DEAG
Germany - Media

HAUCK & AUFHÄUSER
PRIVATBANKIERS SEIT 1796

Buy (old: Buy)

Price target: EUR 3.10 (old: EUR 3.10)

Price:	EUR 1.73	**Next result:**	FY 09: 31.03.09
Bloomberg:	ERMK GR	**Market cap:**	EUR 21.4 m
Reuters:	ERMGk.DE	**Enterprise Value:**	EUR 9.7 m

27-May-10

Marc Osigus, CFA
Analyst

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

Prel. Q1 results in-line

Yesterday, DEAG released preliminary results for Q1 2010, which were largely in-line with our estimates. The full set of figures will be published on May 31.

Sales in the live entertainment industry generally tend to be volatile on a quarterly basis and declined by some 22% yoy due to strong comparables in Q1 2009 (e.g. tour of Peter Maffay). EBITDA, however, increased by some 23% yoy to € 1.6m on the back of DEAG's recent efforts to expand the value chain through the 360 degree approach.

By generating high-margin DVD sales with artists like David Garrett, whose next concert in Berlin in June will not only be broadcasted by ZDF but also published on a DVD, DEAG could structurally enhance group margins.

Net profit and EPS grew disproportionately by c. 50% yoy, which is explainable by the reduction of financial liabilities in H2 2009. Mainly due to the sale of a 49% stake in DEAG Classics to Sony (cash inflow eH&A c. € 6m), the financial result improved from - € 0.4m in Q1 2009 to - € 0.1m in Q1 2010.

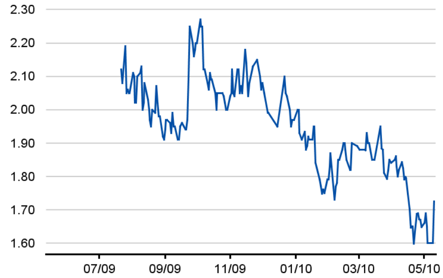
DEAG	Q1 10	Q1 10 est	Q1 09	yoy	FY 10	FY 09	yoy
Sales	**20.5**	**21.4**	**26.3**	-22.1%	**121.8**	**116.0**	5.0%
EBITDA	**1.6**	**1.5**	**1.3**	23.1%	**7.1**	**6.4**	10.9%
EBITDA margin	7.8%	7.0%	4.9%	*+ 2.9 pp*	5.8%	5.5%	*+ 0.3 pp*
EBIT	**1.3**	**1.2**	**1.1**	18.2%	**6.4**	**4.8**	33.3%
EBIT margin	6.3%	5.6%	4.2%	*+ 2.2 pp*	5.3%	4.1%	*+ 1.1 pp*
Net profit	**0.3**	**0.2**	**0.2**	36.4%	**2.0**	**0.3**	566.7%
Net margin	1.5%	0.9%	0.8%	*+ 0.6 pp*	1.6%	0.3%	*+ 1.4 pp*
EPS	**0.03**	**0.02**	**0.02**	50.0%	**0.16**	**0.07**	128.6%

The pipeline for 2010 remains good with sold out tours of David Garrett and Peter Maffay (mainly Q4) as well as Deep Purple, Status Quo, etc. in Germany and international stars like AC/DC and U2 in the market-leading Swiss entity Good News. Consequently, DEAG sticks to its guidance for 2010 to improve all the key figures.

DEAG remains a Buy with a price target of € 3.10, which is based on adj. FCF-yield 2010E and DCF

Y/E 31.12 (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
Sales	82.8	78.7	109.5	116.0	121.8	129.1	138.0
Sales growth	32 %	-5 %	39 %	6 %	5 %	6 %	7 %
EBITDA	4.3	6.7	3.7	6.4	7.1	8.6	9.7
EBIT	3.1	5.6	-3.1	4.8	6.4	7.9	9.0
Net income	-0.4	1.1	-11.1	0.3	2.0	2.7	3.2
Net debt	7.0	4.7	11.3	1.1	-4.0	-10.2	-17.4
Net gearing	-10.1 %	-8.5 %	-16.5 %	-30.2 %	-38.9 %	-47.5 %	-54.3 %
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	0.22	0.26
CPS	-0.43	-0.15	0.22	-0.45	0.32	0.44	0.50
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 %	5.9 %	6.7 %	7.0 %
EBIT margin	3.7 %	7.1 %	-2.9 %	4.1 %	5.3 %	6.1 %	6.5 %
ROCE	5.2 %	11.1 %	-6.2 %	9.3 %	11.7 %	13.1 %	13.4 %
EV/sales	0.4	0.5	0.3	0.1	0.1	0.0	0.0
EV/EBITDA	6.9	5.6	10.2	2.2	1.4	0.5	-0.2
EV/EBIT	9.7	6.7	-12.1	2.9	1.5	0.5	-0.2
PER	187.4	19.1	-6.9	26.0	10.7	8.0	6.6
Adjusted FCF yield	7.9 %	10.3 %	3.2 %	14.3 %	17.1 %	33.7 %	127.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 26.05.2010



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	2.27 / 1.60
Price/Book Ratio:	0.7
Relative performance (SDAX):	
3 months	-7.8 %
6 months	-21.1 %
12 months	-

Changes in estimates

		Sales	EBIT	EPS
2010	*old:*	121.8	6.4	0.16
	Δ	0.0%	-	-
2011	*old:*	129.1	7.9	0.22
	Δ	0.0%	-	-
2012	*old:*	138.0	9.0	0.26
	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 %

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**	**121.8**	**129.1**	**138.0**
Sales growth	*32.2 %*	*-4.9 %*	*39.0 %*	*6.0 %*	*5.0 %*	*6.0 %*	*6.9 %*
Cost of sales	65.4	57.6	82.9	90.9	93.5	98.2	104.5
Gross profit	**17.4**	**21.2**	**26.5**	**25.1**	**28.3**	**30.9**	**33.5**
Sales and marketing	9.5	8.7	13.8	10.6	11.4	12.1	12.8
General and administration	9.6	8.7	10.2	10.9	12.2	12.8	13.8
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	2.4	2.6	2.8
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**	**8.6**	**9.7**
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**	**8.2**	**9.3**
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**	**7.9**	**9.0**
Interest income	0.0	0.0	0.0	0.0	0.1	0.2	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	-0.6
Recurring pretax income from continuing operations	**0.9**	**4.1**	**-4.6**	**3.5**	**5.7**	**7.2**	**8.3**
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**	**7.2**	**8.3**
Taxes	0.4	0.6	0.4	0.9	0.9	1.1	1.2
Net income from continuing operations	**0.5**	**3.5**	**-5.0**	**2.6**	**4.9**	**6.1**	**7.1**
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**	**4.9**	**6.1**	**7.1**
Minority interest	0.3	1.4	1.0	1.8	2.9	3.5	3.8
Net income (net of minority interest)	**-0.4**	**1.1**	**-11.1**	**0.3**	**2.0**	**2.7**	**3.2**
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**	**0.22**	**0.26**

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 %	9.4 %	9.4 %	9.3 %
General and administration	11.6 %	11.0 %	9.3 %	9.4 %	10.0 %	9.9 %	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 %**	**5.9 %**	**6.7 %**	**7.0 %**
Depreciation	0.3 %	0.3 %	0.3 %	0.6 %	0.3 %	0.3 %	0.3 %
EBITA	**4.9 %**	**8.2 %**	**3.1 %**	**4.9 %**	**5.5 %**	**6.3 %**	**6.7 %**
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 %**	**5.3 %**	**6.1 %**	**6.5 %**
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 %	0.6 %
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 %	-0.5 %
Recurring pretax income from continuing operations	**1.1 %**	**5.2 %**	**-4.2 %**	**3.0 %**	**4.7 %**	**5.6 %**	**6.0 %**
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 %**	**4.7 %**	**5.6 %**	**6.0 %**
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 %**	**4.0 %**	**4.7 %**	**5.1 %**
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 %**	**4.0 %**	**4.7 %**	**5.1 %**
Minority interest	0.3 %	1.8 %	0.9 %	1.6 %	2.3 %	2.7 %	2.8 %
Net income (net of minority interest)	**-0.4 %**	**1.4 %**	**-10.2 %**	**0.3 %**	**1.6 %**	**2.1 %**	**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**	**25.5**	**25.4**	**25.3**
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**	**35.3**	**35.2**	**35.1**
Inventories	5.5	3.7	6.5	8.3	8.7	9.2	9.9
Accounts receivable	2.9	6.5	6.6	8.3	9.0	9.6	10.2
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	25.5	31.0	37.3
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	49.2	55.8	63.4
TOTAL ASSETS	**69.7**	**70.1**	**82.0**	**79.5**	**84.5**	**91.0**	**98.5**
SHAREHOLDERS EQUITY	29.9	30.7	20.4	25.1	30.0	36.1	43.1
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	6.4	6.7	7.2
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**	**30.6**	**30.9**	**31.4**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**69.7**	**70.1**	**82.0**	**79.5**	**84.5**	**91.0**	**98.5**

Balance sheet (common size)	2006	2007	2008	2009	2010E	2011E	2012E
Intangible assets	**39.3 %**	**44.9 %**	**37.8 %**	**32.2 %**	**30.2 %**	**27.9 %**	**25.7 %**
Property, plant and equipment	12.3 %	13.0 %	11.1 %	11.3 %	10.5 %	9.7 %	9.0 %
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 %**	**41.8 %**	**38.7 %**	**35.7 %**
Inventories	7.9 %	5.3 %	7.9 %	10.4 %	10.3 %	10.1 %	10.0 %
Accounts receivable	4.1 %	9.3 %	8.1 %	10.4 %	10.7 %	10.5 %	10.4 %
Other current assets	13.6 %	5.8 %	6.8 %	7.5 %	7.1 %	6.6 %	6.1 %
Liquid assets	20.7 %	20.4 %	27.0 %	27.0 %	30.2 %	34.1 %	37.9 %
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 %	58.2 %	61.3 %	64.3 %
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 %	35.4 %	39.6 %	43.8 %
MINORITY INTEREST	2.9 %	4.7 %	4.3 %	8.2 %	7.7 %	7.1 %	6.6 %
Long-term debt	15.1 %	12.7 %	17.9 %	13.3 %	12.5 %	11.6 %	10.7 %
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 %	7.6 %	7.1 %
Non-current liabilities	**23.9 %**	**20.4 %**	**27.0 %**	**22.0 %**	**20.7 %**	**19.2 %**	**17.8 %**
short-term liabilities to banks	1.2 %	3.9 %	5.0 %	4.2 %	3.9 %	3.6 %	3.4 %
Accounts payable	4.9 %	6.0 %	9.1 %	7.8 %	7.6 %	7.4 %	7.3 %
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 %	22.5 %	20.9 %	19.3 %
Current liabilities	**30.3 %**	**31.1 %**	**43.7 %**	**38.3 %**	**36.2 %**	**34.0 %**	**31.8 %**
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	4.9	6.1	7.1
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	5.6	6.8	7.8
Increase/decrease in inventory	-2.0	1.8	-2.8	-1.8	-0.4	-0.5	-0.6
Increase/decrease in accounts receivable	0.2	-3.6	-0.1	-1.6	-0.7	-0.5	-0.7
Increase/decrease in accounts payable	-0.8	0.8	3.3	-1.2	0.2	0.3	0.4
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	-1.0	-0.7	-0.9
Cash flow from operating activities	**-7.6**	**-3.3**	**5.9**	**-4.9**	**4.6**	**6.1**	**6.9**
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	0.0	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**	**-0.5**	**-0.6**	**-0.6**
Cash flow before financing	-8.0	-2.8	2.4	0.8	4.1	5.5	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	4.1	5.5	n/a
Liquid assets at end of period	**14.8**	**14.1**	**25.6**	**21.4**	**25.5**	**31.0**	**37.3**

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 %	5.0 %	6.0 %	6.9 %
EBITDA growth	78.8 %	53.8 %	-44.1 %	71.0 %	12.1 %	20.5 %	12.5 %
EBIT growth	43.5 %	82.0 %	-156.2 %	-251.9 %	35.1 %	22.7 %	13.6 %
EPS growth	-94.8 %	-355.2 %	-1047.0	-105.6 %	523.3 %	33.2 %	21.6 %
Efficiency							
Total operating costs / sales	15.8 %	18.4 %	20.8 %	16.1 %	17.4 %	17.3 %	17.3 %
Sales per employee	862.7	554.5	632.7	632.8	629.9	632.8	635.4
EBITDA per employee	45.1	46.9	21.5	34.7	36.8	42.1	44.5
Balance sheet analysis							
Avg. working capital / sales	4.4 %	7.0 %	5.3 %	6.9 %	8.9 %	9.0 %	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	4.1	5.5	6.3
Free cash flow/sales	-10.3 %	-4.8 %	4.9 %	-4.9 %	3.3 %	4.3 %	4.6 %
FCF / net profit	2337.8 %	-334.5 %	-48.5 %	-1778.8	203.5 %	205.7 %	194.4 %
FCF yield	-26.1 %	-9.5 %	13.1 %	-26.7 %	19.1 %	25.7 %	29.5 %
Capex / depn	49.5 %	91.2 %	14.3 %	50.0 %	71.4 %	85.7 %	85.7 %
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 %	0.5 %	0.4 %
Security							
Net debt	7.0	4.7	11.3	1.1	-4.0	-10.2	-17.4
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	9.5	10.8
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	2.1	2.0	2.0
Operating assets turnover	6.1	5.2	7.4	6.0	6.0	6.2	6.3
Plant turnover	9.7	8.7	12.0	13.0	13.8	14.6	15.6
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 %	13.1 %	13.4 %
ROE	-1.2 %	3.7 %	-54.5 %	1.3 %	6.7 %	7.4 %	7.5 %
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	193	204	217
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	0.22	0.26
Valuation ratios							
P/BV	1.3	1.3	2.0	0.9	0.7	0.6	0.5
EV/sales	0.4	0.5	0.3	0.1	0.1	0.0	0.0
EV/EBITDA	6.9	5.6	10.2	2.2	1.4	0.5	-0.2
EV/EBITA	7.3	5.8	11.1	2.4	1.4	0.5	-0.2
EV/EBIT	9.7	6.7	-12.1	2.9	1.5	0.5	-0.2
EV/FCF	-3.5	-9.8	7.0	-2.4	2.4	0.8	-0.3
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.

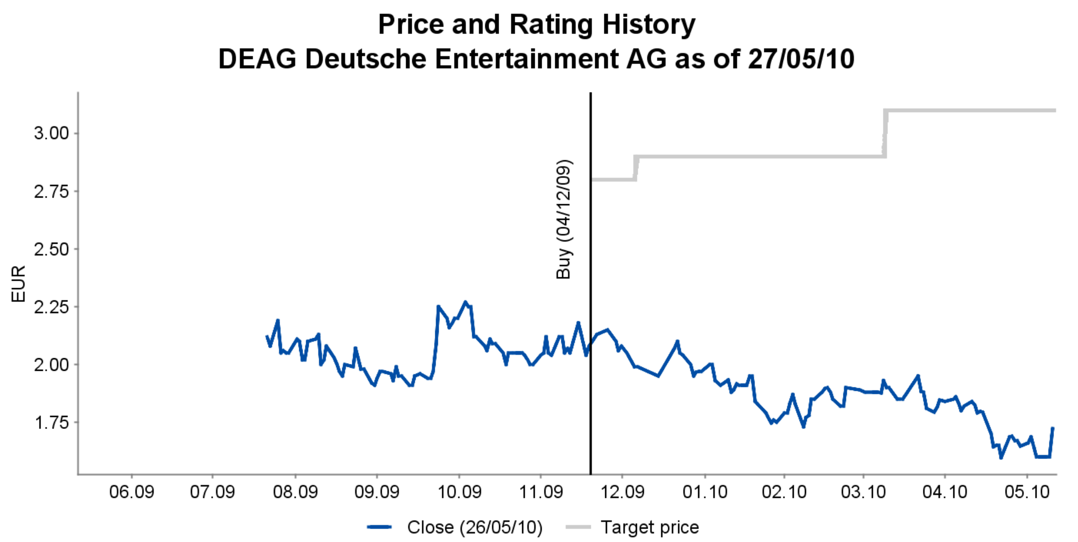
(5) Hauck & Aufhäuser holds a trading position in shares of this company.

(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



Initiation coverage

04-December-09

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

Buy	88.89 %	100.00 %
Sell	7.41 %	0.00 %
Hold	3.70 %	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 no 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 loose 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.

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

Marc Osigus, CFA
Analyst

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

Bastian Timm
Analyst

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

Marie-Therese Gruebner
Analyst

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

Senior Advisors

Dr. Alexander Klemm
Senior Advisor

Tel.: +49 (0) 69 50 500 49- 82
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

Jeronimo Bremer
Senior Advisor

Tel.: +49 (0)40 414 3885 - 73
E-Mail: jeronimo.bremer@ha-research.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