

**Buy** (old: Buy)

**Price target: EUR 3.20** (old: EUR 3.10)

<b>Price:</b>	EUR 2.16	<b>Next result:</b>	FY 09: 31.03.09
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 25.3 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 36.4 m

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**Marc Osigus, CFA**  
Analyst

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

## New JV GOLD acquires Hertlein

Yesterday, DEAG announced that its JV with Sony Music "GOLD Entertainment", (50% DEAG/50% Sony Music) which was established only recently, acquired a 66.6% stake in Manfred Hertlein Veranstaltungs-GmbH.

Manfred Hertlein is already active in the field of concert organisation/promotion for some 30 years and one of the leading players in the German-speaking entertainment industry. Further, Manfred Hertlein is one of the leading local promoters in the Rhine-Main area and thus complements DEAG's activities in Hamburg, Berlin and Munich.

However, the main rationale of this transaction is the ability to further leverage Hertlein's existing infrastructure by bringing in

- Sony's unique access to artists in the field of German Schlager and middle-of-the-road (MOR) music - with Ariola Sony owns the most successful label for German-speaking music
- DEAG's long-standing experience with regards to the organisation of concert tours

DEAG will fully consolidate Hertlein from September 30. While the company has generated revenues of c. € 12m in 2009 at an estimated EBIT margin of some 5%, **gradual market share gains vis-à-vis the current market leader Semmel Concerts look plausible as a result of the combined artist base of Hertlein, DEAG and Sony.** With tours/events of e.g. Hansi Hinterseer, rights for the Musikantenstadl, Konstantin Wecker and Reinhard Fendrich, etc. the current pipeline thus looks very healthy.

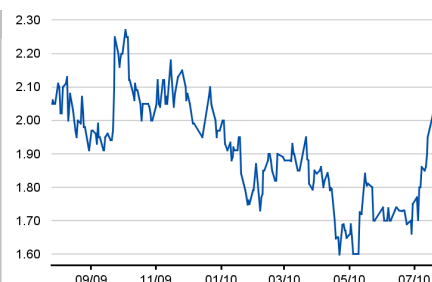
**The estimates have been adjusted to reflect this acquisition.** While we assume Hertlein to contribute some € 3m sales in Q4 2010E, the corresponding estimates for 2011/12E are € 13m and € 16m. With an estimated purchase price of some € 2-3m of which DEAG has to bear only 50% (the remainder: Sony), the acquisition plays a minor role from a balance sheet point of view.

Additionally – and this is not included in the estimates – the JV partners are in an excellent position to offer its newly acquired artists the 360 degree approach.

**DEAG remains a Buy with a new 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	0.3	0.3	0.2	0.1
EV/EBITDA	13.2	9.5	21.2	6.3	5.1	3.2	2.1
EV/EBIT	18.6	11.4	-25.2	8.5	5.7	3.5	2.2
PER	221.6	22.6	-8.2	30.8	12.7	8.7	7.1
Adjusted FCF yield	6.8 %	8.8 %	2.8 %	12.1 %	13.0 %	25.1 %	60.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 09.08.2010



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 2.27 / 1.60

**Price/Book Ratio:** 0.9

**Relative performance (SDAX):**

3 months 18.4 %

6 months 4.8 %

12 months -34.8 %

### Changes in estimates

		Sales	EBIT	EPS
2010	old:	121.8	6.4	0.16
	Δ	2.5%	-0.2%	-0.3%
2011	old:	129.1	7.9	0.22
	Δ	10.0%	8.2%	8.9%
2012	old:	138.0	9.0	0.26
	Δ	11.5%	8.6%	9.2%

### 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	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
<b>Sales</b>	<b>82.8</b>	<b>78.7</b>	<b>109.5</b>	<b>116.0</b>	<b>124.8</b>	<b>142.0</b>	<b>153.8</b>
<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
<b>Gross profit</b>	<b>17.4</b>	<b>21.2</b>	<b>26.5</b>	<b>25.1</b>	<b>29.0</b>	<b>34.0</b>	<b>37.4</b>
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
<b>EBITDA</b>	<b>4.3</b>	<b>6.7</b>	<b>3.7</b>	<b>6.4</b>	<b>7.1</b>	<b>9.3</b>	<b>10.5</b>
Depreciation	0.2	0.2	0.3	0.6	0.4	0.4	0.4
<b>EBITA</b>	<b>4.1</b>	<b>6.5</b>	<b>3.4</b>	<b>5.7</b>	<b>6.7</b>	<b>8.9</b>	<b>10.1</b>
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
<b>EBIT</b>	<b>3.1</b>	<b>5.6</b>	<b>-3.1</b>	<b>4.8</b>	<b>6.4</b>	<b>8.5</b>	<b>9.7</b>
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
<b>Recurring pretax income from continuing operations</b>	<b>0.9</b>	<b>4.1</b>	<b>-4.6</b>	<b>3.5</b>	<b>5.7</b>	<b>7.8</b>	<b>9.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>0.9</b>	<b>4.1</b>	<b>-4.6</b>	<b>3.5</b>	<b>5.7</b>	<b>7.8</b>	<b>9.1</b>
Taxes	0.4	0.6	0.4	0.9	0.9	1.2	1.4
<b>Net income from continuing operations</b>	<b>0.5</b>	<b>3.5</b>	<b>-5.0</b>	<b>2.6</b>	<b>4.8</b>	<b>6.7</b>	<b>7.7</b>
Result from discontinued operations (net of tax)	0.6	1.0	5.2	0.5	0.0	0.0	0.0
<b>Net income</b>	<b>-0.1</b>	<b>2.5</b>	<b>-10.1</b>	<b>2.1</b>	<b>4.8</b>	<b>6.7</b>	<b>7.7</b>
Minority interest	0.3	1.4	1.0	1.8	2.9	3.8	4.2
<b>Net income (net of minority interest)</b>	<b>-0.4</b>	<b>1.1</b>	<b>-11.1</b>	<b>0.3</b>	<b>2.0</b>	<b>2.9</b>	<b>3.5</b>
Average number of shares	19.0	23.1	24.0	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>-0.02</b>	<b>0.05</b>	<b>-0.46</b>	<b>0.03</b>	<b>0.16</b>	<b>0.23</b>	<b>0.29</b>

Profit and loss (common size)	2006	2007	2008	2009	2010E	2011E	2012E
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Cost of sales	79.0 %	73.1 %	75.8 %	78.4 %	76.8 %	76.1 %	75.7 %
<b>Gross profit</b>	<b>21.0 %</b>	<b>26.9 %</b>	<b>24.2 %</b>	<b>21.6 %</b>	<b>23.3 %</b>	<b>24.0 %</b>	<b>24.3 %</b>
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 %
<b>EBITDA</b>	<b>5.2 %</b>	<b>8.5 %</b>	<b>3.4 %</b>	<b>5.5 %</b>	<b>5.7 %</b>	<b>6.5 %</b>	<b>6.8 %</b>
Depreciation	0.3 %	0.3 %	0.3 %	0.6 %	0.3 %	0.3 %	0.3 %
<b>EBITA</b>	<b>4.9 %</b>	<b>8.2 %</b>	<b>3.1 %</b>	<b>4.9 %</b>	<b>5.4 %</b>	<b>6.2 %</b>	<b>6.5 %</b>
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 %
<b>EBIT</b>	<b>3.7 %</b>	<b>7.1 %</b>	<b>-2.9 %</b>	<b>4.1 %</b>	<b>5.1 %</b>	<b>6.0 %</b>	<b>6.3 %</b>
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 %
<b>Recurring pretax income from continuing operations</b>	<b>1.1 %</b>	<b>5.2 %</b>	<b>-4.2 %</b>	<b>3.0 %</b>	<b>4.6 %</b>	<b>5.5 %</b>	<b>5.9 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.1 %</b>	<b>5.2 %</b>	<b>-4.2 %</b>	<b>3.0 %</b>	<b>4.6 %</b>	<b>5.5 %</b>	<b>5.9 %</b>
Tax rate	48.6 %	15.4 %	-8.6 %	25.0 %	15.0 %	15.0 %	15.0 %
<b>Net income from continuing operations</b>	<b>0.6 %</b>	<b>4.4 %</b>	<b>-4.5 %</b>	<b>2.3 %</b>	<b>3.9 %</b>	<b>4.7 %</b>	<b>5.0 %</b>
Result from discontinued operations (net of tax)	0.7 %	1.2 %	4.7 %	0.4 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>-0.1 %</b>	<b>3.2 %</b>	<b>-9.2 %</b>	<b>1.8 %</b>	<b>3.9 %</b>	<b>4.7 %</b>	<b>5.0 %</b>
Minority interest	0.3 %	1.8 %	0.9 %	1.6 %	2.3 %	2.7 %	2.7 %
<b>Net income (net of minority interest)</b>	<b>-0.4 %</b>	<b>1.4 %</b>	<b>-10.2 %</b>	<b>0.3 %</b>	<b>1.6 %</b>	<b>2.0 %</b>	<b>2.3 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2006	2007	2008	2009	2010E	2011E	2012E
<b>Intangible assets</b>	<b>27.4</b>	<b>31.5</b>	<b>31.0</b>	<b>25.6</b>	<b>26.8</b>	<b>26.6</b>	<b>26.5</b>
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
<b>FIXED ASSETS</b>	<b>37.4</b>	<b>41.5</b>	<b>41.1</b>	<b>35.5</b>	<b>36.6</b>	<b>36.5</b>	<b>36.3</b>
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
<b>CURRENT ASSETS</b>	<b>32.2</b>	<b>28.6</b>	<b>40.9</b>	<b>44.0</b>	<b>48.1</b>	<b>55.7</b>	<b>64.2</b>
<b>TOTAL ASSETS</b>	<b>69.7</b>	<b>70.1</b>	<b>82.0</b>	<b>79.5</b>	<b>84.7</b>	<b>92.2</b>	<b>100.5</b>
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
<b>Non-current liabilities</b>	<b>16.7</b>	<b>14.3</b>	<b>22.2</b>	<b>17.5</b>	<b>17.5</b>	<b>17.5</b>	<b>17.5</b>
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
<b>Current liabilities</b>	<b>21.1</b>	<b>21.8</b>	<b>35.8</b>	<b>30.4</b>	<b>30.8</b>	<b>31.6</b>	<b>32.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>69.7</b>	<b>70.1</b>	<b>82.0</b>	<b>79.5</b>	<b>84.7</b>	<b>92.2</b>	<b>100.5</b>

Balance sheet (common size)	2006	2007	2008	2009	2010E	2011E	2012E
<b>Intangible assets</b>	<b>39.3 %</b>	<b>44.9 %</b>	<b>37.8 %</b>	<b>32.2 %</b>	<b>31.6 %</b>	<b>28.9 %</b>	<b>26.4 %</b>
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 %
<b>FIXED ASSETS</b>	<b>53.7 %</b>	<b>59.3 %</b>	<b>50.1 %</b>	<b>44.7 %</b>	<b>43.2 %</b>	<b>39.5 %</b>	<b>36.1 %</b>
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 %
<b>CURRENT ASSETS</b>	<b>46.3 %</b>	<b>40.7 %</b>	<b>49.9 %</b>	<b>55.3 %</b>	<b>56.8 %</b>	<b>60.5 %</b>	<b>63.9 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
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 %
<b>Non-current liabilities</b>	<b>23.9 %</b>	<b>20.4 %</b>	<b>27.0 %</b>	<b>22.0 %</b>	<b>20.7 %</b>	<b>19.0 %</b>	<b>17.4 %</b>
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 %
<b>Current liabilities</b>	<b>30.3 %</b>	<b>31.1 %</b>	<b>43.7 %</b>	<b>38.3 %</b>	<b>36.3 %</b>	<b>34.3 %</b>	<b>32.0 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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
<b>Cash flow from operating activities</b>	<b>-7.6</b>	<b>-3.3</b>	<b>5.9</b>	<b>-4.9</b>	<b>4.3</b>	<b>5.7</b>	<b>7.3</b>
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
<b>Cash flow from investing activities</b>	<b>-0.5</b>	<b>1.4</b>	<b>-2.6</b>	<b>5.7</b>	<b>-1.8</b>	<b>-0.6</b>	<b>-0.6</b>
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
<b>Cash flow from financing activities</b>	<b>-4.0</b>	<b>1.2</b>	<b>8.1</b>	<b>-4.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-12.1	-1.6	10.5	-4.1	2.5	5.1	n/a
<b>Liquid assets at end of period</b>	<b>14.8</b>	<b>14.1</b>	<b>25.6</b>	<b>21.4</b>	<b>24.0</b>	<b>29.1</b>	<b>35.8</b>

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
<b>TTL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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
<b>P&amp;L growth analysis</b>							
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 %
<b>Efficiency</b>							
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
<b>Balance sheet analysis</b>							
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
<b>Cash flow analysis</b>							
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	-22.0 %	-8.0 %	11.0 %	-22.6 %	15.0 %	20.3 %	26.5 %
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 %
<b>Security</b>							
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 %
<b>Asset utilisation</b>							
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
<b>Returns</b>							
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 %
<b>Other</b>							
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
<b>Valuation ratios</b>							
P/BV	1.6	1.5	2.4	1.0	0.8	0.7	0.6
EV/sales	0.7	0.8	0.7	0.3	0.3	0.2	0.1
EV/EBITDA	13.2	9.5	21.2	6.3	5.1	3.2	2.1
EV/EBITA	13.9	9.8	23.1	7.0	5.4	3.3	2.2
EV/EBIT	18.6	11.4	-25.2	8.5	5.7	3.5	2.2
EV/FCF	-6.7	-16.7	14.6	-7.0	9.6	5.8	3.2
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

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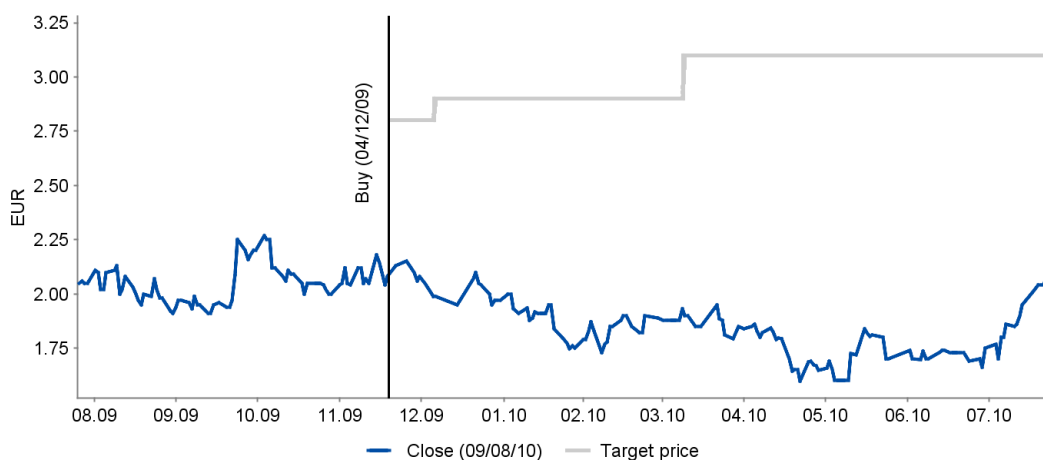
Company	Disclosure
DEAG Deutsche Entertainment AG	2

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**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 10/08/10

**Initiation coverage**  
04-December-09



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**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](mailto:info@ha-research.de)  
[www.ha-research.de](http://www.ha-research.de)

**Sascha Berresch, CFA**  
Analyst

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

**Marie-Therese Gruebner**  
Analyst

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

**Marc Osigus, CFA**  
Analyst

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

**Roland Rapelius, CFA**  
Analyst

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

**Bastian Timm**  
Analyst

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

**Thomas Wissler**  
Analyst

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

**Tim Wunderlich**  
Analyst

Tel.: +49 (0)40 414 3885 - 81  
E-Mail: [tim.wunderlich@ha-research.de](mailto: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](mailto:alexander.klemm@ha-ib.com)

**Graeme Davies**  
Senior Advisor

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

**Michael Schramm**  
Senior Advisor

Tel.: +49 (0)69 2161 - 1240  
E-Mail: [michael.schramm@hauck-aufhaeuser.de](mailto: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](mailto:info@hauck-aufhaeuser.de)  
[www.hauck-aufhaeuser.de](http://www.hauck-aufhaeuser.de)

**Thomas Seibert**  
Trading

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