



SILVIA QUANDT
RESEARCH GMBH

Deutsche Entertainment AG

Good Q2 results, Outlook confirmed

		Key Data			
		Absolute	-1m	-3m	Y-t-d
		%	-7.21	90.74	115.03
		Net Gearing (2008)			15.00%
		FCF Yield (2009e)			4.10%
Jacques Abramowicz	Shares outstanding (m)				12.4
abramowicz@silviaquandt.de	Market Cap (€m)				25.5
+49 (0) 69 95 92 90 93 44	Next Event				Eigenkapitalmarktforum, November 2009
		Source: Bloomberg, Silvia Quandt Research GmbH			

Rating: Buy	Target price: €5.08	Close 23/06/09: €2.00	RIC: ERMGk.DE
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- DEAG reported H1 results this morning, a day earlier than announced. Sales revenues climbed 12% y-o-y to €57m (08: Sales from continued operations €51.1m) EBITDA dropped to € 3.1m (08: €3.9m) and EBIT dropped to € 2.5m (08:€3.3m). The equity level of the company rose to 31.7% from 29.3% at YE 2008.
- DEAG's focus this year will be on H2 with classical concerts by Anna Netrebko & Bryn Terfel, Jonas Kaufmann, Jesse Norman and Paul Potts in Germany as well as Diana Krall and the last tour of Riverdance. In Switzerland DEAG will amongst others host Coldplay, Depeche Mode and the Backstreet Boys. DEAG Music will release Albums & DVDs by David Garrett and Jesse Norman and Raymond Gubbay in the UK has over 200 shows and concerts in advanced sales.
- Because of the scheduled development for H1 and, the strong concert pipeline for the months to come, the Executive Board of DEAG fully confirms its forecasts for the current year. Consequently and despite an uncertain business environment, all performance ratios are expected to exceed prior year numbers and be positive.
- We reiterate our Buy rating and maintain our price target of € 5.08. We are also considering increasing our EBIT and EPS figures but will await development for the rest of the year.

Year end	Sales	EBIT	EPS	EV/EBITDA	
Dec	(€ m)	(€ m)	€	(x)	
2008	105.0	-2.8	-0.28	16.0	
2009e	102.4	4.3	0.06	11.1	
2010e	109.3	5.6	0.09	9.0	

Source: Company Data, Silvia Quandt Research GmbH

DEAG Share Price

The chart displays the share price of Deutsche Entertainment AG from January 2009 to August 2009. The price starts at approximately €1.00, remains relatively flat until late May, then spikes sharply to over €4.00 in early June. Following this peak, the price drops significantly and stabilizes around €2.00 for the remainder of the period shown.

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Disclaimer

This analysis was prepared by Jacques Abramowicz, Head of Technology, Media and Telecommunications, and was first published 27 August 2009, 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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31 buys	8
4 neutral	1
4 avoids	0

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