

Buy (old: Buy)

Price target: EUR 3.20 (old: EUR 3.20)

Price: EUR 2.08 **Next result:** Q3 2010 30.11.09
Bloomberg: ERMK GR **Market cap:** EUR 25.8 m
Reuters: ERMGk.DE **Enterprise Value:** EUR 36.9 m

01-September-10

Marc Osigus, CFA
Analyst

marc.osigus@ha-research.de
Tel.: +49 40 4143885 90

Q2 fully in-line – strong Q4 expected

Yesterday, DEAG published the interim report for H1 2010. Overall, the results were fully in-line with our estimates.

Sales increased by 9.8% yoy to € 33.7m mainly driven by successful tours of e.g. David Garrett, Howard Carpendale and Jean Michel Jarre in Germany as well as AC/DC, Rihanna and Black Eyed Peas in Switzerland.

EBITDA however remained unchanged yoy at € 1.7m due to a comparably strong Q2 2009 in the Swiss Rock/Pop business and some less profitable concerts in the spring in Germany.

EUR	Q2 10	Q2 10 est	Q2 09	yoy	H1 10	H1 09	yoy
Sales	33.7	34.3	30.7	9.8%	54.2	57.0	-4.9%
EBITDA	1.7	1.6	1.7	0.0%	3.3	3.1	6.9%
EBITDA margin	5.0%	4.5%	5.5%	- 0.5 pp	6.1%	5.4%	+ 0.7 pp
EBIT	1.4	1.3	1.4	0.0%	2.7	2.5	8.9%
EBIT margin	4.3%	3.8%	4.7%	- 0.4 pp	5.0%	4.4%	+ 0.6 pp
Net profit	0.9	0.8	0.5	87.5%	1.2	0.7	77.1%
Net margin	2.7%	2.3%	1.6%	+ 1.1 pp	2.3%	1.2%	+ 1.1 pp
EPS	0.07	0.06	0.04	75.0%	0.10	0.06	66.7%

More importantly, 2010 looks set to be back-end loaded (very strong Q4 expected) as a result of a well-filled pipeline of sold-out concerts and tours. Examples include David Garrett - who will also produce a Live DVD with DEAG Music in September - as well as Peter Maffay, Jessye Norman, Elina Garanca et al.

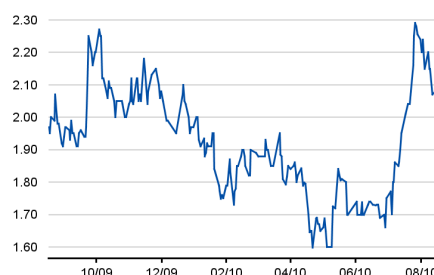
Whilst DEAG again reiterated its guidance of an expected increase of the operating profitability and all key ratios, our estimates remain unchanged.

Despite an expected uneventful Q3, theme should be good on the back of the recent JV with Sony Music in the field of German Schlager/MOR which was recently bolstered by the acquisition of one of the leading promoters in this segment Manfred Hertlein. Hertlein will be consolidated in Q4 and is expected to leverage Sony Music's strong access to artists (Ariola) as well as DEAG's long-standing know-how in the organisation of events.

Recommendation to Buy is reiterated with a PT of € 3.20 based on DCF.

Y/E 31.12 (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	82.8	78.7	109.5	116.0	124.8	142.0	153.8
Sales growth	32 %	-5 %	39 %	6 %	8 %	14 %	8 %
EBITDA	4.3	6.7	3.7	6.4	7.1	9.3	10.5
EBIT	3.1	5.6	-3.1	4.8	6.4	8.5	9.7
Net income	-0.4	1.1	-11.1	0.3	2.0	2.9	3.5
Net debt	7.0	4.7	11.3	1.1	-2.7	-9.5	-17.3
Net gearing	-10.1 %	-8.5 %	-16.5 %	-30.2 %	-33.8 %	-41.6 %	-49.5 %
Net Debt/EBITDA	1.6	0.7	3.0	0.2	0.0	0.0	0.0
EPS fully diluted	0.00	0.05	-0.37	0.03	0.16	0.23	0.29
CPS	-0.43	-0.15	0.22	-0.45	0.30	0.41	0.53
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Gross profit margin	21.0 %	26.9 %	24.2 %	21.6 %	23.3 %	24.0 %	24.3 %
EBITDA margin	5.2 %	8.5 %	3.4 %	5.5 %	5.7 %	6.5 %	6.8 %
EBIT margin	3.7 %	7.1 %	-2.9 %	4.1 %	5.1 %	6.0 %	6.3 %
ROCE	5.2 %	11.1 %	-6.2 %	9.3 %	11.7 %	14.1 %	14.4 %
EV/sales	0.7	0.8	0.7	0.4	0.3	0.2	0.1
EV/EBITDA	13.4	9.7	21.5	6.4	5.2	3.3	2.1
EV/EBIT	18.9	11.5	-25.5	8.6	5.8	3.5	2.3
PER	225.8	23.0	-8.3	31.4	12.9	8.9	7.3
Adjusted FCF yield	6.7 %	8.7 %	2.8 %	11.9 %	12.7 %	24.3 %	56.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 31.08.2010



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 2.29 / 1.60

Price/Book Ratio: 0.9

Relative performance (SDAX):

3 months 8.0 %

6 months -1.3 %

12 months -21.2 %

Changes in estimates

		Sales	EBIT	EPS
2010	old:	124.8	6.4	0.16
	Δ	-	-	-
2011	old:	142.0	8.5	0.23
	Δ	-	-	-
2012	old:	153.8	9.7	0.29
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 12.4

Authorised capital: (in € m) 0.0

Book value per share: (in €) 2.4

Ø trading volume: (12 months) 38,000

Major shareholders:

Free Float 50.0 %
Heliad Equity Partners 25.1 %
Peter Schwenkow 24.9 %
David Garrett (incl. in free float) 3.0 %

Company description:

DEAG is one of the leading live entertainment providers in Europe. While it is the dominant market leader in the organisation of Rock/Pop tours in Switzerland, it is the second biggest player in Germany and the biggest European concert promoter in the classical music business.

Financials

Profit and loss (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	82.8	78.7	109.5	116.0	124.8	142.0	153.8
<i>Sales growth</i>	32.2 %	-4.9 %	39.0 %	6.0 %	7.6 %	13.8 %	8.3 %
Cost of sales	65.4	57.6	82.9	90.9	95.8	108.0	116.4
Gross profit	17.4	21.2	26.5	25.1	29.0	34.0	37.4
Sales and marketing	9.5	8.7	13.8	10.6	11.8	13.5	14.6
General and administration	9.6	8.7	10.2	10.9	12.6	14.1	15.4
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	6.7	3.5	2.1	2.8	2.5	2.8	3.1
Other operating expenses	0.5	0.6	1.0	0.0	0.0	0.0	0.0
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.3	6.7	3.7	6.4	7.1	9.3	10.5
Depreciation	0.2	0.2	0.3	0.6	0.4	0.4	0.4
EBITA	4.1	6.5	3.4	5.7	6.7	8.9	10.1
Amortisation of goodwill	0.3	0.0	2.3	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	0.9	4.2	1.0	0.3	0.3	0.3
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	3.1	5.6	-3.1	4.8	6.4	8.5	9.7
Interest income	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Interest expenses	1.7	0.2	1.1	1.2	0.8	0.8	0.8
Other financial result	-0.1	-1.1	-0.2	-0.1	0.0	0.0	0.0
Financial result	-2.2	-1.5	-1.4	-1.3	-0.7	-0.7	-0.7
Recurring pretax income from continuing operations	0.9	4.1	-4.6	3.5	5.7	7.8	9.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	0.9	4.1	-4.6	3.5	5.7	7.8	9.1
Taxes	0.4	0.6	0.4	0.9	0.9	1.2	1.4
Net income from continuing operations	0.5	3.5	-5.0	2.6	4.8	6.7	7.7
Result from discontinued operations (net of tax)	0.6	1.0	5.2	0.5	0.0	0.0	0.0
Net income	-0.1	2.5	-10.1	2.1	4.8	6.7	7.7
Minority interest	0.3	1.4	1.0	1.8	2.9	3.8	4.2
Net income (net of minority interest)	-0.4	1.1	-11.1	0.3	2.0	2.9	3.5
Average number of shares	19.0	23.1	24.0	12.4	12.4	12.4	12.4
EPS reported	-0.02	0.05	-0.46	0.03	0.16	0.23	0.29

Profit and loss (common size)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	79.0 %	73.1 %	75.8 %	78.4 %	76.8 %	76.1 %	75.7 %
Gross profit	21.0 %	26.9 %	24.2 %	21.6 %	23.3 %	24.0 %	24.3 %
Sales and marketing	11.5 %	11.0 %	12.6 %	9.1 %	9.5 %	9.5 %	9.5 %
General and administration	11.6 %	11.0 %	9.3 %	9.4 %	10.1 %	10.0 %	10.0 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	8.0 %	4.4 %	1.9 %	2.4 %	2.0 %	2.0 %	2.0 %
Other operating expenses	0.6 %	0.8 %	0.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	5.2 %	8.5 %	3.4 %	5.5 %	5.7 %	6.5 %	6.8 %
Depreciation	0.3 %	0.3 %	0.3 %	0.6 %	0.3 %	0.3 %	0.3 %
EBITA	4.9 %	8.2 %	3.1 %	4.9 %	5.4 %	6.2 %	6.5 %
Amortisation of goodwill	0.3 %	0.0 %	2.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.9 %	1.1 %	3.8 %	0.8 %	0.2 %	0.2 %	0.2 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	3.7 %	7.1 %	-2.9 %	4.1 %	5.1 %	6.0 %	6.3 %
Interest income	0.0 %	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %
Interest expenses	2.0 %	0.3 %	1.0 %	1.0 %	0.7 %	0.6 %	0.5 %
Other financial result	-0.1 %	-1.4 %	-0.2 %	-0.1 %	0.0 %	0.0 %	0.0 %
Financial result	-2.6 %	-1.8 %	-1.3 %	-1.1 %	-0.6 %	-0.5 %	-0.4 %
Recurring pretax income from continuing operations	1.1 %	5.2 %	-4.2 %	3.0 %	4.6 %	5.5 %	5.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	1.1 %	5.2 %	-4.2 %	3.0 %	4.6 %	5.5 %	5.9 %
Tax rate	48.6 %	15.4 %	-8.6 %	25.0 %	15.0 %	15.0 %	15.0 %
Net income from continuing operations	0.6 %	4.4 %	-4.5 %	2.3 %	3.9 %	4.7 %	5.0 %
Result from discontinued operations (net of tax)	0.7 %	1.2 %	4.7 %	0.4 %	0.0 %	0.0 %	0.0 %
Net income	-0.1 %	3.2 %	-9.2 %	1.8 %	3.9 %	4.7 %	5.0 %
Minority interest	0.3 %	1.8 %	0.9 %	1.6 %	2.3 %	2.7 %	2.7 %
Net income (net of minority interest)	-0.4 %	1.4 %	-10.2 %	0.3 %	1.6 %	2.0 %	2.3 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Intangible assets	27.4	31.5	31.0	25.6	26.8	26.6	26.5
Property, plant and equipment	8.5	9.1	9.1	9.0	8.9	8.9	8.9
Financial assets	1.5	1.0	1.0	1.0	1.0	1.0	1.0
FIXED ASSETS	37.4	41.5	41.1	35.5	36.6	36.5	36.3
Inventories	5.5	3.7	6.5	8.3	8.9	10.1	11.0
Accounts receivable	2.9	6.5	6.6	8.3	9.2	10.5	11.4
Other current assets	9.4	4.1	5.6	6.0	6.0	6.0	6.0
Liquid assets	14.4	14.3	22.2	21.4	24.0	29.1	35.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	32.2	28.6	40.9	44.0	48.1	55.7	64.2
TOTAL ASSETS	69.7	70.1	82.0	79.5	84.7	92.2	100.5
SHAREHOLDERS EQUITY	29.9	30.7	20.4	25.1	29.9	36.6	44.3
MINORITY INTEREST	2.0	3.3	3.6	6.5	6.5	6.5	6.5
Long-term debt	10.5	8.9	14.7	10.6	10.6	10.6	10.6
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	6.1	5.4	7.5	6.9	6.9	6.9	6.9
Non-current liabilities	16.7	14.3	22.2	17.5	17.5	17.5	17.5
short-term liabilities to banks	0.9	2.7	4.1	3.3	3.3	3.3	3.3
Accounts payable	3.4	4.2	7.5	6.2	6.6	7.4	8.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	1.8	0.0	0.0	0.0	0.0
Deferred taxes	1.9	1.6	2.0	1.9	1.9	1.9	1.9
Deferred income	14.9	13.3	20.4	19.0	19.0	19.0	19.0
Current liabilities	21.1	21.8	35.8	30.4	30.8	31.6	32.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	69.7	70.1	82.0	79.5	84.7	92.2	100.5

Balance sheet (common size)	2006	2007	2008	2009	2010E	2011E	2012E
Intangible assets	39.3 %	44.9 %	37.8 %	32.2 %	31.6 %	28.9 %	26.4 %
Property, plant and equipment	12.3 %	13.0 %	11.1 %	11.3 %	10.5 %	9.6 %	8.8 %
Financial assets	2.2 %	1.4 %	1.2 %	1.2 %	1.2 %	1.1 %	1.0 %
FIXED ASSETS	53.7 %	59.3 %	50.1 %	44.7 %	43.2 %	39.5 %	36.1 %
Inventories	7.9 %	5.3 %	7.9 %	10.4 %	10.5 %	11.0 %	10.9 %
Accounts receivable	4.1 %	9.3 %	8.1 %	10.4 %	10.9 %	11.4 %	11.3 %
Other current assets	13.6 %	5.8 %	6.8 %	7.5 %	7.1 %	6.5 %	6.0 %
Liquid assets	20.7 %	20.4 %	27.0 %	27.0 %	28.3 %	31.6 %	35.6 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	46.3 %	40.7 %	49.9 %	55.3 %	56.8 %	60.5 %	63.9 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	42.9 %	43.8 %	24.9 %	31.6 %	35.3 %	39.7 %	44.1 %
MINORITY INTEREST	2.9 %	4.7 %	4.3 %	8.2 %	7.7 %	7.0 %	6.5 %
Long-term debt	15.1 %	12.7 %	17.9 %	13.3 %	12.5 %	11.5 %	10.5 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	8.8 %	7.7 %	9.1 %	8.7 %	8.2 %	7.5 %	6.9 %
Non-current liabilities	23.9 %	20.4 %	27.0 %	22.0 %	20.7 %	19.0 %	17.4 %
short-term liabilities to banks	1.2 %	3.9 %	5.0 %	4.2 %	3.9 %	3.6 %	3.3 %
Accounts payable	4.9 %	6.0 %	9.1 %	7.8 %	7.7 %	8.0 %	7.9 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	0.0 %	0.0 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	2.7 %	2.2 %	2.5 %	2.4 %	2.2 %	2.1 %	1.9 %
Deferred income	21.5 %	18.9 %	24.9 %	23.9 %	22.4 %	20.6 %	18.9 %
Current liabilities	30.3 %	31.1 %	43.7 %	38.3 %	36.3 %	34.3 %	32.0 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Net profit/loss	0.5	2.5	-10.1	2.1	4.8	6.7	7.7
Depreciation of fixed assets (incl. leases)	0.2	0.2	0.3	0.6	0.4	0.4	0.4
Amortisation of goodwill	0.3	0.0	2.3	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.8	0.9	4.2	1.0	0.3	0.3	0.3
Others	-3.1	0.0	4.3	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-1.4	3.6	1.0	3.7	5.5	7.4	8.4
Increase/decrease in inventory	-2.0	1.8	-2.8	-1.8	-0.6	-1.2	-0.8
Increase/decrease in accounts receivable	0.2	-3.6	-0.1	-1.6	-1.0	-1.3	-0.9
Increase/decrease in accounts payable	-0.8	0.8	3.3	-1.2	0.3	0.8	0.6
Increase/decrease in other working capital positions	-3.5	-5.9	4.6	-4.0	0.0	0.0	0.0
Increase/decrease in working capital	-6.1	-6.9	4.9	-8.6	-1.3	-1.7	-1.1
Cash flow from operating activities	-7.6	-3.3	5.9	-4.9	4.3	5.7	7.3
CAPEX	1.0	0.5	0.5	0.8	0.5	0.6	0.6
Payments for acquisitions	0.0	0.0	0.0	0.0	1.3	0.0	0.0
Financial investments	-0.4	0.5	0.5	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	1.4	-2.5	6.5	0.0	0.0	0.0
Cash flow from investing activities	-0.5	1.4	-2.6	5.7	-1.8	-0.6	-0.6
Cash flow before financing	-8.0	-2.8	2.4	0.8	2.5	5.1	0.0
Increase/decrease in debt position	-2.9	3.6	7.1	-4.9	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	1.3	-1.0	0.0	0.0	0.0	0.0
Others	-1.1	-1.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-4.0	1.2	8.1	-4.9	0.0	0.0	0.0
Increase/decrease in liquid assets	-12.1	-1.6	10.5	-4.1	2.5	5.1	n/a
Liquid assets at end of period	14.8	14.1	25.6	21.4	24.0	29.1	35.8

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NAFTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TTL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
P&L growth analysis							
Sales growth	32.2 %	-4.9 %	39.0 %	6.0 %	7.6 %	13.8 %	8.3 %
EBITDA growth	78.8 %	53.8 %	-44.1 %	71.0 %	11.9 %	30.2 %	13.0 %
EBIT growth	43.5 %	82.0 %	-156.2 %	-251.9 %	34.9 %	33.1 %	14.1 %
EPS growth	-94.8 %	-355.2 %	-1047.0 %	-105.6 %	521.3 %	45.5 %	22.0 %
Efficiency							
Total operating costs / sales	15.8 %	18.4 %	20.8 %	16.1 %	17.6 %	17.4 %	17.5 %
Sales per employee	862.7	554.5	632.7	632.8	637.4	654.6	639.4
EBITDA per employee	45.1	46.9	21.5	34.7	36.3	42.7	43.5
Balance sheet analysis							
Avg. working capital / sales	4.4 %	7.0 %	5.3 %	6.9 %	8.8 %	8.7 %	9.0 %
Inventory turnover (sales/inventory)	15.0	21.3	16.8	14.0	14.0	14.0	14.0
Trade debtors in days of sales	12.7	30.2	22.2	26.0	27.0	27.0	27.0
A/P turnover [(A/P*365)/sales]	19.2	26.7	32.9	25.0	25.0	25.0	25.0
Cash conversion cycle (days)	24.4	26.9	17.9	34.3	36.0	36.3	n/a
Cash flow analysis							
Free cash flow	-8.5	-3.8	5.4	-5.7	3.8	5.1	6.7
Free cash flow/sales	-10.3 %	-4.8 %	4.9 %	-4.9 %	3.0 %	3.6 %	4.4 %
FCF / net profit	2337.8 %	-334.5 %	-48.5 %	-1778.8 %	189.4 %	176.6 %	189.4 %
FCF yield	-21.6 %	-7.9 %	10.8 %	-22.2 %	14.7 %	19.9 %	26.0 %
Capex / deprec	49.5 %	91.2 %	14.3 %	50.0 %	71.4 %	82.8 %	82.8 %
Capex / maintenance capex	0.0 %	0.0 %	0.0 %	83.3 %	50.0 %	66.7 %	57.1 %
Capex / sales	0.8 %	1.2 %	0.9 %	0.7 %	0.4 %	0.4 %	0.4 %
Security							
Net debt	7.0	4.7	11.3	1.1	-2.7	-9.5	-17.3
Net Debt/EBITDA	1.6	0.7	3.0	0.2	0.0	0.0	0.0
Net debt / equity	0.2	0.2	0.6	0.0	-0.1	-0.3	-0.4
Interest cover	1.8	23.1	0.0	4.0	7.7	10.3	11.7
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Asset utilisation							
Capital employed turnover	1.7	1.5	2.2	2.2	2.2	2.2	2.1
Operating assets turnover	6.1	5.2	7.4	6.0	6.1	6.4	6.6
Plant turnover	9.7	8.7	12.0	13.0	14.1	16.0	17.4
Inventory turnover (sales/inventory)	15.0	21.3	16.8	14.0	14.0	14.0	14.0
Returns							
ROCE	5.2 %	11.1 %	-6.2 %	9.3 %	11.7 %	14.1 %	14.4 %
ROE	-1.2 %	3.7 %	-54.5 %	1.3 %	6.7 %	7.9 %	8.0 %
Other							
Interest paid / avg. debt	7.1 %	2.1 %	6.9 %	7.4 %	6.0 %	6.0 %	6.0 %
No. employees (average)	96	142	173	183	196	217	241
Number of shares	19.0	23.1	24.0	12.4	12.4	12.4	12.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.02	0.05	-0.46	0.03	0.16	0.23	0.29
Valuation ratios							
P/BV	1.6	1.6	2.4	1.0	0.9	0.7	0.6
EV/sales	0.7	0.8	0.7	0.4	0.3	0.2	0.1
EV/EBITDA	13.4	9.7	21.5	6.4	5.2	3.3	2.1
EV/EBITA	14.1	10.0	23.4	7.1	5.5	3.4	2.2
EV/EBIT	18.9	11.5	-25.5	8.6	5.8	3.5	2.3
EV/FCF	-6.8	-17.0	14.8	-7.1	9.8	5.9	3.3
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

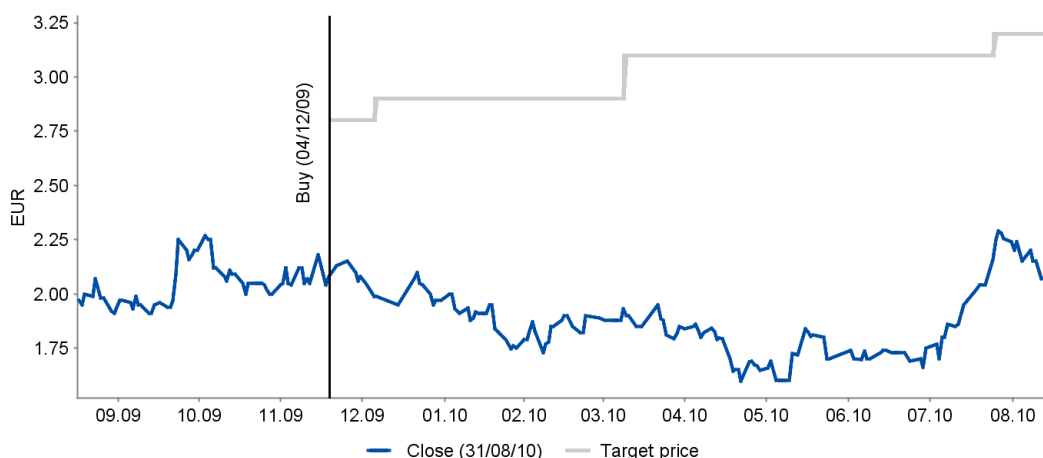
Company	Disclosure
DEAG Deutsche Entertainment AG	2

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser acts as Designated Sponsor for this company or offers Equity Advisory Services.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) holds 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

Historical target price and rating changes for DEAG Deutsche Entertainment AG in the last 12 months

Price and Rating History
DEAG Deutsche Entertainment AG as of 01/09/10

Initiation coverage
04-December-09



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

Buy	85.71 %	100.00 %
Sell	5.71 %	0.00 %
Hold	8.57 %	0.00 %

Valuation basis/rating key

- Buy:** Sustainable upside potential of more than 10% within 12 months.
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research GmbH, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties.

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Contacts: Hauck&Aufhäuser Investment Banking**Hauck & Aufhäuser Research**

Hauck & Aufhäuser
Institutional Research GmbH
Harvestehuder Weg 48

20149 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Marie-Therese Gruebner
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: marie-therese.gruebner@ha-research.de

Marc Osigus, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 90
E-Mail: marc.osigus@ha-research.de

Roland Rapelius, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: roland.rapelius@ha-research.de

Bastian Timm
Analyst

Tel.: +49 (0)40 414 3885 - 82
E-Mail: bastian.timm@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Tim Wunderlich
Analyst

Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Senior Advisors

Dr. Alexander Klemm
Senior Advisor

Tel.: +49 (0) 69 50 500 49- 71
E-Mail: alexander.klemm@ha-ib.com

Graeme Davies
Senior Advisor

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm
Senior Advisor

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E-Mail: thomas.seibert@hauck-aufhaeuser.de