



Buy (old: Buy)

Price target: EUR 5.00 (old: EUR 5.00)

Price:	EUR 2.54	Next result:	Q1 18: 31.05.18
Bloomberg:	ERMK@GR	Market cap:	EUR 46.7 m
Reuters:	ERMGK.DE	Enterprise Value:	EUR 31.9 m

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Realignment pays off: further earnings rise in FY 18 ahead; chg.

While FY 17 confirmed that DEAG's ongoing strategic refocusing on a leaner content mix with attractive niche formats and its UK expansion gradually pays off, FY 18 looks set to become even better. **A recap: FY 17 showed a continued earnings improvement** with EBIT rising to € 5.1m (vs. € 3.7m in FY 16) mainly reflecting sound demand for the increasing number of DEAG's profitable Christmas-related events as well as a further improved cost efficiency (distribution costs -37% yoy to € 13m).

Following this successful turnaround towards profitable ground and further supported by the continued refocusing process, **DEAG looks set to make the next step this year** as manifested in the FY 18 guidance: Management expects sales to grow by at least 20% yoy (i.e. € 190m) while EBIT should record disproportionate growth of at least 40% yoy (i.e. € 7m). In fact, **we consider the guidance to be well within reach** as several drivers are set to provide incremental profit contributions this year:

- **Successful UK expansion.** While the synergistic integration and first-time consolidation of the Flying Music Group (acquired in August 17) yields incremental contributions, DEAG's existing UK business is set to benefit from an expansion of the profitable Christmas-related events and high-volume formats such as the already sold-out Ed Sheeran tour. With all that, DEAG's UK business should generate some € 1.5m incremental EBIT in FY 18E.
- **Profitable growth in Germany and Switzerland.** Next to the expansion of the profitable Christmas Gardens into further German cities (eH&A 3-4 new locations in FY 18), DEAG looks set to also expand several profitable Family Entertainment formats such as Disney on Ice into Switzerland this year. In total, this expansion should yield c. € 1m additional contribution in FY 18.
- **Strengthened direct ticketing.** Supported by the integration of the Flying Music Group (500k tickets) and the Christmas Garden expansion (c. 90% of tickets sold via own myticket), we expect DEAG to generate profit contributions from overall ticketing activities in excess of € 1m in FY 18E, implying € 0.3-0.4m incremental EBIT.

With all that, **DEAG has set the stage for exceeding its FY 18 guidance** as we expect EBIT to grow by some 60% yoy to € 8m in FY 18E.

In sum, DEAG should be well on track for a much improved operating performance this year. In light of this, we roll over valuation from FCFY 2018E to 2019E resulting in an **unchanged PT of € 5.00** despite estimate reductions. - see next page for changes -



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 3.27 / 2.43
Price/Book Ratio: 6.4
Relative performance (SDAX):
3 months -10.8 %
6 months -9.9 %
12 months -37.2 %

Changes in estimates

		Sales	EBIT	EPS
2018	old:	234.3	10.1	0.22
	Δ	-12.4%	-19.3%	-23.9%
2019	old:	255.0	13.1	0.31
	Δ	-12.3%	-10.8%	-12.9%
2020	old:	265.2	15.9	0.40
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 17.6
Authorised capital: (in € m) 0.0
Book value per share: (in €) 0.4
Ø trading volume: (12 months) 38,000

Major shareholders:

Free Float 52.8 %
Plutus Holdings 2 Ltd. 10.4 %
Allianz Global Investors 10.0 %
Monolith Investment Management 9.5 %
Quaero Capital 5.4 %
Moritz Schwenkow 2.7 %

Company description:

Leading European live entertainment provider with a broad basis of content in rock/pop, classics, family entertainment and middle-of-the-road music.

Y/E 31.12 (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	172.2	200.4	179.5	159.8	205.2	223.5	232.5
Sales growth	4 %	16 %	-10 %	-11 %	28 %	9 %	4 %
EBITDA	8.6	-24.5	5.2	6.5	10.6	14.2	16.4
EBIT	5.3	-26.2	3.7	5.1	8.1	11.7	13.9
Net income	1.0	-29.8	-3.6	-2.3	3.0	5.0	6.3
Net debt	-33.6	-6.4	-2.4	-14.9	-30.6	-38.4	-48.5
Net gearing	-111.2 %	-63.1 %	-40.1 %	-199.0 %	-414.5 %	-638.1 %	-541.1 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.15	-1.73	0.02	0.04	0.17	0.27	0.34
CPS	1.56	-2.53	-0.40	0.82	0.77	0.34	0.46
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	21.5 %	7.0 %	17.2 %	18.4 %	20.5 %	21.5 %	23.5 %
EBITDA margin	5.0 %	-12.2 %	2.9 %	4.1 %	5.1 %	6.4 %	7.1 %
EBIT margin	3.1 %	-13.1 %	2.1 %	3.2 %	4.0 %	5.2 %	6.0 %
ROCE	9.4 %	-48.8 %	8.0 %	10.6 %	16.8 %	23.3 %	25.6 %
EV/sales	0.0	0.2	0.2	0.2	0.1	0.0	0.0
EV/EBITDA	-0.1	-1.4	7.6	4.9	1.5	0.6	-0.1
EV/EBIT	-0.2	-1.3	10.5	6.3	2.0	0.7	-0.1
PER	16.9	-1.5	124.7	61.6	15.3	9.4	7.4
Adjusted FCF yield	148.2 %	-90.9 %	11.0 %	146.2 %	50.7 %	126.9 %	-135.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 06.04.2018

Action: Estimates for FY 18E and FY 19E are reduced to account for (1) last year's sale of Manfred Hertlein, (2) the discontinuation of the company's Austrian activities since Q4 17 as well as (3) enhanced investments into the expansion of the attractive niche formats in Family Entertainment and Arts + Exhibitions. Moreover, estimates for 2020E are introduced.

Financials

Profit and loss (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	172.2	200.4	179.5	159.8	205.2	223.5	232.5
Sales growth	4.1 %	16.3 %	-10.4 %	-11.0 %	28.4 %	8.9 %	4.0 %
Cost of sales	135.3	186.3	148.7	130.5	163.2	175.5	177.9
Gross profit	37.0	14.1	30.8	29.3	42.1	48.1	54.6
Sales and marketing	21.2	24.5	20.7	13.1	18.9	20.6	21.4
General and administration	14.2	15.7	13.6	12.6	16.0	17.0	17.7
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	5.3	9.5	8.1	2.6	3.1	3.4	3.5
Other operating expenses	1.5	9.6	0.8	1.2	1.6	1.8	1.8
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	8.6	-24.5	5.2	6.5	10.6	14.2	16.4
Depreciation	3.2	1.7	1.4	1.5	1.5	1.6	1.7
EBITA	5.3	-26.2	3.7	5.1	9.0	12.6	14.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.9	0.9	0.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.3	-26.2	3.7	5.1	8.1	11.7	13.9
Interest income	0.2	0.0	0.0	0.0	0.2	0.3	0.4
Interest expenses	0.5	0.9	1.0	1.2	1.3	1.3	1.3
Other financial result	-1.5	0.0	-0.5	-0.9	0.0	0.0	0.0
Financial result	-1.7	-0.9	-1.5	-2.1	-1.1	-1.0	-1.0
Recurring pretax income from continuing operations	3.6	-27.2	2.2	2.9	7.0	10.7	13.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.6	-27.2	2.2	2.9	7.0	10.7	13.0
Taxes	0.0	0.2	0.5	0.6	1.5	2.8	3.4
Net income from continuing operations	3.6	-27.4	1.7	2.3	5.4	7.9	9.6
Result from discontinued operations (net of tax)	1.3	1.6	3.9	3.0	0.0	0.0	0.0
Net income	2.2	-29.0	-2.2	-0.7	5.4	7.9	9.6
Minority interest	1.2	0.9	1.4	1.6	2.4	2.9	3.3
Net income (net of minority interest)	1.0	-29.8	-3.6	-2.3	3.0	5.0	6.3
Average number of shares	15.2	16.4	16.4	17.6	18.4	18.4	18.4
EPS reported	0.07	-1.83	-0.22	-0.13	0.17	0.27	0.34

Profit and loss (common size)	2014	2015	2016	2017	2018E	2019E	2020E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	78.5 %	93.0 %	82.8 %	81.6 %	79.5 %	78.5 %	76.5 %
Gross profit	21.5 %	7.0 %	17.2 %	18.4 %	20.5 %	21.5 %	23.5 %
Sales and marketing	12.3 %	12.3 %	11.5 %	8.2 %	9.2 %	9.2 %	9.2 %
General and administration	8.3 %	7.8 %	7.6 %	7.9 %	7.8 %	7.6 %	7.6 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	3.1 %	4.7 %	4.5 %	1.6 %	1.5 %	1.5 %	1.5 %
Other operating expenses	0.8 %	4.8 %	0.5 %	0.7 %	0.8 %	0.8 %	0.8 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	5.0 %	-12.2 %	2.9 %	4.1 %	5.1 %	6.4 %	7.1 %
Depreciation	1.9 %	0.9 %	0.8 %	0.9 %	0.8 %	0.7 %	0.7 %
EBITA	3.1 %	-13.1 %	2.1 %	3.2 %	4.4 %	5.6 %	6.3 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.4 %	0.4 %	0.3 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	3.1 %	-13.1 %	2.1 %	3.2 %	4.0 %	5.2 %	6.0 %
Interest income	0.1 %	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.2 %
Interest expenses	0.3 %	0.5 %	0.6 %	0.7 %	0.7 %	0.6 %	0.6 %
Other financial result	-0.9 %	0.0 %	-0.3 %	-0.6 %	0.0 %	0.0 %	0.0 %
Financial result	-1.0 %	-0.5 %	-0.8 %	-1.3 %	-0.6 %	-0.5 %	-0.4 %
Recurring pretax income from continuing operations	2.1 %	-13.6 %	1.2 %	1.8 %	3.4 %	4.8 %	5.6 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	2.1 %	-13.6 %	1.2 %	1.8 %	3.4 %	4.8 %	5.6 %
Tax rate	1.1 %	-0.7 %	22.1 %	20.4 %	22.0 %	26.0 %	26.0 %
Net income from continuing operations	2.1 %	-13.7 %	1.0 %	1.5 %	2.7 %	3.5 %	4.1 %
Result from discontinued operations (net of tax)	0.8 %	0.8 %	2.2 %	1.9 %	0.0 %	0.0 %	0.0 %
Net income	1.3 %	-14.5 %	-1.2 %	-0.4 %	2.7 %	3.5 %	4.1 %
Minority interest	0.7 %	0.4 %	0.8 %	1.0 %	1.2 %	1.3 %	1.4 %
Net income (net of minority interest)	0.6 %	-14.9 %	-2.0 %	-1.4 %	1.5 %	2.2 %	2.7 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
Intangible assets	33.2	33.6	32.0	35.0	34.3	33.6	33.0
Property, plant and equipment	11.0	6.2	6.4	7.8	7.0	6.0	5.1
Financial assets	3.1	3.2	4.5	3.6	3.6	3.6	3.6
FIXED ASSETS	47.3	43.0	42.9	46.5	44.9	43.3	41.7
Inventories	23.2	14.5	13.0	11.2	14.3	15.6	16.2
Accounts receivable	12.9	13.0	15.3	25.9	14.1	15.3	15.9
Other current assets	7.6	7.8	7.5	5.9	4.6	4.6	4.6
Liquid assets	54.1	25.8	28.4	41.8	57.5	65.3	75.4
Deferred taxes	0.3	0.2	0.3	0.8	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.5	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	98.7	61.3	64.5	85.5	90.5	100.9	112.2
TOTAL ASSETS	146.0	104.3	107.4	132.0	135.5	144.2	153.9
SHAREHOLDERS EQUITY	38.4	10.1	6.0	7.5	7.4	6.0	9.0
MINORITY INTEREST	5.8	5.9	4.7	5.2	7.6	10.5	13.8
Long-term debt	4.5	9.6	9.6	10.1	10.0	10.0	10.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	6.7	9.9	11.3	7.4	7.6	7.8	8.0
Non-current liabilities	11.2	19.5	21.0	17.5	17.7	17.8	18.0
short-term liabilities to banks	6.8	9.8	16.4	16.9	16.9	16.9	16.9
Accounts payable	9.1	11.1	13.6	10.5	10.5	11.3	11.5
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)	7.6	4.0	6.8	4.7	0.0	0.0	0.0
Deferred taxes	2.5	2.2	1.6	2.2	2.2	2.2	2.2
Deferred income	64.6	41.7	37.3	67.6	73.3	79.5	82.7
Current liabilities	90.5	68.8	75.7	101.8	102.9	109.8	113.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	146.0	104.3	107.4	132.0	135.5	144.2	153.9

Balance sheet (common size)	2014	2015	2016	2017	2018E	2019E	2020E
Intangible assets	22.7 %	32.2 %	29.8 %	26.5 %	25.4 %	23.3 %	21.5 %
Property, plant and equipment	7.6 %	5.9 %	5.9 %	5.9 %	5.1 %	4.2 %	3.3 %
Financial assets	2.1 %	3.1 %	4.2 %	2.7 %	2.7 %	2.5 %	2.3 %
FIXED ASSETS	32.4 %	41.2 %	40.0 %	35.2 %	33.2 %	30.0 %	27.1 %
Inventories	15.9 %	13.9 %	12.1 %	8.5 %	10.6 %	10.8 %	10.6 %
Accounts receivable	8.9 %	12.5 %	14.3 %	19.6 %	10.4 %	10.6 %	10.3 %
Other current assets	5.2 %	7.5 %	7.0 %	4.4 %	3.4 %	3.2 %	3.0 %
Liquid assets	37.0 %	24.7 %	26.4 %	31.7 %	42.5 %	45.3 %	49.0 %
Deferred taxes	0.2 %	0.2 %	0.3 %	0.6 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	67.6 %	58.8 %	60.0 %	64.8 %	66.8 %	70.0 %	72.9 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	26.3 %	9.7 %	5.6 %	5.7 %	5.4 %	4.2 %	5.8 %
MINORITY INTEREST	4.0 %	5.7 %	4.4 %	3.9 %	5.6 %	7.3 %	8.9 %
Long-term debt	3.1 %	9.2 %	9.0 %	7.6 %	7.4 %	7.0 %	6.5 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	4.6 %	9.5 %	10.6 %	5.6 %	5.6 %	5.4 %	5.2 %
Non-current liabilities	7.7 %	18.7 %	19.5 %	13.3 %	13.0 %	12.4 %	11.7 %
short-term liabilities to banks	4.7 %	9.4 %	15.2 %	12.8 %	12.5 %	11.7 %	11.0 %
Accounts payable	6.3 %	10.7 %	12.6 %	7.9 %	7.8 %	7.8 %	7.4 %
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)	5.2 %	3.8 %	6.4 %	3.6 %	0.0 %	0.0 %	0.0 %
Deferred taxes	1.7 %	2.1 %	1.5 %	1.6 %	1.6 %	1.5 %	1.4 %
Deferred income	44.2 %	40.0 %	34.7 %	51.3 %	54.1 %	55.2 %	53.7 %
Current liabilities	62.0 %	66.0 %	70.5 %	77.2 %	75.9 %	76.2 %	73.5 %
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)	2014	2015	2016	2017	2018E	2019E	2020E
Net profit/loss	3.6	-27.4	1.7	2.3	5.4	7.9	9.6
Depreciation of fixed assets (incl. leases)	3.2	1.7	1.4	1.5	1.5	1.6	1.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.9	0.9	0.8
Others	-3.4	0.3	-7.7	-9.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	3.4	-25.4	-4.5	-5.4	7.9	10.4	12.1
Increase/decrease in inventory	-10.6	9.0	1.3	2.1	-3.2	-1.3	-0.6
Increase/decrease in accounts receivable	-4.1	-0.1	-2.3	-10.6	11.9	-1.3	-0.6
Increase/decrease in accounts payable	39.4	-21.4	0.3	30.5	0.0	0.8	0.2
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	24.7	-12.5	-0.6	22.0	8.7	-1.7	-1.1
Cash flow from operating activities	28.1	-37.9	-5.2	16.7	16.6	8.7	11.0
CAPEX	1.4	0.8	3.8	1.2	0.9	0.9	0.9
Payments for acquisitions	3.2	0.0	0.0	2.1	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	2.2	6.6	7.0	-2.2	0.0	0.0	0.0
Cash flow from investing activities	-2.4	5.8	3.2	-5.5	-0.9	-0.9	-0.9
Cash flow before financing	25.7	-32.0	-1.9	11.2	15.7	7.8	0.0
Increase/decrease in debt position	-1.0	8.1	6.5	1.0	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	12.5	0.0	0.0	4.5	0.0	0.0	0.0
Dividends paid	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Others	-4.3	-4.0	-1.6	-3.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.3	-0.3	-0.4	0.1	0.0	0.0	0.0
Cash flow from financing activities	5.7	4.1	4.9	2.2	0.0	0.0	0.0
Increase/decrease in liquid assets	31.1	-28.3	2.6	13.4	15.7	7.8	n/a
Liquid assets at end of period	54.1	25.8	28.4	41.8	57.5	65.3	75.4

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
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

DEAG Deutsche Entertainment AG

Key ratios (EUR m)	2014	2015	2016	2017	2018E	2019E	2020E
P&L growth analysis							
Sales growth	4.1 %	16.3 %	-10.4 %	-11.0 %	28.4 %	8.9 %	4.0 %
EBITDA growth	-16.2 %	-386.0 %	-121.0 %	27.0 %	61.5 %	34.6 %	15.5 %
EBIT growth	-26.9 %	-591.1 %	-114.2 %	35.7 %	61.0 %	44.0 %	19.2 %
EPS growth	-10.7 %	-2825.5 %	-88.0 %	-40.6 %	-227.4 %	64.0 %	26.2 %
Efficiency							
Total operating costs / sales	18.4 %	20.1 %	15.1 %	15.2 %	16.3 %	16.1 %	16.1 %
Sales per employee	962.2	1,001.8	923.8	920.5	1,204.6	1,210.2	1,185.9
EBITDA per employee	47.9	-122.6	26.5	37.7	62.0	77.0	83.8
Balance sheet analysis							
Avg. working capital / sales	12.2 %	10.8 %	9.0 %	13.7 %	11.1 %	8.4 %	8.7 %
Inventory turnover (sales/inventory)	7.4	13.8	13.8	14.3	14.3	14.3	14.3
Trade debtors in days of sales	27.4	23.7	31.1	59.2	25.0	25.0	25.0
A/P turnover [(A/P*365)/sales]	24.7	21.8	33.3	29.3	23.5	23.5	23.5
Cash conversion cycle (days)	65.4	30.3	29.7	61.2	33.6	34.0	34.8
Cash flow analysis							
Free cash flow	26.7	-38.6	-9.0	15.4	15.7	7.8	10.1
Free cash flow/sales	15.5 %	-19.3 %	-5.0 %	9.7 %	7.7 %	3.5 %	4.3 %
FCF / net profit	2616.6 %	129.3 %	250.7 %	-674.6 %	516.2 %	155.8 %	160.3 %
Capex / depre	44.2 %	43.6 %	265.1 %	81.9 %	36.9 %	35.7 %	36.2 %
Capex / maintenance capex	34.2 %	19.0 %	239.8 %	51.5 %	28.7 %	27.8 %	28.2 %
Capex / sales	0.8 %	0.4 %	2.1 %	0.8 %	0.4 %	0.4 %	0.4 %
Security							
Net debt	-33.6	-6.4	-2.4	-14.9	-30.6	-38.4	-48.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.9	-0.6	-0.4	-2.0	-4.1	-6.4	-5.4
Interest cover	10.7	0.0	3.7	4.2	6.0	8.7	10.4
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Asset utilisation							
Capital employed turnover	2.8	4.4	3.7	3.4	4.1	4.4	4.0
Operating assets turnover	4.5	8.9	8.5	4.6	8.3	8.7	9.0
Plant turnover	15.6	32.3	28.1	20.5	29.5	37.0	46.0
Inventory turnover (sales/inventory)	7.4	13.8	13.8	14.3	14.3	14.3	14.3
Returns							
ROCE	9.4 %	-48.8 %	8.0 %	10.6 %	16.8 %	23.3 %	25.6 %
ROE	2.7 %	-295.4 %	-59.7 %	-30.6 %	41.3 %	83.1 %	70.4 %
Other							
Interest paid / avg. debt	4.2 %	6.1 %	4.4 %	4.5 %	5.0 %	5.0 %	5.0 %
No. employees (average)	179	200	194	174	170	185	196
Number of shares	15.2	16.4	16.4	17.6	18.4	18.4	18.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	0.07	-1.83	-0.22	-0.13	0.17	0.27	0.34
Valuation ratios							
P/BV	1.1	4.1	6.9	6.3	6.3	7.8	5.2
EV/sales	0.0	0.2	0.2	0.2	0.1	0.0	0.0
EV/EBITDA	-0.1	-1.4	7.6	4.9	1.5	0.6	-0.1
EV/EBITA	-0.2	-1.3	10.5	6.3	1.8	0.7	-0.1
EV/EBIT	-0.2	-1.3	10.5	6.3	2.0	0.7	-0.1
EV/FCF	0.0	-0.9	-4.4	2.1	1.0	1.1	-0.2
Adjusted FCF yield	148.2 %	-90.9 %	11.0 %	146.2 %	50.7 %	126.9 %	-135.6 %
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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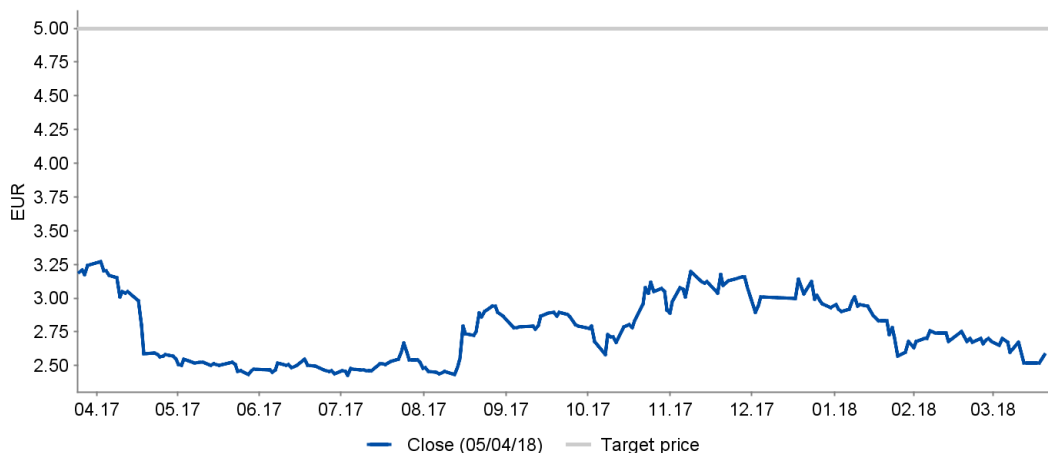
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Company	Disclosure
DEAG Deutsche Entertainment AG	2, 3, 6

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 09/04/18

Initiation coverage
04-December-09



Company	Date	Analyst	Rating	Target price	Close
DEAG Deutsche Entertainment AG	27.11.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 3,20
	01.09.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,73
	21.08.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,45
	01.06.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,50
	08.05.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,59

03.05.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,80
02.05.2017	Gröning, Pierre	Buy	EUR 5,00	EUR 2,98

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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