

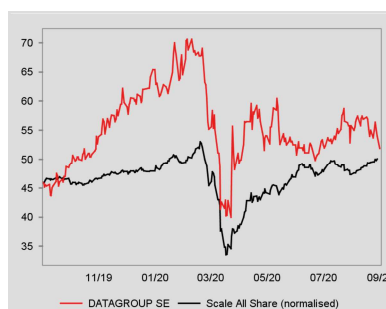
Buy EUR 66.00 Price EUR 51.90 Upside 27.2 %	Value Indicators: EUR DCF: 66.30 FCF-Value Potential 22e: 36.60	Share data: Bloomberg: D6H GR Reuters: D6HG ISIN: DE000A0JC8S7	Description: IT service provider with focus on recurring services
	Market Snapshot: EUR m Market cap: 432.4 No. of shares (m): 8.3 EV: 596.2 Freefloat MC: 212.7 Ø Trad. Vol. (30d): 459.31 th	Shareholders: Freefloat 49.2 % HHS Beteiligungsges. mbH 50.8 %	Risk Profile (WRe): 2019/20e Beta: 1.3 Price / Book: 5.7 x Equity Ratio: 20 % Net Fin. Debt / EBITDA: 2.3 x Net Debt / EBITDA: 3.5 x

First Glance: Weak Q3 due to transition project headwinds

- Datagroup has released Q3 figures which reflect high costs related to transition projects. While revenues were in line with estimates, delayed start-ups in the banking sector and significantly higher expenses for the boarding of new banking customers impacted the bottom line.
- The main reason for the decline in earnings were delays and increased costs related to the start-ups of new customers (transitions) in the financial services sector (Datagroup Financial IT Services). Management has taken measures to improve the situation. Based on analysis carried out by a task force set up for this purpose, an extensive package of staffing and organizational measures is being implemented and is expected to demonstrate its effectiveness in FY 2020/2021.
- While after the first months, Datagroup recognized a provision of EUR 5.5m as a precautionary measure, the **provision was increased by EUR 6.5m** to a total of EUR 12m.
- During the lockdown, 90% of Datagroup's employees were able to work from home. Nevertheless, projects were delayed or canceled by customers, especially in the field of automation with Robotic Process Automation and mobilisation of business applications (Almato AG). Finally, there have also been corona-related delays regarding sales activities for customer acquisition and the transfer of the former IT Informatik customers into the Datagroup CORBOX service delivery.
- Except for the earnings losses of DATAGROUP Financial IT Services and Almato, business was in line with expectations. The proportion of service revenue continued to grow to 84.9% (+2.4pp). The top line increase was mainly driven by the first-time consolidation of Portavis in March 2020 and the consolidation of Datagroup Ulm (formerly IT-Informatik, consolidated since August 2019).
- A conference call with the CEO will take place on September 4 at 11 am CEST. We will review our estimates thereafter.

DATAGROUP - Q3 2020

Figures in EUR m	Q3/20	Q3/20e	Q3/19	yoy	9M/20	9M/19	yoy
Sales	94.2	92.0	75.2	25.3%	264.2	213.9	23.5%
EBITDA	1.9	10.7	12.2	-84.6%	25.5	32.7	-21.9%
<i>margin</i>	2.0%	11.6%	16.3%		9.7%	15.3%	
EBIT	-6.0	3.3	7.7	-	3.6	16.1	-77.4%
<i>margin</i>	-6.4%	3.6%	10.3%		1.4%	7.5%	
Services and Maintenance	81.2	79.2	61.8	31.4%	224.2	176.5	27.1%
Service revenue share	86.2%	86.1%	82.2%		84.9%	82.5%	
Reselling	12.9	13.0	13.4	-3.5%	39.7	37.4	6.3%



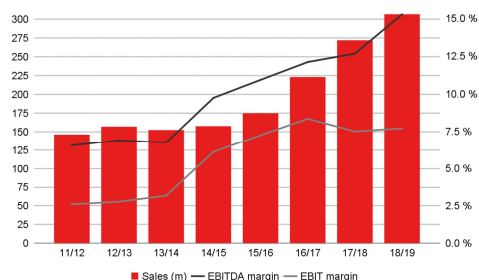
Rel. Performance vs Scale All

1 month:	-12.9 %
6 months:	-16.2 %
Year to date:	-25.1 %
Trailing 12 months:	1.1 %

Company events:

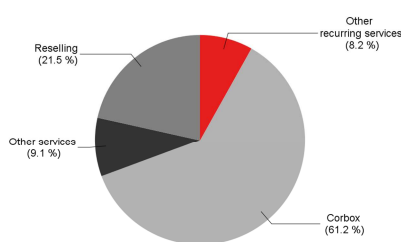
FY End: 30.9. in EUR m	CAGR (18/19-21/22e)	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Sales	11.0 %	174.9	223.1	272.1	306.8	370.0	400.0	420.0
Change Sales yoy		11.0 %	27.6 %	21.9 %	12.7 %	20.6 %	8.1 %	5.0 %
Gross profit margin		67.0 %	71.5 %	70.7 %	67.9 %	67.6 %	71.3 %	71.4 %
EBITDA	8.7 %	19.1	27.0	34.5	46.9	47.0	56.3	60.1
Margin		10.9 %	12.1 %	12.7 %	15.3 %	12.7 %	14.1 %	14.3 %
EBIT adj.	4.9 %	15.3	21.8	24.4	27.8	21.5	29.3	32.1
Margin		8.8 %	9.8 %	9.0 %	9.1 %	5.8 %	7.3 %	7.7 %
EBIT	7.5 %	12.7	18.6	20.4	23.6	17.3	25.9	29.3
Net income	1.7 %	5.7	11.2	12.9	14.5	7.2	13.0	15.2
EPS	1.7 %	0.75	1.41	1.55	1.74	0.86	1.56	1.83
DPS	6.7 %	0.30	0.45	0.60	0.70	0.70	0.75	0.85
Dividend Yield		2.1 %	1.5 %	1.5 %	1.8 %	1.3 %	1.4 %	1.6 %
FCFPS		0.82	2.76	0.34	-2.69	-0.47	1.75	1.39
FCF / Market cap		5.6 %	9.2 %	0.8 %	-7.0 %	-0.9 %	3.4 %	2.7 %
EV / Sales		1.0 x	1.3 x	1.4 x	1.4 x	1.6 x	1.5 x	1.4 x
EV / EBITDA		9.6 x	10.7 x	11.2 x	8.9 x	12.7 x	10.5 x	9.7 x
EV / EBIT		14.5 x	15.6 x	18.9 x	17.8 x	34.5 x	22.8 x	20.0 x
EV / EBIT adj.		12.0 x	13.3 x	15.8 x	15.1 x	27.8 x	20.1 x	18.2 x
P / E		19.5 x	21.3 x	25.5 x	22.2 x	60.3 x	33.3 x	28.4 x
FCF Potential Yield		6.6 %	6.2 %	5.0 %	6.7 %	4.2 %	5.1 %	5.5 %
Net Debt		72.8	49.3	56.8	98.1	163.8	157.3	154.0
ROCE (NOPAT)		8.2 %	12.0 %	12.3 %	10.7 %	5.7 %	7.0 %	7.2 %
Guidance:	2019/20: no guidance							

Sales development
in EUR m



Source: Warburg Research

Revenue share
2018/19; in %



Source: Warburg Research

Corbox revenues
in EUR m



Source: Warburg Research

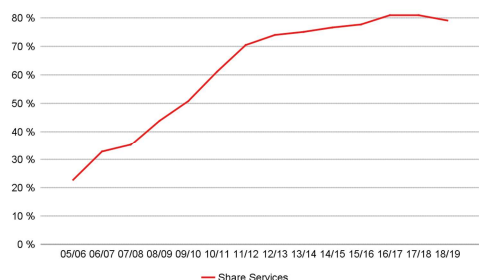
Company Background

- 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

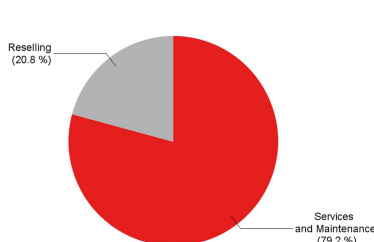
- With its wide service offering, Datagroup is positioned as a one-stop-shop for its customers.
- The focus on the service business means that Datagroup differentiates itself from the competition with the quality of its services (e.g. Services 24x7). The service level is signified by its ISO 20000 certification.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



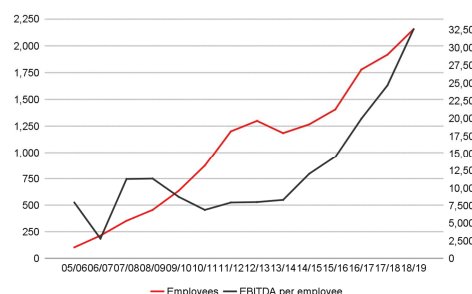
Source: Warburg Research

Sales by segments
2018/19; in %



Source: Warburg Research

Employees



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	19/20e	20/21e	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	27/28e	28/29e	29/30e	30/31e	31/32e	
Sales	370.0	400.0	420.0	441.0	461.6	481.8	501.5	520.6	539.3	557.3	574.7	591.5	603.3	2.0 %
Sales change	20.6 %	8.1 %	5.0 %	5.0 %	4.7 %	4.4 %	4.1 %	3.8 %	3.6 %	3.3 %	3.1 %	2.9 %	2.0 %	
EBIT	17.3	25.9	29.3	39.7	45.7	47.7	49.6	51.5	53.4	55.2	56.9	58.6	59.7	9.9 %
EBIT-margin	4.7 %	6.5 %	7.0 %	9.0 %	9.9 %	9.9 %	9.9 %	9.9 %	9.9 %	9.9 %	9.9 %	9.9 %	9.9 %	
Tax rate (EBT)	32.5 %	32.5 %	32.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	40.9
NOPAT	11.7	17.5	19.8	27.2	31.3	32.7	34.0	35.3	36.6	37.8	39.0	40.1	40.9	
Depreciation	29.7	30.4	30.8	24.3	24.9	26.0	27.1	28.1	29.1	30.1	31.0	31.9	32.6	5.4 %
in % of Sales	8.0 %	7.6 %	7.3 %	5.5 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	5.4 %	
Changes in provisions	20.0	2.3	2.0	10.8	-0.2	-0.4	-0.6	-0.8	-0.9	-1.1	-1.2	-1.3	-1.9	1.4
Change in Liquidity from														
- Working Capital	0.5	4.2	6.3	-0.4	-3.9	-2.2	2.4	2.3	2.2	2.2	2.1	2.0	1.4	32.0
- Capex	19.2	16.5	19.0	24.7	24.5	25.5	26.6	27.6	28.6	29.5	30.5	31.3	32.0	
Capex in % of Sales	5.2 %	4.1 %	4.5 %	5.6 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	0.0
Other	12.0	12.0	13.0	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)	29.6	17.5	14.3	37.9	35.5	35.0	31.6	32.8	34.0	35.1	36.3	37.4	38.2	42
PV of FCF	29.6	16.3	12.5	30.9	27.0	24.9	21.0	20.3	19.7	19.0	18.3	17.7	16.9	
share of PVs	9.12 %			33.68 %										57.20 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	19.50 %	Financial Strength	1.30
Cost of debt (after tax)	1.4 %	Liquidity (share)	1.25
Market return	7.00 %	Cyclicality	1.25
Risk free rate	1.50 %	Transparency	1.25
		Others	1.25
WACC	7.06 %	Beta	1.26

Valuation (m)

Present values 2031/32e	274		
Terminal Value	366		
Financial liabilities	108		
Pension liabilities	28		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	47	No. of shares (m)	8.3
Equity Value	552	Value per share (EUR)	66.28

Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.49	8.1 %	49.87	50.99	52.19	53.49	54.90	56.44	58.13	1.49	8.1 %	43.57	46.87	50.18	53.49	56.80	60.11	63.41
1.37	7.6 %	54.81	56.18	57.67	59.30	61.08	63.04	65.20	1.37	7.6 %	48.50	52.10	55.70	59.30	62.90	66.51	70.11
1.32	7.3 %	57.58	59.12	60.79	62.62	64.64	66.86	69.33	1.32	7.3 %	51.32	55.09	58.86	62.62	66.39	70.16	73.93
1.26	7.1 %	60.60	62.33	64.21	66.28	68.56	71.10	73.93	1.26	7.1 %	54.42	58.37	62.32	66.28	70.23	74.19	78.14
1.20	6.8 %	63.90	65.84	67.97	70.32	72.92	75.84	79.10	1.20	6.8 %	57.84	62.00	66.16	70.32	74.47	78.63	82.79
1.15	6.6 %	67.51	69.70	72.12	74.80	77.80	81.16	84.96	1.15	6.6 %	61.65	66.03	70.42	74.80	79.19	83.57	87.95
1.03	6.1 %	75.88	78.72	81.89	85.44	89.47	94.06	99.34	1.03	6.1 %	70.68	75.60	80.52	85.44	90.37	95.29	100.21

- 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	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e	
Net Income before minorities	5.7	11.2	12.9	14.5	8.8	14.6	16.9	
+ Depreciation + Amortisation	6.4	8.5	14.0	23.3	29.7	30.4	30.8	
- Net Interest Income	-2.6	-2.0	-1.9	-1.9	-4.2	-4.2	-4.2	
- Maintenance Capex	2.7	3.7	9.7	11.7	17.9	18.9	19.6	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	12.1	18.0	19.2	28.1	24.9	30.4	32.4	
FCF Potential Yield (on market EV)	6.6 %	6.2 %	5.0 %	6.7 %	4.2 %	5.1 %	5.5 %	
WACC	7.06 %	7.06 %	7.06 %	7.06 %	7.06 %	7.06 %	7.06 %	
= Enterprise Value (EV)	183.4	289.1	385.8	419.4	596.2	589.7	586.3	
= Fair Enterprise Value	171.1	254.4	271.7	397.4	352.5	430.0	458.8	
- Net Debt (Cash)	60.4	60.4	60.4	60.4	106.1	97.3	92.0	
- Pension Liabilities	37.7	37.7	37.7	37.7	57.7	60.0	62.0	
- 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	73.0	156.3	173.6	299.3	188.7	272.6	304.8	
Number of shares, average	7.6	8.0	8.3	8.3	8.3	8.3	8.3	
= Fair value per share (EUR)	9.64	19.62	20.84	35.93	22.66	32.73	36.59	
premium (-) / discount (+) in %					-56.3 %	-36.9 %	-29.5 %	
Sensitivity Fair value per Share (EUR)								
WACC	10.06 %	2.64	9.66	11.11	21.71	10.04	17.33	20.17
	9.06 %	4.23	12.02	13.64	25.40	13.31	21.33	24.43
	8.06 %	6.22	14.98	16.79	30.01	17.40	26.32	29.76
	7.06 %	8.77	18.77	20.84	35.93	22.66	32.73	36.59
	6.06 %	12.16	23.81	26.22	43.80	29.64	41.24	45.68
	5.06 %	16.88	30.84	33.73	54.79	39.38	53.13	58.36
	4.06 %	23.94	41.33	44.94	71.19	53.93	70.87	77.29

- As an IT service provider, Datagroup has low investment requirements.
- Free cash flow was used for acquisitions, which supported FCF growth.
- FCF-Value-CAGR 2016-2022e: 27%

Valuation	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Price / Book	3.9 x	4.1 x	4.9 x	4.3 x	5.7 x	4.1 x	3.3 x
Book value per share ex intangibles	-2.63	0.36	0.66	-1.03	-6.84	-3.32	-0.59
EV / Sales	1.0 x	1.3 x	1.4 x	1.4 x	1.6 x	1.5 x	1.4 x
EV / EBITDA	9.6 x	10.7 x	11.2 x	8.9 x	12.7 x	10.5 x	9.7 x
EV / EBIT	14.5 x	15.6 x	18.9 x	17.8 x	34.5 x	22.8 x	20.0 x
EV / EBIT adj.*	12.0 x	13.3 x	15.8 x	15.1 x	27.8 x	20.1 x	18.2 x
P / FCF	17.8 x	10.9 x	117.8 x	n.a.	n.a.	29.6 x	37.3 x
P / E	19.5 x	21.3 x	25.5 x	22.2 x	60.3 x	33.3 x	28.4 x
P / E adj.*	19.5 x	21.3 x	25.5 x	22.2 x	60.3 x	33.3 x	28.4 x
Dividend Yield	2.1 %	1.5 %	1.5 %	1.8 %	1.3 %	1.4 %	1.6 %
FCF Potential Yield (on market EV)	6.6 %	6.2 %	5.0 %	6.7 %	4.2 %	5.1 %	5.5 %
*Adjustments made for: PPA amortisation							

Company Specific Items	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Share Services	77.7 %	80.9 %	80.9 %	79.1 %	82.3 %	83.8 %	84.7 %
Employees	1,404	1,776	1,915	2,155	2,100	2,205	2,315
EBITDA per employee	14.5	20.0	24.7	32.6	31.7	36.9	38.3
Other recurring services	39.0	32.0	34.0	25.0	25.8	26.5	27.3
Corbox	76.0	125.0	165.0	187.7	208.3	231.8	254.8
Other services	21.0	24.0	23.0	28.0	27.7	27.4	27.2
Reselling	39.0	42.0	50.0	66.0	65.3	64.7	64.0

Consolidated profit & loss

In EUR m	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Sales	174.9	223.1	272.1	306.8	370.0	400.0	420.0
Change Sales yoy	11.0 %	27.6 %	21.9 %	12.7 %	20.6 %	8.1 %	5.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.5	0.6	0.7	0.8	1.0	0.5	0.5
Total Sales	175.4	223.8	272.8	307.5	371.0	400.5	420.5
Material expenses	58.2	64.2	80.4	99.2	121.0	115.2	120.5
Gross profit	117.2	159.5	192.4	208.3	250.0	285.3	299.9
Gross profit margin	67.0 %	71.5 %	70.7 %	67.9 %	67.6 %	71.3 %	71.4 %
Personnel expenses	85.7	119.9	134.7	145.2	192.0	205.0	215.0
Other operating income	8.4	9.1	5.7	11.1	17.0	6.0	7.0
Other operating expenses	20.8	21.8	28.8	27.4	28.0	30.0	31.8
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	19.1	27.0	34.5	46.9	47.0	56.3	60.1
Margin	10.9 %	12.1 %	12.7 %	15.3 %	12.7 %	14.1 %	14.3 %
Depreciation of fixed assets	2.8	4.1	8.1	16.8	25.0	27.0	28.0
EBITA	16.3	23.0	26.3	30.1	22.0	29.3	32.1
Amortisation of intangible assets	3.6	4.4	5.9	6.4	4.7	3.4	2.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	12.7	18.6	20.4	23.6	17.3	25.9	29.3
Margin	7.2 %	8.3 %	7.5 %	7.7 %	4.7 %	6.5 %	7.0 %
EBIT adj.	15.3	21.8	24.4	27.8	21.5	29.3	32.1
Interest income	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Interest expenses	2.6	2.0	1.9	1.9	4.3	4.3	4.3
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	10.1	16.6	18.5	21.7	13.0	21.6	25.1
Margin	5.8 %	7.4 %	6.8 %	7.1 %	3.5 %	5.4 %	6.0 %
Total taxes	4.4	5.4	5.6	7.2	4.2	7.0	8.2
Net income from continuing operations	5.7	11.2	12.9	14.5	8.8	14.6	16.9
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	5.7	11.2	12.9	14.5	8.8	14.6	16.9
Minority interest	0.0	0.0	0.0	0.0	1.6	1.6	1.7
Net income	5.7	11.2	12.9	14.5	7.2	13.0	15.2
Margin	3.3 %	5.0 %	4.7 %	4.7 %	1.9 %	3.3 %	3.6 %
Number of shares, average	7.6	8.0	8.3	8.3	8.3	8.3	8.3
EPS	0.75	1.41	1.55	1.74	0.86	1.56	1.83
EPS adj.	0.75	1.41	1.55	1.74	0.86	1.56	1.83

*Adjustments made for: PPA amortisation

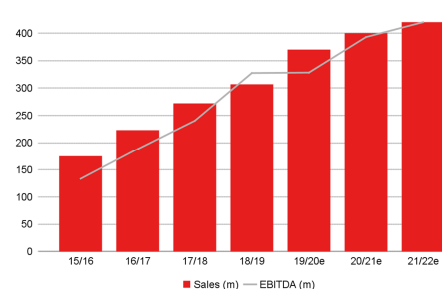
Guidance: 2019/20: no guidance

Financial Ratios

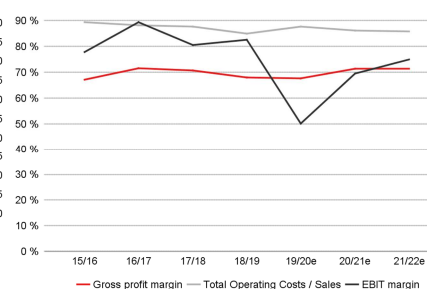
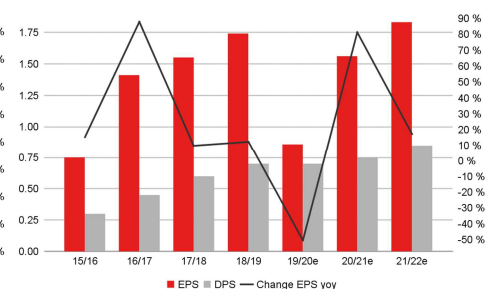
	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Total Operating Costs / Sales	89.4 %	88.2 %	87.6 %	85.0 %	87.6 %	86.1 %	85.8 %
Operating Leverage	2.9 x	1.7 x	0.4 x	1.2 x	-1.3 x	6.2 x	2.7 x
EBITDA / Interest expenses	7.4 x	13.6 x	17.7 x	24.2 x	10.9 x	13.1 x	14.0 x
Tax rate (EBT)	43.4 %	32.5 %	30.3 %	33.1 %	32.5 %	32.5 %	32.5 %
Dividend Payout Ratio	39.7 %	32.0 %	38.8 %	40.2 %	66.3 %	42.8 %	41.8 %
Sales per Employee	132,965	164,683	194,966	213,401	249,894	262,288	267,381

Sales, EBITDA

in EUR m


Operating Performance

in %


Performance per Share


Source: Warburg Research

Source: Warburg Research

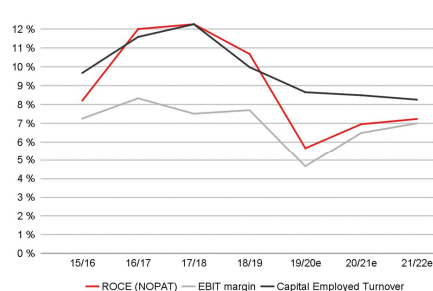
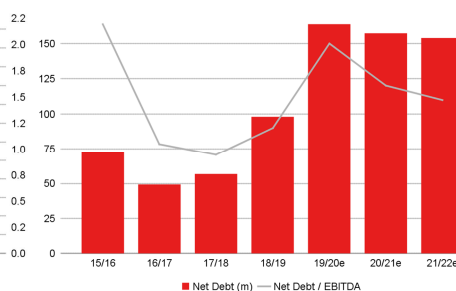
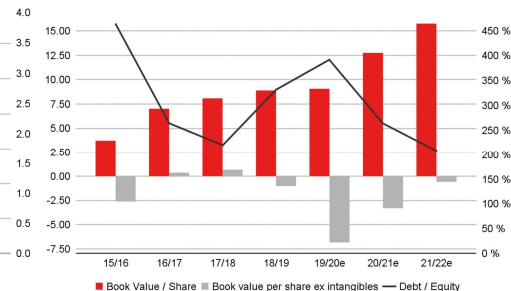
Source: Warburg Research

Consolidated balance sheet

In EUR m	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Assets							
Goodwill and other intangible assets	48.3	55.6	61.8	82.6	132.6	133.8	136.1
thereof other intangible assets	9.8	15.9	4.8	5.8	30.5	31.6	33.8
thereof Goodwill	38.5	39.6	46.6	64.0	100.0	100.0	100.0
Property, plant and equipment	7.3	19.3	22.4	60.1	75.1	87.1	101.1
Financial assets	10.9	10.2	8.2	23.6	23.6	23.6	23.6
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	66.5	85.0	92.4	166.3	231.2	244.4	260.7
Inventories	1.4	3.5	2.0	19.1	22.0	22.0	24.0
Accounts receivable	19.1	29.3	37.7	54.3	57.0	57.0	58.0
Liquid assets	24.4	53.2	38.7	47.5	22.9	19.7	15.0
Other short-term assets	48.3	42.4	44.8	32.9	38.6	43.6	46.6
Current assets	93.2	128.4	123.2	153.8	140.5	142.2	143.6
Total Assets	159.7	213.4	215.5	320.1	371.7	386.6	404.3
Liabilities and shareholders' equity							
Subscribed capital	7.6	8.3	8.3	8.3	8.3	8.3	8.3
Capital reserve	11.7	32.2	32.3	32.3	32.3	32.3	32.3
Retained earnings	12.6	21.5	30.6	40.1	41.5	48.7	57.7
Other equity components	-3.5	-3.5	-3.9	-6.7	-6.6	16.8	32.8
Shareholders' equity	28.4	58.6	67.4	74.1	75.6	106.1	131.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	28.4	58.6	67.4	74.1	75.6	106.1	131.1
Provisions	47.4	52.4	55.7	56.2	77.9	77.5	81.5
thereof provisions for pensions and similar obligations	41.8	38.6	40.6	37.7	57.7	60.0	62.0
Financial liabilities (total)	55.4	63.8	54.9	107.8	129.0	117.0	107.0
thereof short-term financial liabilities	3.5	11.1	12.3	8.7	9.0	7.0	7.0
Accounts payable	2.7	4.8	5.6	9.1	11.2	11.0	12.7
Other liabilities	25.9	33.8	32.1	72.9	78.0	75.0	72.0
Liabilities	131.4	154.9	148.2	246.0	296.1	280.5	273.2
Total liabilities and shareholders' equity	159.7	213.4	215.5	320.1	371.7	386.6	404.3

Financial Ratios

	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Efficiency of Capital Employment							
Operating Assets Turnover	8.3 x	5.2 x	4.8 x	2.7 x	2.9 x	2.8 x	2.5 x
Capital Employed Turnover	1.7 x	2.1 x	2.2 x	1.8 x	1.5 x	1.5 x	1.5 x
ROA	8.6 %	13.2 %	13.9 %	8.7 %	3.1 %	5.3 %	5.8 %
Return on Capital							
ROCE (NOPAT)	8.2 %	12.0 %	12.3 %	10.7 %	5.7 %	7.0 %	7.2 %
ROE	21.8 %	25.8 %	20.4 %	20.5 %	9.6 %	14.3 %	12.9 %
Adj. ROE	21.8 %	25.8 %	20.4 %	20.5 %	9.6 %	14.3 %	12.9 %
Balance sheet quality							
Net Debt	72.8	49.3	56.8	98.1	163.8	157.3	154.0
Net Financial Debt	31.0	10.6	16.2	60.4	106.1	97.3	92.0
Net Gearing	256.6 %	84.1 %	84.3 %	132.3 %	216.8 %	148.2 %	117.4 %
Net Fin. Debt / EBITDA	162.0 %	39.3 %	47.0 %	128.7 %	225.9 %	172.9 %	152.9 %
Book Value / Share	3.7	7.0	8.1	8.9	9.1	12.7	15.7
Book value per share ex intangibles	-2.6	0.4	0.7	-1.0	-6.8	-3.3	-0.6

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

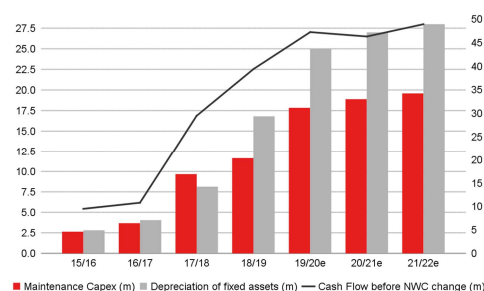
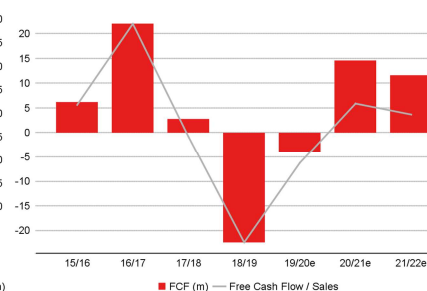
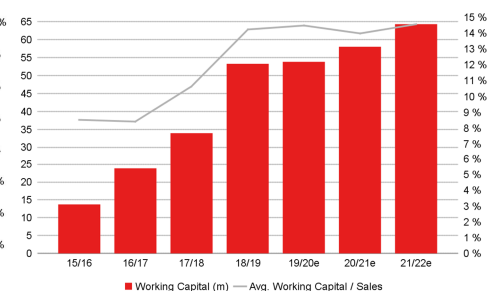
In EUR m	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Net income	5.7	11.2	12.9	14.5	8.8	14.6	16.9
Depreciation of fixed assets	2.8	4.1	8.1	16.8	25.0	27.0	28.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	3.6	4.4	5.9	6.4	4.7	3.4	2.8
Increase/decrease in long-term provisions	-0.1	-7.7	1.1	0.8	20.0	2.3	2.0
Other non-cash income and expenses	-2.6	-1.1	1.4	0.9	-11.3	-1.0	-0.8
Cash Flow before NWC change	9.5	10.8	29.5	39.4	47.2	46.3	48.9
Increase / decrease in inventory	0.0	0.0	0.0	0.0	-2.9	0.0	-2.0
Increase / decrease in accounts receivable	-5.1	5.5	-6.2	-47.5	-2.7	0.0	-1.0
Increase / decrease in accounts payable	5.7	16.2	-4.3	12.6	5.7	-3.2	-2.3
Increase / decrease in other working capital positions	-0.6	0.0	0.0	0.0	-20.0	0.0	0.0
Increase / decrease in working capital (total)	0.0	21.7	-10.5	-34.9	-19.9	-3.2	-5.3
Net cash provided by operating activities [1]	9.5	32.5	19.0	4.5	27.3	43.1	43.6
Investments in intangible assets	-1.5	-8.5	-3.5	-3.1	-4.2	-4.5	-5.0
Investments in property, plant and equipment	-1.8	-1.9	-11.3	-15.6	-15.0	-12.0	-14.0
Payments for acquisitions	-2.0	-10.5	-4.8	-21.7	-36.0	0.0	0.0
Financial investments	-4.2	-7.8	-0.1	-2.5	0.0	0.0	0.0
Income from asset disposals	5.8	9.0	0.7	0.9	0.0	0.0	0.0
Net cash provided by investing activities [2]	-3.7	-19.7	-19.1	-42.1	-55.2	-16.5	-19.0
Change in financial liabilities	19.6	-0.3	-8.3	-9.9	21.2	-12.0	-10.0
Dividends paid	-1.9	-2.3	-3.7	-5.0	-5.8	-5.8	-6.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	21.1	0.0	69.0	0.0	0.0	0.0
Other	-1.2	-2.6	-1.0	-1.1	0.0	0.0	0.0
Net cash provided by financing activities [3]	16.5	16.0	-14.4	44.7	3.4	-29.8	-29.2
Change in liquid funds [1]+[2]+[3]	22.4	28.8	-14.5	7.1	-24.5	-3.2	-4.6
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	24.6	53.2	38.7	45.8	22.9	19.7	15.0

Financial Ratios

	2015/16	2016/17	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Cash Flow							
FCF	6.2	22.0	2.8	-22.4	-3.9	14.6	11.6
Free Cash Flow / Sales	3.5 %	9.9 %	1.0 %	-7.3 %	-1.1 %	3.6 %	2.8 %
Free Cash Flow Potential	12.1	18.0	19.2	28.1	24.9	30.4	32.4
Free Cash Flow / Net Profit	108.5 %	196.6 %	21.7 %	-154.6 %	-54.2 %	112.1 %	76.1 %
Interest Received / Avg. Cash	0.0 %	0.0 %	0.0 %	0.0 %	0.2 %	0.3 %	0.3 %
Interest Paid / Avg. Debt	5.5 %	3.3 %	3.3 %	2.4 %	3.6 %	3.5 %	3.8 %
Management of Funds							
Investment ratio	1.9 %	4.7 %	5.4 %	6.1 %	5.2 %	4.1 %	4.5 %
Maint. Capex / Sales	1.5 %	1.7 %	3.6 %	3.8 %	4.8 %	4.7 %	4.7 %
Capex / Dep	51.7 %	123.7 %	105.5 %	80.3 %	64.6 %	54.3 %	61.7 %
Avg. Working Capital / Sales	8.5 %	8.4 %	10.6 %	14.2 %	14.5 %	14.0 %	14.6 %
Trade Debtors / Trade Creditors	716.6 %	606.5 %	676.8 %	595.3 %	508.9 %	518.2 %	456.7 %
Inventory Turnover	41.8 x	18.5 x	40.8 x	5.2 x	5.5 x	5.2 x	5.0 x
Receivables collection period (days)	40	48	51	65	56	52	50
Payables payment period (days)	17	27	25	34	34	35	38
Cash conversion cycle (Days)	6	17	34	61	47	55	69

CAPEX and Cash Flow

in EUR m


Free Cash Flow Generation

Working Capital


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

LEGAL DISCLAIMER

This research report ("investment recommendation") was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It is intended solely for the recipient and may not be passed on to another company without their prior consent, regardless of whether the company is part of the same corporation or not. It contains selected information and does not purport to be complete. The investment recommendation is based on publicly available information and data ("information") believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these investment recommendations concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this investment recommendation, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this investment recommendation. Provided a investment recommendation is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This investment recommendation does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this investment recommendation are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §85 OF THE GERMAN SECURITIES TRADING ACT (WPHG), MAR AND MIFID II INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958 AND (EU) 2017/565

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Value Potential, NAV, Peer Group Comparison or Sum of the Parts Model (see also <http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation>). The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research GmbH in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg-Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).

SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.
2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934 by CIC.
3. CIC (Crédit Industriel et Commercial) and M.M. Warburg & CO have concluded a Research Distribution Agreement that gives CIC Market Solutions exclusive distribution in France, the US and Canada of the Warburg Research GmbH research product.
4. The research reports are distributed in the United States of America by CIC ("CIC") pursuant to a SEC Rule 15a-6 agreement with CIC Market Solutions Inc ("CICI"), a U.S. registered broker-dealer and a related company of CIC, and are distributed solely to persons who qualify as "Major U.S. Institutional Investors" as defined in SEC Rule 15a-6 under the Securities Exchange Act of 1934.
5. Any person who is not a Major U.S. Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein.

Reference in accordance with section 85 of the German Securities Trading Act (WpHG) and Art. 20 MAR regarding possible conflicts of interest with companies analysed:

- 1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.
- 2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.
- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 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.

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.

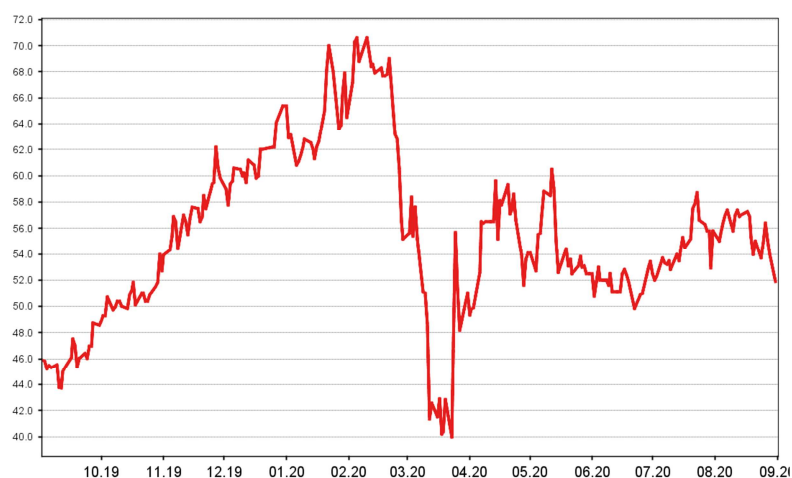
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	130	64
Hold	54	27
Sell	13	6
Rating suspended	5	2
Total	202	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	35	88
Hold	3	8
Sell	0	0
Rating suspended	2	5
Total	40	100

PRICE AND RATING HISTORY DATAGROUP AS OF 01.09.2020


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.

EQUITIES

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Stefan Augustin +49 40 309537-168
Cap. Goods, Engineering saugustin@warburg-research.com

Jan Bauer +49 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +49 40 309537-240
Telco, Media, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Financial Services mfuhrberg@warburg-research.com

Mustafa Hidir +49 40 309537-230
Automobiles, Car Suppliers mhidir@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Simon Stippig +49 40 309537-265
Real Estate sstippig@warburg-research.com

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Head of Equity Sales, Germany kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
Ireland, Poland, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Alexander Eschweiler +49 40 3282-2669
Germany, Luxembourg aeschweiler@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Tobias Hald +49 40 3282-2695
United Kingdom thald@mmwarburg.com

Maximilian Martin +49 69 5050-7413
Austria, Poland mmartin@mmwarburg.com

Christopher Seedorf +49 69 5050-7414
Switzerland cseedorf@mmwarburg.com

Sophie Hauer +49 69 5050-7417
Roadshow/Marketing shauer@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Marcel Magiera +49 40 3282-2662
Sales Trading mmagiera@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html

Bloomberg MMWA GO

FactSet www.factset.com

Thomson Reuters www.thomsonreuters.com

Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com