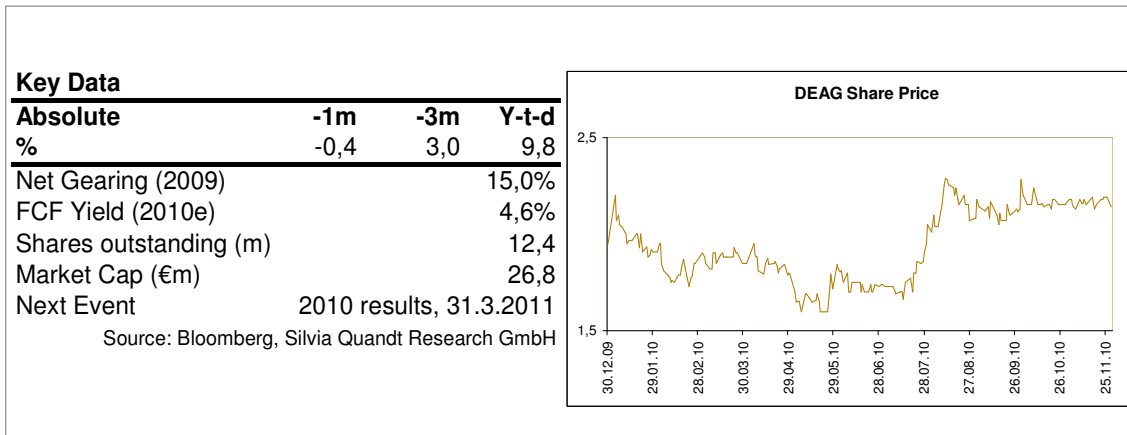




# Deutsche Entertainment AG

## Analysis of Q3 '10 results: Blowout results in a traditionally weak quarter



<b>Rating: Buy</b>	<b>Target price: € 3.15</b>	<b>Close 29/11/10: € 2.09</b>	<b>RIC: ERMGK.DE</b>
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DEAG announced its Q3 figures today, which showed an 11-fold increase in EBITDA on 20% higher revenues. The results beat our strong expectations and show the strength of DEAG's live business.

Revenues increased 20.4% to € 29.1m (SQRe: €28.05m) on the back a strong concert line-up set to increase again in Q4.

EBITDA rose 1000% to € 1.1m (SQRe € 1.0m) whilst EBIT turned from a negative € 0.2m to a positive € 0.8m (SQRe 0.675m). Profit before taxes equally turned from a negative € 0.5m to a positive €0.6m whilst Profit after taxes also to positive to € 37k ('09: € -0.5m). Group earnings after minority interests halved their losses to € -0.3m

On a 9month basis Group earnings after minorities increased 800% yoy to € 0.9m. Sales revenues for the first 9months rose to 81.2m.

**DEAG has been full of good news recently including the stake build up by David Garrett, the JV with Sony Music for Schlagermusik (German Pop Music) and now, the excellent Q3 results. We reiterate our Buy rating and price target of € 3.15 and are confident that DEATG will meet or exceed our full year forecasts. The company itself expects a multi-annual record for Q4.**

Year end	Sales	EBIT	EPS /EBITDA	
Dec	(€ m)	(€ m)	€	(x)
2009	116.7	4.8	0.04	7.7
2010e	120.1	7.4	0.19	5.8
2011e	124.1	7.9	0.20	5.5
2012e	125.9	8.0	0.22	5.4

Source: Company Data, Silvia Quandt Research GmbH

## Disclaimer

This analysis was prepared by Jacques Abramowicz, Head of Technology, Media and Telecommunications, and was first published 30 November 2010, Silvia Quandt Research GmbH, Grüneburgweg 18, 60322 Frankfurt is responsible for its preparation. German Regulatory Authority: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Str. 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt.

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