

# DEAG Deutsche Entertainment AG

## Germany - Media



HAUCK & AUFHÄUSER  
Investment Banking

**Buy** (old: Buy)

**Price target: EUR 7.50** (old: EUR 7.50)

**Price:** EUR 4.25      **Next result:** Q3 19 29.11.19  
**Bloomberg:** LOUD GR      **Market cap:** EUR 80.3 m  
**Reuters:** LOUD.DE      **Enterprise Value:** EUR 110.0 m

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### Q2 results affected by seasonality, on course for FY 2019

The graphic 58% yoy decline in **Q2 revenues to € 35m is essentially due to seasonality with the great bulk of the Rock/Pop season kicking off with Q3 2019 only**. Q2 18 featured 12 stadium concerts with Ed Sheeran, on tour in Q3 this year with 6 concerts. H2 seems to have kicked off well with the **company's three large open air events Sion sous les étoiles in Switzerland, Belladrum in the UK and NATURE ONE in Germany completely sold out**. The **line-up for H2** also includes concerts by German Band Böhse Onkelz, Limp Biskit, Stereophonics and Toto.

**H2 should also be supported by the contribution of the acquisitions announced year-to-date** (est. € 40m revenue contribution in 2019E) and the **doubling of the very profitable Christmas Gardens format to six locations**. The TimeRide format (at equity accounting) will be expanded to four more cities. **The expansion of the "own content" offering is thus fully on track**. Meanwhile myticket, the company's own ticketing platform should be selling over 500k tickets relating to these events (est. € 1.5m revenue contribution for FY 2019e), as it gets more actively leveraged since its complete takeover at the end of 2018.

At EBIT level, Q2 2018 included the **€ 5.3m gain on the divestiture of Raymond Gubbay Ltd. Adjusted for this, Q2 EBIT 2019 of € 1.2m is 50% down year-on-year**. It is worth noting that the gross margin improved by 500 bps to 18.3% yoy. While a softening can be expected in H2 with the Rock/Pop season by then in full swing, the improvement shows the benefits of focussing on the less start-studded Family Entertainment and Arts and Exhibitions formats. Given how acquisitive the company has been, we keep our gross margin forecast unchanged until the dust has settled.

The company is **maintaining its forecasts of moderate growth in revenues and EBITDA for 2019**, therefore more than making up for the shortfall resulting from the RGL divestiture. We are short of this on the earnings front as we await better clarity on the earnings contribution from the recent acquisitions in H2. Earnings also remain strongly geared toward Q4.

**We maintain our BUY recommendation, PT € 7.50 on FCFY 2020E**, model fine-tuned with expected lower minorities in 2020E, 2021E. At EV/EBIT of 8.5x 2020E, we view valuation as undemanding for this unique European live-entertainment pure play bound to attract strategic interest.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.71 / 2.96

**Price/Book Ratio:** 4.8

**Relative performance (SDAX):**

3 months -8.5 %

6 months -

12 months -

#### Changes in estimates

		Sales	EBIT	EPS
2019	old:	209.9	8.3	0.13
	Δ	-	-	-
2020	old:	240.3	11.8	0.26
	Δ	-	-	2.4%
2021	old:	262.8	15.5	0.41
	Δ	-	-	3.6%

#### Key share data:

Number of shares: (in m pcs) 19.6

Authorised capital: (in € m) 0.0

Book value per share: (in €) 0.8

Ø trading volume: (12 months) 38,000

#### Major shareholders:

Free float 45.7 %  
Apeiron Investment Ltd. 17.4 %  
SRE Holding GmbH 12.3 %  
Allianz SE 10.0 %  
Plutus Holdings 2 LTD 10.4 %  
Quaero Capital 5.4 %

#### Company description:

Leading European live entertainment provider with a broad basis of content in rock/pop, jazz, classics, family entertainment, arts and exhibitions.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	200.4	179.5	159.8	200.2	209.9	240.3	262.8
Sales growth	16 %	-10 %	-11 %	25 %	5 %	15 %	25 %
EBITDA	-24.5	5.2	6.5	14.6	12.8	16.3	20.0
EBIT	-26.2	3.7	5.1	10.6	8.3	11.8	15.5
Net income	-29.8	-3.6	-2.3	3.6	2.6	5.3	8.5
Net debt	-6.4	-2.4	-14.9	22.1	29.7	20.0	9.2
Net gearing	-63.1 %	-40.1 %	-199.0 %	223.3 %	174.9 %	89.0 %	29.6 %
Net Debt/EBITDA	0.0	0.0	0.0	1.5	2.3	1.2	0.5
EPS pro forma	-1.73	0.02	0.04	0.18	0.13	0.26	0.43
CPS	-2.53	-0.40	0.81	-0.82	-0.11	0.51	0.56
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	7.0 %	17.2 %	18.4 %	19.2 %	19.3 %	19.4 %	19.7 %
EBITDA margin	-12.2 %	2.9 %	4.1 %	7.3 %	6.1 %	6.8 %	7.6 %
EBIT margin	-13.1 %	2.1 %	3.2 %	5.3 %	3.9 %	4.9 %	5.9 %
ROCE	-48.8 %	8.0 %	10.6 %	16.4 %	9.5 %	12.3 %	15.4 %
EV/sales	0.3	0.4	0.4	0.5	0.5	0.4	0.3
EV/EBITDA	-2.5	12.5	9.2	6.7	8.6	6.1	4.5
EV/EBIT	-2.3	17.3	12.0	9.2	13.3	8.5	5.8
PER	-2.4	200.8	99.3	22.6	31.6	15.5	9.6
Adjusted FCF yield	-50.7 %	4.4 %	13.2 %	-176.3 %	8.7 %	13.0 %	18.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 05.09.2019

Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Sales</b>	<b>200.4</b>	<b>179.5</b>	<b>159.8</b>	<b>200.2</b>	<b>209.9</b>	<b>240.3</b>	<b>262.8</b>
Sales growth	16.3 %	-10.4 %	-11.0 %	25.3 %	4.8 %	14.5 %	25.2 %
Cost of sales	186.3	148.7	130.5	161.7	169.3	193.7	211.0
<b>Gross profit</b>	<b>14.1</b>	<b>30.8</b>	<b>29.3</b>	<b>38.5</b>	<b>40.5</b>	<b>46.6</b>	<b>51.8</b>
Sales and marketing	24.5	20.7	13.1	19.0	19.4	21.0	22.5
General and administration	15.7	13.6	12.6	16.5	16.8	18.5	18.7
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	9.5	8.1	2.6	8.5	5.0	5.7	5.8
Other operating expenses	9.6	0.8	1.2	1.0	1.0	1.0	1.0
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-24.5</b>	<b>5.2</b>	<b>6.5</b>	<b>14.6</b>	<b>12.8</b>	<b>16.3</b>	<b>20.0</b>
Depreciation	1.7	1.4	1.5	4.0	4.5	4.5	4.5
<b>EBITA</b>	<b>-26.2</b>	<b>3.7</b>	<b>5.1</b>	<b>10.6</b>	<b>8.3</b>	<b>11.8</b>	<b>15.5</b>
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	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-26.2</b>	<b>3.7</b>	<b>5.1</b>	<b>10.6</b>	<b>8.3</b>	<b>11.8</b>	<b>15.5</b>
Interest income	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Interest expenses	0.9	1.0	1.2	3.1	3.0	3.3	3.3
Other financial result	0.0	-0.5	-0.9	-0.2	-0.3	-0.3	0.0
Financial result	-0.9	-1.5	-2.1	-3.2	-3.2	-3.5	-3.2
<b>Recurring pretax income from continuing operations</b>	<b>-27.2</b>	<b>2.2</b>	<b>2.9</b>	<b>7.4</b>	<b>5.1</b>	<b>8.4</b>	<b>12.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-27.2</b>	<b>2.2</b>	<b>2.9</b>	<b>7.4</b>	<b>5.1</b>	<b>8.4</b>	<b>12.3</b>
Taxes	0.2	0.5	0.6	0.7	1.0	1.7	2.5
<b>Net income from continuing operations</b>	<b>-27.4</b>	<b>1.7</b>	<b>2.3</b>	<b>6.7</b>	<b>4.1</b>	<b>6.7</b>	<b>9.8</b>
Result from discontinued operations (net of tax)	1.6	3.9	3.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-29.0</b>	<b>-2.2</b>	<b>-0.7</b>	<b>6.7</b>	<b>4.1</b>	<b>6.7</b>	<b>9.8</b>
Minority interest	0.9	1.4	1.6	3.1	1.5	1.4	1.3
<b>Net profit (reported)</b>	<b>-29.8</b>	<b>-3.6</b>	<b>-2.3</b>	<b>3.6</b>	<b>2.6</b>	<b>5.3</b>	<b>8.5</b>
Average number of shares	16.4	16.4	17.6	18.4	19.6	19.6	19.6
<b>EPS reported</b>	<b>-1.83</b>	<b>-0.22</b>	<b>-0.13</b>	<b>0.20</b>	<b>0.13</b>	<b>0.27</b>	<b>0.43</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<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	93.0 %	82.8 %	81.6 %	80.8 %	80.7 %	80.6 %	80.3 %
<b>Gross profit</b>	<b>7.0 %</b>	<b>17.2 %</b>	<b>18.4 %</b>	<b>19.2 %</b>	<b>19.3 %</b>	<b>19.4 %</b>	<b>19.7 %</b>
Sales and marketing	12.3 %	11.5 %	8.2 %	9.5 %	9.3 %	8.8 %	8.6 %
General and administration	7.8 %	7.6 %	7.9 %	8.2 %	8.0 %	7.7 %	7.1 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	4.7 %	4.5 %	1.6 %	4.3 %	2.4 %	2.4 %	2.2 %
Other operating expenses	4.8 %	0.5 %	0.7 %	0.5 %	0.5 %	0.4 %	0.4 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>neg.</b>	<b>2.9 %</b>	<b>4.1 %</b>	<b>7.3 %</b>	<b>6.1 %</b>	<b>6.8 %</b>	<b>7.6 %</b>
Depreciation	0.9 %	0.8 %	0.9 %	2.0 %	2.1 %	1.9 %	1.7 %
<b>EBITA</b>	<b>neg.</b>	<b>2.1 %</b>	<b>3.2 %</b>	<b>5.3 %</b>	<b>3.9 %</b>	<b>4.9 %</b>	<b>5.9 %</b>
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 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>neg.</b>	<b>2.1 %</b>	<b>3.2 %</b>	<b>5.3 %</b>	<b>3.9 %</b>	<b>4.9 %</b>	<b>5.9 %</b>
Interest income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.5 %	0.6 %	0.7 %	1.5 %	1.4 %	1.4 %	1.3 %
Other financial result	0.0 %	-0.3 %	-0.6 %	-0.1 %	-0.1 %	-0.1 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>neg.</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>3.7 %</b>	<b>2.4 %</b>	<b>3.5 %</b>	<b>4.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>neg.</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>3.7 %</b>	<b>2.4 %</b>	<b>3.5 %</b>	<b>4.7 %</b>
Tax rate	-0.7 %	22.1 %	20.4 %	9.0 %	20.0 %	20.0 %	20.0 %
<b>Net income from continuing operations</b>	<b>neg.</b>	<b>1.0 %</b>	<b>1.5 %</b>	<b>3.4 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>3.7 %</b>
Result from discontinued operations (net of tax)	0.8 %	2.2 %	1.9 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>3.4 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>3.7 %</b>
Minority interest	0.4 %	0.8 %	1.0 %	1.6 %	0.7 %	0.6 %	0.5 %
<b>Net profit (reported)</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>1.8 %</b>	<b>1.2 %</b>	<b>2.2 %</b>	<b>3.2 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>33.6</b>	<b>32.0</b>	<b>35.0</b>	<b>36.1</b>	<b>36.3</b>	<b>36.5</b>	<b>36.7</b>
Property, plant and equipment	6.2	6.4	7.8	19.4	26.4	23.9	21.4
Financial assets	3.2	4.5	3.6	12.2	12.2	12.2	12.2
<b>FIXED ASSETS</b>	<b>43.0</b>	<b>42.9</b>	<b>46.5</b>	<b>67.7</b>	<b>74.9</b>	<b>72.6</b>	<b>70.3</b>
Inventories	14.5	13.0	0.1	0.2	0.2	0.2	0.2
Accounts receivable	13.0	15.3	25.9	10.3	23.0	26.3	28.8
Other current assets	7.8	7.5	16.8	17.1	17.1	17.1	17.1
Liquid assets	25.8	28.4	41.8	36.4	30.3	40.0	50.8
Deferred taxes	0.2	0.3	0.8	1.3	1.3	1.3	1.3
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>61.3</b>	<b>64.5</b>	<b>85.4</b>	<b>65.3</b>	<b>71.9</b>	<b>85.0</b>	<b>98.2</b>
<b>TOTAL ASSETS</b>	<b>104.3</b>	<b>107.4</b>	<b>131.9</b>	<b>133.0</b>	<b>146.8</b>	<b>157.6</b>	<b>168.5</b>
SHAREHOLDERS EQUITY	10.1	6.0	7.5	9.9	17.0	22.5	31.2
MINORITY INTEREST	5.9	4.7	5.2	5.1	6.5	7.9	9.2
Long-term debt	9.6	9.6	10.1	48.4	49.9	49.9	49.9
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	9.9	11.3	7.4	8.7	8.9	9.1	9.1
<b>Non-current liabilities</b>	<b>19.5</b>	<b>21.0</b>	<b>17.5</b>	<b>57.1</b>	<b>58.8</b>	<b>59.0</b>	<b>59.0</b>
short-term liabilities to banks	9.8	16.4	16.9	10.1	10.1	10.1	10.1
Accounts payable	11.1	13.6	10.5	11.9	12.5	14.3	15.6
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)	4.0	6.8	4.7	1.0	1.0	1.0	1.0
Deferred taxes	2.2	1.6	2.2	3.3	3.3	3.3	3.3
Deferred income	41.7	37.3	67.6	34.7	37.6	39.5	39.1
<b>Current liabilities</b>	<b>68.8</b>	<b>75.7</b>	<b>101.8</b>	<b>60.9</b>	<b>64.5</b>	<b>68.2</b>	<b>69.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>104.3</b>	<b>107.4</b>	<b>132.0</b>	<b>133.0</b>	<b>146.8</b>	<b>157.6</b>	<b>168.5</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>32.2 %</b>	<b>29.8 %</b>	<b>26.5 %</b>	<b>27.2 %</b>	<b>24.7 %</b>	<b>23.2 %</b>	<b>21.8 %</b>
Property, plant and equipment	5.9 %	5.9 %	5.9 %	14.6 %	18.0 %	15.2 %	12.7 %
Financial assets	3.1 %	4.2 %	2.7 %	9.2 %	8.3 %	7.7 %	7.2 %
<b>FIXED ASSETS</b>	<b>41.2 %</b>	<b>40.0 %</b>	<b>35.2 %</b>	<b>50.9 %</b>	<b>51.0 %</b>	<b>46.1 %</b>	<b>41.7 %</b>
Inventories	13.9 %	12.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts receivable	12.5 %	14.3 %	19.6 %	7.7 %	15.7 %	16.7 %	17.1 %
Other current assets	7.5 %	7.0 %	12.7 %	12.9 %	11.7 %	10.9 %	10.2 %
Liquid assets	24.7 %	26.4 %	31.7 %	27.4 %	20.6 %	25.4 %	30.1 %
Deferred taxes	0.2 %	0.3 %	0.6 %	1.0 %	0.9 %	0.8 %	0.8 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>58.8 %</b>	<b>60.0 %</b>	<b>64.7 %</b>	<b>49.1 %</b>	<b>49.0 %</b>	<b>53.9 %</b>	<b>58.3 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>99.9 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	9.7 %	5.6 %	5.7 %	7.4 %	11.6 %	14.3 %	18.5 %
MINORITY INTEREST	5.7 %	4.4 %	3.9 %	3.8 %	4.4 %	5.0 %	5.5 %
Long-term debt	9.2 %	9.0 %	7.6 %	36.4 %	34.0 %	31.7 %	29.6 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	9.5 %	10.6 %	5.6 %	6.5 %	6.1 %	5.8 %	5.4 %
<b>Non-current liabilities</b>	<b>18.7 %</b>	<b>19.5 %</b>	<b>13.3 %</b>	<b>42.9 %</b>	<b>40.1 %</b>	<b>37.5 %</b>	<b>35.0 %</b>
short-term liabilities to banks	9.4 %	15.2 %	12.8 %	7.6 %	6.9 %	6.4 %	6.0 %
Accounts payable	10.7 %	12.6 %	7.9 %	8.9 %	8.5 %	9.1 %	9.3 %
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)	3.8 %	6.4 %	3.6 %	0.8 %	0.7 %	0.6 %	0.6 %
Deferred taxes	2.1 %	1.5 %	1.6 %	2.5 %	2.2 %	2.1 %	2.0 %
Deferred income	40.0 %	34.7 %	51.3 %	26.1 %	25.6 %	25.0 %	23.2 %
<b>Current liabilities</b>	<b>66.0 %</b>	<b>70.5 %</b>	<b>77.2 %</b>	<b>45.8 %</b>	<b>43.9 %</b>	<b>43.3 %</b>	<b>41.0 %</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)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	-27.4	1.7	2.3	6.7	4.1	6.7	9.8
Depreciation of fixed assets (incl. leases)	1.7	1.4	1.5	4.0	4.5	4.5	4.5
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	0.0	0.0	0.0
Others	0.3	-7.7	-9.2	-34.7	3.1	2.1	-0.4
Cash flow from operations before changes in w/c	-25.4	-4.5	-5.4	-26.3	11.7	13.3	13.9
Increase/decrease in inventory	9.0	1.3	2.1	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.1	-2.3	-10.6	15.6	-12.7	-3.3	-2.5
Increase/decrease in accounts payable	-21.4	0.3	30.5	1.4	0.7	1.8	1.3
Increase/decrease in other working capital positions	0.0	0.0	0.0	-4.0	0.0	0.0	0.0
Increase/decrease in working capital	-12.5	-0.6	22.0	13.0	-12.1	-1.6	-1.2
<b>Cash flow from operating activities</b>	<b>-37.9</b>	<b>-5.2</b>	<b>16.7</b>	<b>-13.3</b>	<b>-0.4</b>	<b>11.7</b>	<b>12.7</b>
CAPEX	0.8	3.8	1.2	1.8	2.0	2.0	2.0
Payments for acquisitions	0.0	0.0	2.1	3.3	9.5	0.0	0.0
Financial investments	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Income from asset disposals	6.6	7.0	-2.2	7.6	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>5.8</b>	<b>3.2</b>	<b>-5.5</b>	<b>2.9</b>	<b>-11.5</b>	<b>-2.0</b>	<b>-2.0</b>
Cash flow before financing	-32.0	-1.9	11.2	-11.1	-11.9	9.7	0.0
Increase/decrease in debt position	8.1	6.5	1.0	12.2	5.8	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	4.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-4.0	-1.6	-3.3	-6.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.3	-0.4	0.1	-0.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>4.1</b>	<b>4.9</b>	<b>2.2</b>	<b>5.7</b>	<b>5.8</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-28.3	2.6	13.4	-6.2	-6.1	9.7	n/a
<b>Liquid assets at end of period</b>	<b>25.8</b>	<b>28.4</b>	<b>41.8</b>	<b>36.4</b>	<b>30.3</b>	<b>40.0</b>	<b>50.8</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
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)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
Sales growth	16.3 %	-10.4 %	-11.0 %	25.3 %	4.8 %	14.5 %	25.2 %
EBITDA growth	-386.0 %	-121.0 %	27.0 %	122.9 %	-12.6 %	28.0 %	56.8 %
EBIT growth	-591.1 %	-114.2 %	35.7 %	109.7 %	-22.0 %	43.3 %	87.8 %
EPS growth	-	-88.0 %	-40.6 %	-251.5 %	-32.8 %	103.4 %	228.3 %
<b>Efficiency</b>							
Total operating costs / sales	20.1 %	15.1 %	15.2 %	13.9 %	15.3 %	14.5 %	13.8 %
Sales per employee	1,001.8	923.8	920.5	1,018.9	1,038.9	1,166.7	1,257.4
EBITDA per employee	-122.6	26.5	37.7	74.3	63.2	79.3	95.7
<b>Balance sheet analysis</b>							
Avg. working capital / sales	10.8 %	9.0 %	10.2 %	3.8 %	2.2 %	4.7 %	4.6 %
Inventory turnover (sales/inventory)	13.8	13.8	1,331.7	1,331.7	1,331.7	1,331.7	1,331.7
Trade debtors in days of sales	23.7	31.1	59.2	18.8	40.0	40.0	40.0
A/P turnover [(A/P*365)/sales]	21.8	33.3	29.3	28.0	27.0	27.0	27.0
Cash conversion cycle (days)	30.3	29.7	30.3	-7.7	13.3	13.3	13.3
<b>Cash flow analysis</b>							
Free cash flow	-38.6	-9.0	15.4	-15.0	-2.4	9.7	10.7
Free cash flow/sales	-19.3 %	-5.0 %	9.7 %	-7.5 %	-1.1 %	4.0 %	4.1 %
FCF / net profit	neg.	neg.	neg.	neg.	neg.	184.1 %	126.1 %
Capex / depre	43.6 %	265.1 %	81.9 %	53.2 %	44.4 %	44.4 %	44.4 %
Capex / maintenance capex	19.0 %	239.8 %	42.8 %	97.3 %	111.1 %	111.1 %	111.1 %
Capex / sales	0.4 %	2.1 %	0.8 %	1.1 %	1.0 %	0.8 %	0.8 %
<b>Security</b>							
Net debt	-6.4	-2.4	-14.9	22.1	29.7	20.0	9.2
Net Debt/EBITDA	0.0	0.0	0.0	1.5	2.3	1.2	0.5
Net debt / equity	neg.	neg.	neg.	2.2	1.7	0.9	0.3
Interest cover	0.0	3.7	4.2	3.4	2.7	3.6	4.7
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	4.4	3.7	3.4	2.4	2.3	2.4	2.4
Operating assets turnover	8.9	8.5	6.8	11.1	5.7	6.7	7.6
Plant turnover	32.3	28.1	20.5	10.3	7.9	10.1	12.3
Inventory turnover (sales/inventory)	13.8	13.8	1,331.7	1,331.7	1,331.7	1,331.7	1,331.7
<b>Returns</b>							
ROCE	-48.8 %	8.0 %	10.6 %	16.4 %	9.5 %	12.3 %	15.4 %
ROE	-295.4 %	-59.7 %	-30.6 %	36.6 %	15.3 %	23.5 %	27.3 %
<b>Other</b>							
Interest paid / avg. debt	6.1 %	4.4 %	4.5 %	7.2 %	5.1 %	5.6 %	5.6 %
No. employees (average)	200	194	174	197	202	206	209
Number of shares	16.4	16.4	17.6	18.4	19.6	19.6	19.6
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-1.83	-0.22	-0.13	0.20	0.13	0.27	0.43
<b>Valuation ratios</b>							
P/BV	6.6	11.2	10.1	8.3	4.8	3.6	2.6
EV/sales	0.3	0.4	0.4	0.5	0.5	0.4	0.3
EV/EBITDA	-2.5	12.5	9.2	6.7	8.6	6.1	4.5
EV/EBITA	-2.3	17.3	12.0	9.2	13.3	8.5	5.8
EV/EBIT	-2.3	17.3	12.0	9.2	13.3	8.5	5.8
EV/FCF	-1.6	-7.2	3.9	-6.5	-46.3	10.3	8.3
Adjusted FCF yield	-50.7 %	4.4 %	13.2 %	-176.3 %	8.7 %	13.0 %	18.7 %
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, 3, 8

### 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 04/09/19

Initiation coverage  
04-December-09



Company	Date	Analyst	Rating	Target price	Close
DEAG Deutsche Entertainment AG	27.06.2019	Gruebner, Marie-Therese	Buy	EUR 7,50	EUR 4,20
	14.06.2019	Gruebner, Marie-Therese	Buy	EUR 7,40	EUR 4,49
	06.06.2019	Gruebner, Marie-Therese	Buy	EUR 7,30	EUR 4,56
	16.04.2019	Gruebner, Marie-Therese	Buy	EUR 7,00	EUR 4,50
	30.01.2019	Gruebner, Marie-Therese	Buy	EUR 6,00	EUR 3,40

26.11.2018	Gröning, Pierre	Buy	EUR 4,90	EUR 3,44
27.09.2018	Gröning, Pierre	Buy	EUR 4,90	EUR 3,42

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