

Buy (old: Buy)

Price target: EUR 3.20 (old: EUR 3.20)

Price: EUR 2.40 **Next result:** Q3 2010 30.11.09
Bloomberg: ERMK GR **Market cap:** EUR 29.7 m
Reuters: ERMGk.DE **Enterprise Value:** EUR 27.0 m

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Solid Q3 results and very strong Q4 expected

Topic: DEAG reported solid results for Q3 2010; Q4 is expected to be very strong on the back of a well-filled pipeline.

Yesterday, DEAG reported solid results for Q3/9M 2010 which were in-line with our estimates. In the traditionally weakest quarter, sales increased by some 20.2% yoy to € 29.1m, which was mainly driven by the strong business of the Swiss entity Good News. There, the dominant market leader in the Rock/Pop business benefitted from concerts of Pink, U2, Guns'n'Roses, Leonard Cohen, Sting, etc.

Thus, revenues in the Entertainment Services segment grew by c. 31% to € 25.2m. Live Touring sales (German Classical and Rock/Pop business), however, decreased by c. 26% to € 4.3m. This is seen to be a seasonal effect with a strong rebound expected for Q4 on the back of tours of David Garrett and Peter Maffay.

| EUR | Q3 10 | Q3 10 est | Q3 09 | yoy | 9M 10 | 9M 09 | yoy |
|---------------|-------|-----------|-------|----------|-------|-------|----------|
| Sales | 29.1 | 28.8 | 24.2 | 20.2% | 83.3 | 81.2 | 2.6% |
| EBITDA | 1.1 | 0.9 | 0.1 | 793.7% | 4.4 | 3.2 | 38.1% |
| EBITDA margin | 3.9% | 3.1% | 0.5% | + 3.4 pp | 5.3% | 3.9% | + 1.4 pp |
| EBIT | 0.8 | 0.8 | -0.2 | n.a. | 3.6 | 2.3 | 53.9% |
| EBIT margin | 2.9% | 2.8% | -0.7% | + 3.7 pp | 4.3% | 2.9% | + 1.4 pp |
| Net profit | -0.3 | -0.4 | -0.6 | n.a. | 0.9 | 0.1 | 562.2% |
| Net margin | -1.2% | -1.4% | -2.3% | + 1.1 pp | 1.1% | 0.2% | + 0.9 pp |
| EPS | -0.03 | -0.04 | -0.05 | n.a. | 0.07 | 0.03 | 133.3% |

The **disproportionate EBITDA growth** from € 0.1m in Q3 2009 to € 1.1m in Q3 2010 is mainly due to the improved gross profit (+ € 1.8m or 3.6pp) on the back of the better product mix (high profitability in Switzerland).

Even more importantly, theme should continue to be **good mainly driven by an expected very strong fourth quarter**. DEAG expects to achieve a 5 year record-high in terms of sales and operating profits, which would be in-line with our estimates; i.e. sales are seen to be € 41.5m in Q4. EBIT is expected to come in at some € 2.8m

DEAG remains a Buy with a PT of € 3.20 which is 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 | 0.6 | 0.8 | 0.6 | 0.3 | 0.2 | 0.1 | 0.1 |
| EV/EBITDA | 12.1 | 9.0 | 18.5 | 4.8 | 3.8 | 2.2 | 1.2 |
| EV/EBIT | 17.1 | 10.8 | -21.9 | 6.5 | 4.2 | 2.4 | 1.3 |
| PER | 260.1 | 26.5 | -9.6 | 36.1 | 14.9 | 10.2 | 8.4 |
| Adjusted FCF yield | 5.9 % | 7.6 % | 2.5 % | 10.3 % | 10.8 % | 19.3 % | 37.1 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 30.11.2010



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 2.40 / 1.60

Price/Book Ratio: 1.0

Relative performance (SDAX):

3 months -3.3 %

6 months 9.5 %

12 months -23.3 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2010 | old: | 124.8 | 6.4 | 0.16 |
| | Δ | - | - | - |
| 2011 | old: | 142.0 | 8.5 | 0.23 |
| | Δ | - | - | - |
| 2012 | old: | 153.8 | 9.7 | 0.29 |
| | 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 %

David Garrett (incl. in free float) 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 |
|---|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 82.8 | 78.7 | 109.5 | 116.0 | 124.8 | 142.0 | 153.8 |
| <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 |
| Gross profit | 17.4 | 21.2 | 26.5 | 25.1 | 29.0 | 34.0 | 37.4 |
| 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 |
| EBITDA | 4.3 | 6.7 | 3.7 | 6.4 | 7.1 | 9.3 | 10.5 |
| 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 | 8.9 | 10.1 |
| 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 | 8.5 | 9.7 |
| 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 |
| Recurring pretax income from continuing operations | 0.9 | 4.1 | -4.6 | 3.5 | 5.7 | 7.8 | 9.1 |
| 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 | 7.8 | 9.1 |
| Taxes | 0.4 | 0.6 | 0.4 | 0.9 | 0.9 | 1.2 | 1.4 |
| Net income from continuing operations | 0.5 | 3.5 | -5.0 | 2.6 | 4.8 | 6.7 | 7.7 |
| 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 | 4.8 | 6.7 | 7.7 |
| Minority interest | 0.3 | 1.4 | 1.0 | 1.8 | 2.9 | 3.8 | 4.2 |
| Net income (net of minority interest) | -0.4 | 1.1 | -11.1 | 0.3 | 2.0 | 2.9 | 3.5 |
| 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 | 0.23 | 0.29 |

| 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 % | 9.5 % | 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 % |
| EBITDA | 5.2 % | 8.5 % | 3.4 % | 5.5 % | 5.7 % | 6.5 % | 6.8 % |
| Depreciation | 0.3 % | 0.3 % | 0.3 % | 0.6 % | 0.3 % | 0.3 % | 0.3 % |
| EBITA | 4.9 % | 8.2 % | 3.1 % | 4.9 % | 5.4 % | 6.2 % | 6.5 % |
| 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 % | 5.1 % | 6.0 % | 6.3 % |
| 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 % |
| Recurring pretax income from continuing operations | 1.1 % | 5.2 % | -4.2 % | 3.0 % | 4.6 % | 5.5 % | 5.9 % |
| 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 % | 4.6 % | 5.5 % | 5.9 % |
| 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 % | 3.9 % | 4.7 % | 5.0 % |
| 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 % | 3.9 % | 4.7 % | 5.0 % |
| Minority interest | 0.3 % | 1.8 % | 0.9 % | 1.6 % | 2.3 % | 2.7 % | 2.7 % |
| Net income (net of minority interest) | -0.4 % | 1.4 % | -10.2 % | 0.3 % | 1.6 % | 2.0 % | 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 | 26.8 | 26.6 | 26.5 |
| 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 | 36.6 | 36.5 | 36.3 |
| 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 |
| CURRENT ASSETS | 32.2 | 28.6 | 40.9 | 44.0 | 48.1 | 55.7 | 64.2 |
| TOTAL ASSETS | 69.7 | 70.1 | 82.0 | 79.5 | 84.7 | 92.2 | 100.5 |
| 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 |
| 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 | 6.6 | 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 |
| Current liabilities | 21.1 | 21.8 | 35.8 | 30.4 | 30.8 | 31.6 | 32.2 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 69.7 | 70.1 | 82.0 | 79.5 | 84.7 | 92.2 | 100.5 |

| Balance sheet (common size) | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 39.3 % | 44.9 % | 37.8 % | 32.2 % | 31.6 % | 28.9 % | 26.4 % |
| 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 % |
| FIXED ASSETS | 53.7 % | 59.3 % | 50.1 % | 44.7 % | 43.2 % | 39.5 % | 36.1 % |
| 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 % |
| CURRENT ASSETS | 46.3 % | 40.7 % | 49.9 % | 55.3 % | 56.8 % | 60.5 % | 63.9 % |
| 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 % | 35.3 % | 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 % |
| Non-current liabilities | 23.9 % | 20.4 % | 27.0 % | 22.0 % | 20.7 % | 19.0 % | 17.4 % |
| 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 % |
| Current liabilities | 30.3 % | 31.1 % | 43.7 % | 38.3 % | 36.3 % | 34.3 % | 32.0 % |
| 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 | 4.8 | 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 |
| Cash flow from operating activities | -7.6 | -3.3 | 5.9 | -4.9 | 4.3 | 5.7 | 7.3 |
| 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 |
| Cash flow from investing activities | -0.5 | 1.4 | -2.6 | 5.7 | -1.8 | -0.6 | -0.6 |
| 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 |
| 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 | 2.5 | 5.1 | n/a |
| Liquid assets at end of period | 14.8 | 14.1 | 25.6 | 21.4 | 24.0 | 29.1 | 35.8 |

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 % | 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 % |
| Efficiency | | | | | | | |
| 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 |
| Balance sheet analysis | | | | | | | |
| 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 |
| Cash flow analysis | | | | | | | |
| 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 | -18.8 % | -6.9 % | 9.4 % | -19.3 % | 12.7 % | 17.3 % | 22.6 % |
| 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 % |
| Security | | | | | | | |
| 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 % |
| Asset utilisation | | | | | | | |
| 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 |
| Returns | | | | | | | |
| 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 % |
| 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 | 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 |
| Valuation ratios | | | | | | | |
| P/BV | 1.9 | 1.8 | 2.8 | 1.2 | 1.0 | 0.8 | 0.7 |
| EV/sales | 0.6 | 0.8 | 0.6 | 0.3 | 0.2 | 0.1 | 0.1 |
| EV/EBITDA | 12.1 | 9.0 | 18.5 | 4.8 | 3.8 | 2.2 | 1.2 |
| EV/EBITA | 12.8 | 9.3 | 20.1 | 5.4 | 4.0 | 2.3 | 1.2 |
| EV/EBIT | 17.1 | 10.8 | -21.9 | 6.5 | 4.2 | 2.4 | 1.3 |
| EV/FCF | -6.1 | -15.8 | 12.7 | -5.4 | 7.1 | 3.9 | 1.8 |
| 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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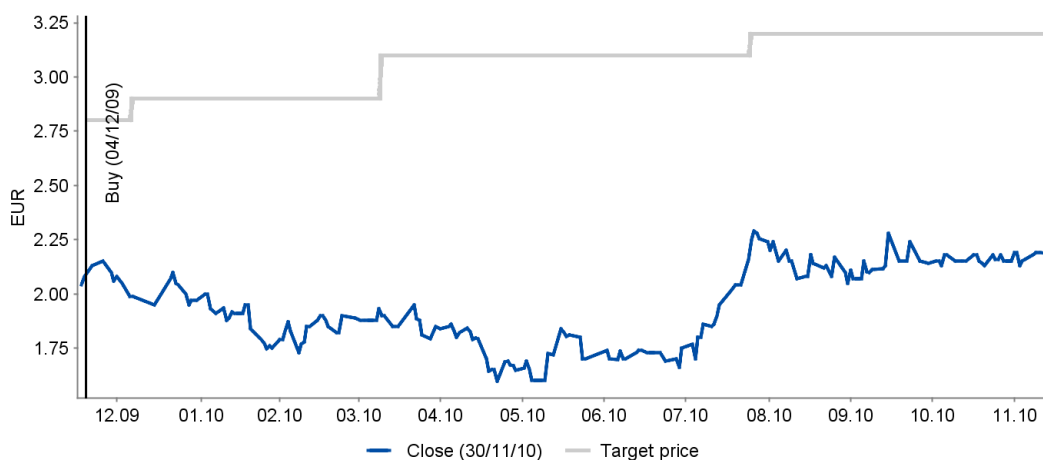
| Company | Disclosure |
|--------------------------------|------------|
| DEAG Deutsche Entertainment AG | 2 |

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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 01/12/10

Initiation coverage
04-December-09



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| | | |
|-------------|---------|----------|
| Buy | 83.33 % | 100.00 % |
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- Buy:** Sustainable upside potential of more than 10% within 12 months.
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Competent supervisory authority

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