39.74	42.03	44.32	46.61	48.89	51.18
1.27	7.6 %	45.21	46.13	47.13	48.21	49.40	50.71	52.15	1.27	7.6 %	40.75	43.24	45.73	48.21	50.70	53.19	55.67
1.21	7.3 %	47.07	48.10	49.22	50.44	51.78	53.27	54.91	1.21	7.3 %	42.64	45.24	47.84	50.44	53.04	55.64	58.24
1.16	7.1 %	49.10	50.25	51.50	52.89	54.41	56.11	58.00	1.16	7.1 %	44.71	47.44	50.16	52.89	55.61	58.33	61.06
1.11	6.8 %	51.30	52.60	54.02	55.59	57.33	59.28	61.46	1.11	6.8 %	47.00	49.87	52.73	55.59	58.45	61.31	64.17
1.05	6.6 %	53.72	55.19	56.80	58.59	60.59	62.84	65.38	1.05	6.6 %	49.55	52.56	55.58	58.59	61.61	64.62	67.64
0.95	6.1 %	59.33	61.22	63.34	65.72	68.40	71.47	75.01	0.95	6.1 %	55.58	58.96	62.34	65.72	69.09	72.47	75.85

- 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	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e	
Net Income before minorities	1.1	4.9	5.7	11.2	15.8	18.1	20.0	
+ Depreciation + Amortisation	5.5	5.7	6.4	8.5	8.2	7.5	6.5	
- Net Interest Income	-2.5	-1.8	-2.6	-2.0	-1.6	-1.2	-1.2	
- Maintenance Capex	1.8	2.1	2.7	3.7	3.8	3.5	3.6	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	7.2	10.4	12.1	18.0	21.8	23.3	24.1	
FCF Potential Yield (on market EV)	10.7 %	10.3 %	8.2 %	7.1 %	6.5 %	7.3 %	8.0 %	
WACC	7.05 %	7.05 %	7.05 %	7.05 %	7.05 %	7.05 %	7.05 %	
= Enterprise Value (EV)	67.7	101.0	148.1	253.8	333.1	318.9	299.8	
= Fair Enterprise Value	102.4	147.8	171.2	254.6	309.2	331.0	341.4	
- Net Debt (Cash)	10.6	10.6	10.6	10.6	-3.9	-19.1	-33.2	
- Pension Liabilities	38.6	38.6	38.6	38.6	44.0	45.0	46.0	
- 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	88.4	133.8	157.3	240.7	304.5	340.4	363.9	
Aktienanzahl (Mio.)	7.6	7.6	7.6	8.0	8.3	8.3	8.3	
= Fair value per share (EUR)	11.68	17.68	20.78	30.20	36.47	40.78	43.59	
premium (-) / discount (+) in %					-7.3 %	3.7 %	12.9 %	
Sensitivity Fair value per Share (EUR)								
	10.05 %	6.93	10.75	12.72	19.73	25.41	28.94	31.38
	9.05 %	7.88	12.12	14.31	22.09	28.28	32.02	34.55
	8.05 %	9.07	13.83	16.30	25.04	31.87	35.85	38.51
WACC	7.05 %	10.59	16.03	18.84	28.83	36.47	40.78	43.59
	6.05 %	12.62	18.95	22.23	33.87	42.59	47.33	50.34
	5.05 %	15.45	23.04	26.96	40.90	51.13	56.47	59.77
	4.05 %	19.67	29.13	34.03	51.41	63.88	70.12	73.86

- As an IT service provider, Datagroup has low investment requirements.
- Free cash flow was used for acquisitions, which supported FCF growth.
- FCF-Value-CAGR 2014-2020e: 27%

Valuation							
	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Price / Book	3.0 x	3.6 x	3.9 x	4.1 x	3.8 x	3.4 x	2.9 x
Book value per share ex intangibles	-3.32	-3.41	-2.63	0.39	3.79	5.28	6.77
EV / Sales	0.4 x	0.6 x	0.8 x	1.1 x	1.2 x	1.1 x	1.0 x
EV / EBITDA	6.6 x	6.6 x	7.8 x	9.4 x	10.1 x	9.1 x	8.1 x
EV / EBIT	14.1 x	10.5 x	11.7 x	13.7 x	13.5 x	11.5 x	9.9 x
EV / EBIT adj.*	7.4 x	8.1 x	9.7 x	11.7 x	12.1 x	10.6 x	9.5 x
P / FCF	9.0 x	15.0 x	17.8 x	12.9 x	18.4 x	17.0 x	16.9 x
P / E	59.5 x	17.6 x	19.5 x	21.3 x	20.8 x	18.1 x	16.2 x
P / E adj.*	59.5 x	17.6 x	19.5 x	21.3 x	20.8 x	18.1 x	16.2 x
Dividend Yield	2.4 %	2.2 %	2.1 %	1.3 %	1.3 %	1.5 %	1.8 %
FCF Potential Yield (on market EV)	10.7 %	10.3 %	8.2 %	7.1 %	6.5 %	7.3 %	8.0 %

*Adjustments made for: PPA amortisation

Company Specific Items							
	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Share Services	75.1 %	76.7 %	77.7 %	80.9 %	84.7 %	85.7 %	86.5 %
Employees	1,186	1,267	1,404	1,685	1,803	1,929	2,064
EBITDA per employee	8.3	12.0	14.5	20.0	23.5	24.5	24.9
Other recurring services	57.0	45.0	39.0	38.5	38.0	39.1	40.3
Corbox	42.0	57.0	76.0	125.0	167.0	185.3	205.9
Other services	15.0	19.0	21.0	20.6	28.0	28.0	27.7
Reselling	38.0	37.0	39.0	40.0	42.0	42.0	41.6

Consolidated profit & loss

In EUR m	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Sales	152.4	157.6	174.9	223.1	276.0	296.4	311.2
Change Sales yoy	-2.9 %	3.4 %	11.0 %	27.6 %	23.7 %	7.4 %	5.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.1	0.3	0.5	0.6	0.5	0.5	0.5
Total Sales	152.5	157.9	175.4	223.8	276.5	296.9	311.7
Material expenses	55.0	53.2	58.2	64.2	75.0	80.0	84.0
Gross profit	97.5	104.7	117.2	159.5	201.5	216.9	227.7
<i>Gross profit margin</i>	<i>64.0 %</i>	<i>66.5 %</i>	<i>67.0 %</i>	<i>71.5 %</i>	<i>73.0 %</i>	<i>73.2 %</i>	<i>73.2 %</i>
Personnel expenses	72.9	77.1	85.7	119.9	148.5	159.2	165.6
Other operating income	3.0	4.6	8.4	9.1	7.2	6.5	5.3
Other operating expenses	17.3	16.9	20.8	21.8	27.3	29.0	30.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	10.3	15.3	19.1	27.0	32.9	35.2	36.9
<i>Margin</i>	<i>6.8 %</i>	<i>9.7 %</i>	<i>10.9 %</i>	<i>12.1 %</i>	<i>11.9 %</i>	<i>11.9 %</i>	<i>11.9 %</i>
Depreciation of fixed assets	2.6	2.8	3.8	4.8	4.9	5.0	5.2
EBITA	7.7	12.5	15.3	22.3	28.0	30.2	31.7
Amortisation of intangible assets	2.9	2.9	2.6	3.7	3.3	2.5	1.3
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.8	9.6	12.7	18.6	24.7	27.7	30.4
<i>Margin</i>	<i>3.2 %</i>	<i>6.1 %</i>	<i>7.2 %</i>	<i>8.3 %</i>	<i>8.9 %</i>	<i>9.3 %</i>	<i>9.8 %</i>
EBIT adj.	9.1	12.4	15.3	21.8	27.5	30.2	31.7
Interest income	0.0	0.6	0.0	0.0	0.1	0.1	0.1
Interest expenses	2.5	2.4	2.6	2.0	1.7	1.3	1.3
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	2.4	7.8	10.1	16.6	23.1	26.4	29.2
<i>Margin</i>	<i>1.5 %</i>	<i>4.9 %</i>	<i>5.8 %</i>	<i>7.4 %</i>	<i>8.4 %</i>	<i>8.9 %</i>	<i>9.4 %</i>
Total taxes	1.3	2.9	4.4	5.4	7.3	8.3	9.2
Net income from continuing operations	1.1	4.9	5.7	11.2	15.8	18.1	20.0
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	1.1	4.9	5.7	11.2	15.8	18.1	20.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.1	4.9	5.7	11.2	15.8	18.1	20.0
<i>Margin</i>	<i>0.7 %</i>	<i>3.1 %</i>	<i>3.3 %</i>	<i>5.0 %</i>	<i>5.7 %</i>	<i>6.1 %</i>	<i>6.4 %</i>
Number of shares, average	7.6	7.6	7.6	8.0	8.3	8.3	8.3
EPS	0.14	0.65	0.75	1.41	1.89	2.17	2.39
EPS adj.	0.14	0.65	0.75	1.41	1.89	2.17	2.39

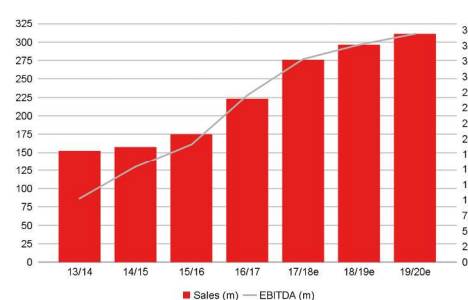
*Adjustments made for: PPA amortisation

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

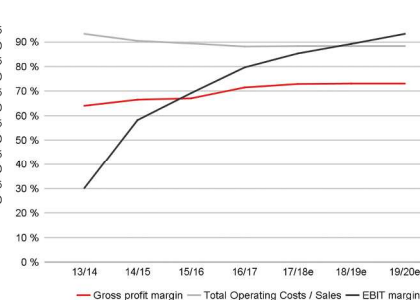
Financial Ratios

	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Total Operating Costs / Sales	93.3 %	90.5 %	89.4 %	88.2 %	88.3 %	88.3 %	88.3 %
Operating Leverage	-3.8 x	29.2 x	2.9 x	1.7 x	1.4 x	1.7 x	2.0 x
EBITDA / Interest expenses	4.2 x	6.5 x	7.4 x	13.6 x	19.9 x	27.1 x	28.4 x
Tax rate (EBT)	53.7 %	36.7 %	43.4 %	32.5 %	31.5 %	31.5 %	31.5 %
Dividend Payout Ratio	138.7 %	38.4 %	39.7 %	28.5 %	26.4 %	27.7 %	29.3 %
Sales per Employee	122,887	123,375	132,965	164,683	197,760	206,208	210,212

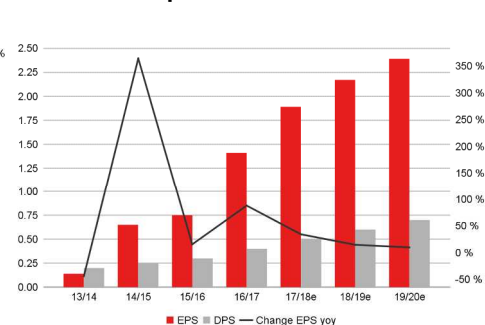
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

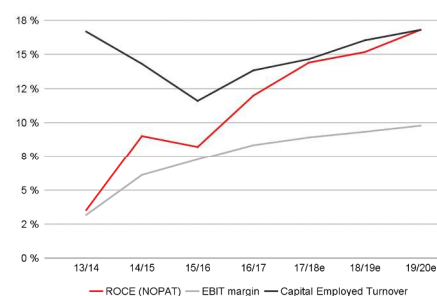
Consolidated balance sheet

In EUR m	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Assets							
Goodwill and other intangible assets	46.5	50.0	48.3	55.6	54.3	53.8	54.7
thereof other intangible assets	11.7	11.4	9.8	15.9	14.6	14.1	15.0
thereof Goodwill	34.8	38.5	38.5	39.6	39.6	39.6	39.6
Property, plant and equipment	3.9	7.3	7.3	19.3	17.1	15.4	13.9
Financial assets	11.9	14.7	10.9	10.2	10.2	10.2	10.2
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	62.3	71.9	66.5	85.0	81.5	79.3	78.7
Inventories	1.1	1.5	1.4	3.5	2.2	2.5	2.6
Accounts receivable	13.7	19.7	19.1	29.3	34.0	32.5	34.1
Liquid assets	9.4	2.3	24.4	53.2	43.9	49.1	54.2
Other short-term assets	8.6	8.0	48.3	42.4	48.6	48.6	48.6
Current assets	32.8	31.4	93.2	128.4	128.7	132.7	139.4
Total Assets	95.1	103.4	159.7	213.4	210.2	212.0	218.2
Liabilities and shareholders' equity							
Subscribed capital	7.6	7.6	7.6	8.3	8.3	8.3	8.3
Capital reserve	11.7	11.7	11.7	32.2	32.2	32.2	32.2
Retained earnings	5.3	8.7	12.6	21.5	33.9	47.9	62.8
Other equity components	-3.3	-4.0	-3.5	-3.2	11.4	9.4	7.8
Shareholders' equity	21.3	24.1	28.4	58.9	85.9	97.8	111.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	21.3	24.1	28.4	58.9	85.9	97.8	111.2
Provisions	17.6	19.1	47.4	52.4	50.8	52.1	53.3
thereof provisions for pensions and similar obligations	11.9	12.8	41.8	38.6	44.0	45.0	46.0
Financial liabilities (total)	37.4	39.2	55.4	63.8	40.0	30.0	21.0
thereof short-term financial liabilities	7.5	14.6	3.5	11.1	5.0	6.0	7.0
Accounts payable	3.3	4.8	2.7	4.8	5.3	4.1	6.0
Other liabilities	15.5	16.3	25.9	33.5	28.2	28.0	26.7
Liabilities	73.8	79.4	131.4	154.5	124.3	114.2	107.0
Total liabilities and shareholders' equity	95.1	103.4	159.7	213.4	210.2	212.0	218.2

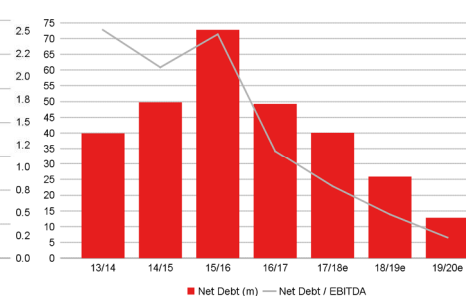
Financial Ratios

	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Efficiency of Capital Employment							
Operating Assets Turnover	10.0 x	6.7 x	8.3 x	5.2 x	6.3 x	6.9 x	7.1 x
Capital Employed Turnover	2.5 x	2.1 x	1.7 x	2.1 x	2.2 x	2.4 x	2.5 x
ROA	1.8 %	6.8 %	8.6 %	13.2 %	19.4 %	22.8 %	25.4 %
Return on Capital							
ROCE (NOPAT)	3.5 %	9.0 %	8.2 %	12.0 %	14.4 %	15.2 %	16.8 %
ROE	5.0 %	21.7 %	21.8 %	25.7 %	21.8 %	19.7 %	19.1 %
Adj. ROE	5.0 %	21.7 %	21.8 %	25.7 %	21.8 %	19.7 %	19.1 %
Balance sheet quality							
Net Debt	39.9	49.8	72.8	49.3	40.1	25.9	12.8
Net Financial Debt	28.0	37.0	31.0	10.6	-3.9	-19.1	-33.2
Net Gearing	187.8 %	207.0 %	256.6 %	83.7 %	46.7 %	26.5 %	11.5 %
Net Fin. Debt / EBITDA	272.0 %	240.9 %	162.0 %	39.3 %	n.a.	n.a.	n.a.
Book Value / Share	2.8	3.2	3.7	7.0	10.3	11.7	13.3
Book value per share ex intangibles	-3.3	-3.4	-2.6	0.4	3.8	5.3	6.8

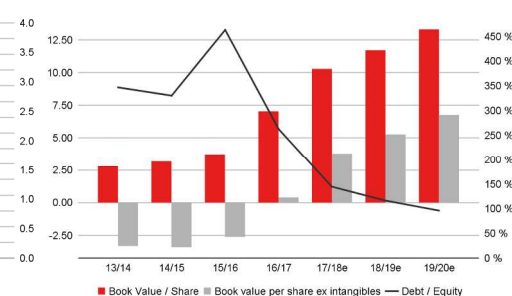
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

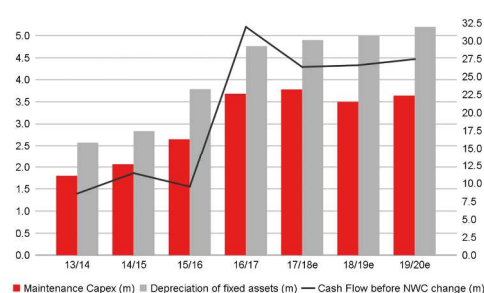
In EUR m	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Net income	1.1	4.9	5.7	11.2	15.8	18.1	20.0
Depreciation of fixed assets	2.6	2.8	3.8	4.8	4.9	5.0	5.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	2.9	2.9	2.6	3.7	3.3	2.5	1.3
Increase/decrease in long-term provisions	0.0	0.0	-0.1	-3.2	5.4	1.0	1.0
Other non-cash income and expenses	2.0	0.8	-2.6	15.5	-3.0	0.0	0.0
Cash Flow before NWC change	8.6	11.4	9.5	32.0	26.4	26.6	27.5
Increase / decrease in inventory	0.0	0.0	0.0	-2.1	1.3	-0.3	-0.1
Increase / decrease in accounts receivable	1.0	-1.5	-5.1	-10.2	-4.7	1.5	-1.6
Increase / decrease in accounts payable	-1.0	-1.1	5.7	2.1	0.6	-2.4	-0.4
Increase / decrease in other working capital positions	0.8	0.6	-0.6	5.0	-0.9	-0.8	-0.4
Increase / decrease in working capital (total)	0.7	-2.0	0.0	-9.1	-3.8	-2.0	-2.5
Net cash provided by operating activities [1]	9.3	9.4	9.5	22.8	22.6	24.7	25.0
Investments in intangible assets	-0.6	-1.6	-1.5	-1.8	-2.0	-2.0	-2.2
Investments in property, plant and equipment	-1.7	-2.1	-1.8	-2.5	-2.7	-3.3	-3.7
Payments for acquisitions	-2.2	-4.5	-2.0	-18.0	0.0	0.0	0.0
Financial investments	-2.3	-3.5	-4.2	0.0	0.0	0.0	0.0
Income from asset disposals	2.4	2.4	5.8	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-4.3	-9.3	-3.7	-22.3	-4.7	-5.3	-5.9
Change in financial liabilities	-3.8	-4.3	19.6	8.4	-23.8	-10.0	-9.0
Dividends paid	-1.5	-1.5	-1.9	-2.3	-3.3	-4.2	-5.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	21.7	0.0	0.0	0.0
Other	-1.6	-1.7	-1.2	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	-6.9	-7.5	16.5	27.9	-27.2	-14.2	-14.0
Change in liquid funds [1]+[2]+[3]	-2.0	-7.4	22.4	28.4	-9.3	5.2	5.1
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	9.4	2.1	24.6	52.8	43.9	49.1	54.2

Financial Ratios

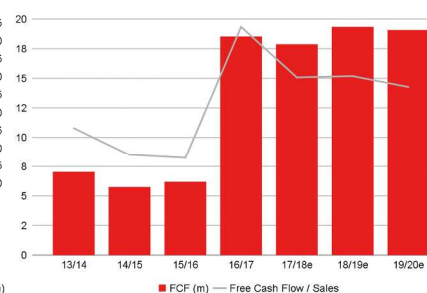
	2013/14	2014/15	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Cash Flow							
FCF	7.0	5.8	6.2	18.5	17.9	19.4	19.1
Free Cash Flow / Sales	4.6 %	3.7 %	3.5 %	8.3 %	6.5 %	6.5 %	6.1 %
Free Cash Flow Potential	7.2	10.4	12.1	18.0	21.8	23.3	24.1
Free Cash Flow / Net Profit	645.4 %	116.9 %	108.5 %	165.5 %	113.2 %	106.9 %	95.5 %
Interest Received / Avg. Cash	0.0 %	9.5 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %
Interest Paid / Avg. Debt	6.1 %	6.2 %	5.5 %	3.3 %	3.2 %	3.7 %	5.1 %
Management of Funds							
Investment ratio	1.5 %	2.3 %	1.9 %	1.9 %	1.7 %	1.8 %	1.9 %
Maint. Capex / Sales	1.2 %	1.3 %	1.5 %	1.7 %	1.4 %	1.2 %	1.2 %
Capex / Dep	40.9 %	64.0 %	51.7 %	50.9 %	57.3 %	70.7 %	90.8 %
Avg. Working Capital / Sales	7.5 %	8.7 %	8.5 %	8.4 %	9.2 %	9.2 %	9.3 %
Trade Debtors / Trade Creditors	411.7 %	409.7 %	716.6 %	606.5 %	641.5 %	792.7 %	568.3 %
Inventory Turnover	51.0 x	34.7 x	41.8 x	18.5 x	34.1 x	32.0 x	32.3 x
Receivables collection period (days)	33	46	40	48	45	40	40
Payables payment period (days)	22	33	17	27	26	19	26
Cash conversion cycle (Days)	-15	-23	-33	-28	-34	-20	-17

CAPEX and Cash Flow

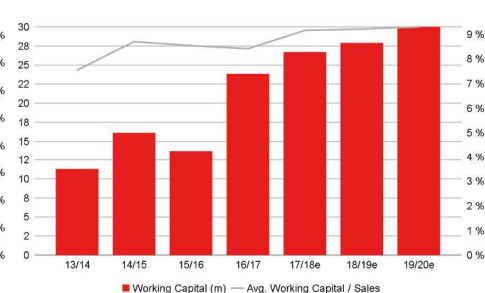
in EUR m



Free Cash Flow Generation



Working Capital



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.

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Rating	Number of stocks	% of Universe
Buy	106	52
Hold	89	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 29.11.2017



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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