



**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

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**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.

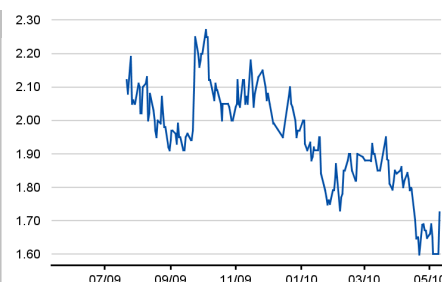
DEAG	Q1 10	Q1 10 est	Q1 09	yoy	FY 10	FY 09	yoy
<b>Sales</b>	<b>20.5</b>	<b>21.4</b>	<b>26.3</b>	-22.1%	<b>121.8</b>	<b>116.0</b>	5.0%
<b>EBITDA</b>	<b>1.6</b>	<b>1.5</b>	<b>1.3</b>	23.1%	<b>7.1</b>	<b>6.4</b>	10.9%
EBITDA margin	7.8%	7.0%	4.9%	+ 2.9 pp	5.8%	5.5%	+ 0.3 pp
<b>EBIT</b>	<b>1.3</b>	<b>1.2</b>	<b>1.1</b>	18.2%	<b>6.4</b>	<b>4.8</b>	33.3%
EBIT margin	6.3%	5.6%	4.2%	+ 2.2 pp	5.3%	4.1%	+ 1.1 pp
<b>Net profit</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	36.4%	<b>2.0</b>	<b>0.3</b>	566.7%
Net margin	1.5%	0.9%	0.8%	+ 0.6 pp	1.6%	0.3%	+ 1.4 pp
<b>EPS</b>	<b>0.03</b>	<b>0.02</b>	<b>0.02</b>	50.0%	<b>0.16</b>	<b>0.07</b>	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 2010F 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
<b>Sales</b>	<b>82.8</b>	<b>78.7</b>	<b>109.5</b>	<b>116.0</b>	<b>121.8</b>	<b>129.1</b>	<b>138.0</b>
<i>Sales growth</i>	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
<b>Gross profit</b>	<b>17.4</b>	<b>21.2</b>	<b>26.5</b>	<b>25.1</b>	<b>28.3</b>	<b>30.9</b>	<b>33.5</b>
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
<b>EBITDA</b>	<b>4.3</b>	<b>6.7</b>	<b>3.7</b>	<b>6.4</b>	<b>7.1</b>	<b>8.6</b>	<b>9.7</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>8.2</b>	<b>9.3</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>7.9</b>	<b>9.0</b>
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
<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>7.2</b>	<b>8.3</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>7.2</b>	<b>8.3</b>
Taxes	0.4	0.6	0.4	0.9	0.9	1.1	1.2
<b>Net income from continuing operations</b>	<b>0.5</b>	<b>3.5</b>	<b>-5.0</b>	<b>2.6</b>	<b>4.9</b>	<b>6.1</b>	<b>7.1</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>4.9</b>	<b>6.1</b>	<b>7.1</b>
Minority interest	0.3	1.4	1.0	1.8	2.9	3.5	3.8
<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>2.7</b>	<b>3.2</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>0.22</b>	<b>0.26</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 %	9.4 %	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 %
<b>EBITDA</b>	<b>5.2 %</b>	<b>8.5 %</b>	<b>3.4 %</b>	<b>5.5 %</b>	<b>5.9 %</b>	<b>6.7 %</b>	<b>7.0 %</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>5.5 %</b>	<b>6.3 %</b>	<b>6.7 %</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>5.3 %</b>	<b>6.1 %</b>	<b>6.5 %</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 %	0.6 %
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 %
<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>4.7 %</b>	<b>5.6 %</b>	<b>6.0 %</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>4.7 %</b>	<b>5.6 %</b>	<b>6.0 %</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>4.0 %</b>	<b>4.7 %</b>	<b>5.1 %</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>4.0 %</b>	<b>4.7 %</b>	<b>5.1 %</b>
Minority interest	0.3 %	1.8 %	0.9 %	1.6 %	2.3 %	2.7 %	2.8 %
<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>2.1 %</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>25.5</b>	<b>25.4</b>	<b>25.3</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>35.3</b>	<b>35.2</b>	<b>35.1</b>
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
<b>CURRENT ASSETS</b>	<b>32.2</b>	<b>28.6</b>	<b>40.9</b>	<b>44.0</b>	<b>49.2</b>	<b>55.8</b>	<b>63.4</b>
<b>TOTAL ASSETS</b>	<b>69.7</b>	<b>70.1</b>	<b>82.0</b>	<b>79.5</b>	<b>84.5</b>	<b>91.0</b>	<b>98.5</b>
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
<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	6.4	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
<b>Current liabilities</b>	<b>21.1</b>	<b>21.8</b>	<b>35.8</b>	<b>30.4</b>	<b>30.6</b>	<b>30.9</b>	<b>31.4</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>84.5</b>	<b>91.0</b>	<b>98.5</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>30.2 %</b>	<b>27.9 %</b>	<b>25.7 %</b>
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 %
<b>FIXED ASSETS</b>	<b>53.7 %</b>	<b>59.3 %</b>	<b>50.1 %</b>	<b>44.7 %</b>	<b>41.8 %</b>	<b>38.7 %</b>	<b>35.7 %</b>
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 %
<b>CURRENT ASSETS</b>	<b>46.3 %</b>	<b>40.7 %</b>	<b>49.9 %</b>	<b>55.3 %</b>	<b>58.2 %</b>	<b>61.3 %</b>	<b>64.3 %</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 %	35.4 %	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 %
<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>19.2 %</b>	<b>17.8 %</b>
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 %
<b>Current liabilities</b>	<b>30.3 %</b>	<b>31.1 %</b>	<b>43.7 %</b>	<b>38.3 %</b>	<b>36.2 %</b>	<b>34.0 %</b>	<b>31.8 %</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	4.9	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
<b>Cash flow from operating activities</b>	<b>-7.6</b>	<b>-3.3</b>	<b>5.9</b>	<b>-4.9</b>	<b>4.6</b>	<b>6.1</b>	<b>6.9</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	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
<b>Cash flow from investing activities</b>	<b>-0.5</b>	<b>1.4</b>	<b>-2.6</b>	<b>5.7</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.6</b>
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
<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	4.1	5.5	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>25.5</b>	<b>31.0</b>	<b>37.3</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 %	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 %
<b>Efficiency</b>							
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
<b>Balance sheet analysis</b>							
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
<b>Cash flow analysis</b>							
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 %
<b>Security</b>							
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 %
<b>Asset utilisation</b>							
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
<b>Returns</b>							
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 %
<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	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
<b>Valuation ratios</b>							
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

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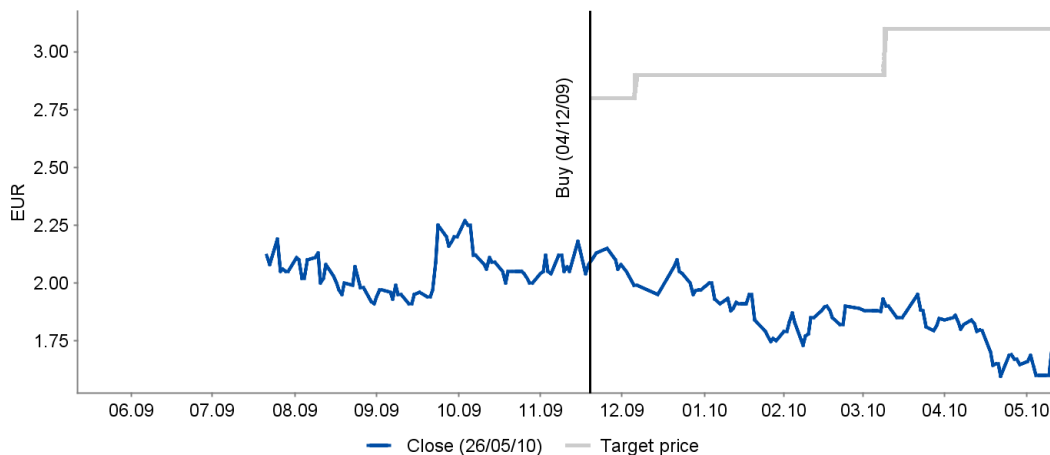
Company	Disclosure
DEAG Deutsche Entertainment AG	2

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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 27/05/10

**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)

**Tim Wunderlich**  
Analyst

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

**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)

**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)

**Senior Advisors**

**Dr. Alexander Klemm**  
Senior Advisor

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

**Jeronimo Bremer**  
Senior Advisor

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