

**Buy** (old: Buy)

**Price target: EUR 4.30** (old: EUR 4.30)

<b>Price:</b>	EUR 2.92	<b>Next result:</b>	Q2 2011 31.08.11
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 36.3 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 30.1 m

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## Another cooperation with Sony; Strong Q2 ahead

**Topic:** Recent underperformance does not seem to be related to operating performance; Another cooperation with Sony; Q2 expected to be strong.

After having reached its peak at € 3.60 beginning of May, the stock has underperformed considerably. In our view, this can neither be explained by the strong Q1 figures published on May 17 (sales +17% yoy to € 24m; EBIT +23% yoy to € 1.6m), nor by the expected strong newsflow:

- The visibility for the coming quarters (and with it 2011) is very high on the back of tours with David Garrett and Peter Maffay in Germany as well as Shakira, Elton John, Katie Melua, etc. in Switzerland; apart from the traditionally strong Q4, the current quarter appears to be very good.
- During Q1, DEAG signed new long-term contracts with David Garrett as well as Anna Netrebko and Erwin Schrott which also include the international expansion of the activities.
- The gradually increased utilisation of the preferred ticketing partner Ticketmaster should guarantee healthy earnings contributions going forward. Ticketmaster has substantially intensified its efforts in Germany since Q1 after the merger with Live Nation.

Further, **DEAG has signed a new long-term distribution agreement with Sony Music for its record label DEAG Music**. As of September this cooperation will replace a similar agreement with Warner and cover Germany, Austria and Switzerland. Having a committed partner for its own label is essential to offer its artists like David Garrett and Jessye Norman (within the framework of a 360° model) concert organisation, music production, ticketing, sponsoring etc. from a single source.

**DEAG remains a Buy with a PT of € 4.30 based on FCFY 2012E.** A sum-of-the-parts valuation including the stakes in Good News (52%), DEAG Classics (51%), Manfred Hertlein (67%, Schlager/MOR) and DEAG Music (79%) would also yield a fair value of ca. € 4.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.58 / 1.66  
**Price/Book Ratio:** 1.3  
**Relative performance (SDAX):**  
3 months 4.4 %  
6 months 13.5 %  
12 months 37.1 %

### Changes in estimates

		Sales	EBIT	EPS
2011	old:	151.5	9.3	0.23
	Δ	-	-	-
2012	old:	164.8	11.0	0.30
	Δ	-	-	-
2013	old:	173.9	12.1	0.34
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 12.4  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 2.3  
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.

Y/E 31.12 (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	78.7	109.5	116.7	125.8	151.5	164.8	173.9
Sales growth	-5 %	39 %	7 %	8 %	20 %	9 %	6 %
EBITDA	6.7	3.7	6.4	10.0	10.4	12.1	13.2
EBIT	5.6	-3.1	4.8	8.2	9.3	11.0	12.1
Net income	1.1	-11.1	0.5	1.3	2.9	3.7	4.2
Net debt	4.7	11.3	4.2	0.3	-6.2	-12.8	-21.0
Net gearing	-8.5 %	-16.5 %	-41.7 %	-83.4 %	-87.8 %	-93.3 %	-96.7 %
Net Debt/EBITDA	0.7	3.0	0.7	0.0	0.0	0.0	0.0
EPS fully diluted	0.05	-0.37	0.07	0.16	0.23	0.30	0.34
CPS	-0.15	0.22	-0.02	0.75	0.45	0.52	0.64
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	26.9 %	24.2 %	22.7 %	24.9 %	24.1 %	24.2 %	24.5 %
EBITDA margin	8.5 %	3.4 %	5.5 %	8.0 %	6.8 %	7.3 %	7.6 %
EBIT margin	7.1 %	-2.9 %	4.1 %	6.5 %	6.1 %	6.7 %	7.0 %
ROCE	11.1 %	-6.2 %	9.8 %	17.0 %	18.2 %	19.5 %	19.3 %
EV/sales	0.9	0.7	0.3	0.3	0.2	0.1	0.1
EV/EBITDA	10.9	21.9	6.3	3.7	2.9	1.9	1.2
EV/EBIT	13.0	-26.0	8.4	4.5	3.2	2.1	1.3
PER	32.5	-11.7	28.8	26.9	12.5	9.8	8.7
Adjusted FCF yield	6.2 %	2.1 %	10.1 %	10.2 %	11.7 %	17.8 %	28.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 17.06.2011

## Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>	<b>78.7</b>	<b>109.5</b>	<b>116.7</b>	<b>125.8</b>	<b>151.5</b>	<b>164.8</b>	<b>173.9</b>
<i>Sales growth</i>	-4.9 %	39.0 %	6.6 %	7.8 %	20.5 %	8.8 %	5.5 %
Cost of sales	57.6	82.9	90.2	94.5	115.0	125.0	131.3
<b>Gross profit</b>	<b>21.2</b>	<b>26.5</b>	<b>26.5</b>	<b>31.3</b>	<b>36.5</b>	<b>39.9</b>	<b>42.6</b>
Sales and marketing	8.7	13.8	14.7	13.2	15.9	17.0	17.9
General and administration	8.7	10.2	11.0	11.4	13.3	14.2	15.0
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.5	2.1	5.2	3.2	3.4	3.9	4.1
Other operating expenses	0.6	1.0	1.1	1.7	1.5	1.6	1.7
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.7</b>	<b>3.7</b>	<b>6.4</b>	<b>10.0</b>	<b>10.4</b>	<b>12.1</b>	<b>13.2</b>
Depreciation	0.2	0.3	0.2	0.2	0.6	0.6	0.6
<b>EBITA</b>	<b>6.5</b>	<b>3.4</b>	<b>6.2</b>	<b>9.8</b>	<b>9.8</b>	<b>11.5</b>	<b>12.6</b>
Amortisation of goodwill	0.0	2.3	0.4	0.7	0.0	0.0	0.0
Amortisation of intangible assets	0.9	4.2	1.0	0.9	0.5	0.5	0.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>5.6</b>	<b>-3.1</b>	<b>4.8</b>	<b>8.2</b>	<b>9.3</b>	<b>11.0</b>	<b>12.1</b>
Interest income	0.0	0.0	0.1	0.1	0.1	0.1	0.3
Interest expenses	0.2	1.1	1.4	1.2	0.6	0.5	0.4
Other financial result	-1.1	-0.2	-0.3	-0.2	0.0	0.0	0.0
Financial result	-1.5	-1.4	-1.6	-1.3	-0.5	-0.4	-0.1
<b>Recurring pretax income from continuing operations</b>	<b>4.1</b>	<b>-4.6</b>	<b>3.3</b>	<b>6.9</b>	<b>8.8</b>	<b>10.6</b>	<b>12.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.1</b>	<b>-4.6</b>	<b>3.3</b>	<b>6.9</b>	<b>8.8</b>	<b>10.6</b>	<b>12.0</b>
Taxes	0.6	0.4	0.4	2.5	1.8	2.2	2.5
<b>Net income from continuing operations</b>	<b>3.5</b>	<b>-5.0</b>	<b>2.9</b>	<b>4.4</b>	<b>6.9</b>	<b>8.4</b>	<b>9.4</b>
Result from discontinued operations (net of tax)	1.0	5.2	0.8	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.5</b>	<b>-10.1</b>	<b>2.1</b>	<b>4.4</b>	<b>6.9</b>	<b>8.4</b>	<b>9.4</b>
Minority interest	1.4	1.0	1.6	3.0	4.0	4.7	5.3
<b>Net income (net of minority interest)</b>	<b>1.1</b>	<b>-11.1</b>	<b>0.5</b>	<b>1.3</b>	<b>2.9</b>	<b>3.7</b>	<b>4.2</b>
Average number of shares	23.1	24.0	12.4	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>0.05</b>	<b>-0.46</b>	<b>0.04</b>	<b>0.11</b>	<b>0.23</b>	<b>0.30</b>	<b>0.34</b>

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<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	73.1 %	75.8 %	77.3 %	75.1 %	75.9 %	75.8 %	75.5 %
<b>Gross profit</b>	<b>26.9 %</b>	<b>24.2 %</b>	<b>22.7 %</b>	<b>24.9 %</b>	<b>24.1 %</b>	<b>24.2 %</b>	<b>24.5 %</b>
Sales and marketing	11.0 %	12.6 %	12.6 %	10.5 %	10.5 %	10.3 %	10.3 %
General and administration	11.0 %	9.3 %	9.5 %	9.1 %	8.8 %	8.6 %	8.6 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	4.4 %	1.9 %	4.5 %	2.5 %	2.3 %	2.3 %	2.3 %
Other operating expenses	0.8 %	0.9 %	0.9 %	1.3 %	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>8.5 %</b>	<b>3.4 %</b>	<b>5.5 %</b>	<b>8.0 %</b>	<b>6.8 %</b>	<b>7.3 %</b>	<b>7.6 %</b>
Depreciation	0.3 %	0.3 %	0.2 %	0.2 %	0.4 %	0.4 %	0.3 %
<b>EBITA</b>	<b>8.2 %</b>	<b>3.1 %</b>	<b>5.3 %</b>	<b>7.8 %</b>	<b>6.5 %</b>	<b>7.0 %</b>	<b>7.2 %</b>
Amortisation of goodwill	0.0 %	2.1 %	0.3 %	0.6 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.1 %	3.8 %	0.8 %	0.7 %	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>7.1 %</b>	<b>-2.9 %</b>	<b>4.1 %</b>	<b>6.5 %</b>	<b>6.1 %</b>	<b>6.7 %</b>	<b>7.0 %</b>
Interest income	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.3 %	1.0 %	1.2 %	0.9 %	0.4 %	0.3 %	0.2 %
Other financial result	-1.4 %	-0.2 %	-0.2 %	-0.2 %	0.0 %	0.0 %	0.0 %
Financial result	-1.8 %	-1.3 %	-1.3 %	-1.0 %	-0.3 %	-0.2 %	-0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>5.2 %</b>	<b>-4.2 %</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>5.8 %</b>	<b>6.4 %</b>	<b>6.9 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>5.2 %</b>	<b>-4.2 %</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>5.8 %</b>	<b>6.4 %</b>	<b>6.9 %</b>
Tax rate	15.4 %	-8.6 %	11.9 %	36.6 %	21.0 %	21.0 %	21.0 %
<b>Net income from continuing operations</b>	<b>4.4 %</b>	<b>-4.5 %</b>	<b>2.5 %</b>	<b>3.5 %</b>	<b>4.6 %</b>	<b>5.1 %</b>	<b>5.4 %</b>
Result from discontinued operations (net of tax)	1.2 %	4.7 %	0.7 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>3.2 %</b>	<b>-9.2 %</b>	<b>1.8 %</b>	<b>3.5 %</b>	<b>4.6 %</b>	<b>5.1 %</b>	<b>5.4 %</b>
Minority interest	1.8 %	0.9 %	1.4 %	2.4 %	2.7 %	2.8 %	3.0 %
<b>Net income (net of minority interest)</b>	<b>1.4 %</b>	<b>-10.2 %</b>	<b>0.4 %</b>	<b>1.1 %</b>	<b>1.9 %</b>	<b>2.2 %</b>	<b>2.4 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>31.5</b>	<b>31.0</b>	<b>25.4</b>	<b>24.2</b>	<b>23.9</b>	<b>23.6</b>	<b>23.3</b>
Property, plant and equipment	9.1	9.1	9.1	9.0	8.8	8.6	8.4
Financial assets	1.0	1.0	1.6	1.0	1.0	1.0	1.0
<b>FIXED ASSETS</b>	<b>41.5</b>	<b>41.1</b>	<b>36.1</b>	<b>34.2</b>	<b>33.7</b>	<b>33.2</b>	<b>32.7</b>
Inventories	3.7	6.5	6.5	7.7	9.5	11.0	12.0
Accounts receivable	6.5	6.6	8.9	7.5	9.1	9.9	10.5
Other current assets	4.1	5.6	3.0	3.8	3.8	3.8	3.8
Liquid assets	14.3	22.2	23.5	31.8	36.9	43.5	51.5
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>28.6</b>	<b>40.9</b>	<b>41.8</b>	<b>50.9</b>	<b>59.3</b>	<b>68.2</b>	<b>77.7</b>
<b>TOTAL ASSETS</b>	<b>70.1</b>	<b>82.0</b>	<b>77.9</b>	<b>85.1</b>	<b>93.0</b>	<b>101.4</b>	<b>110.4</b>
SHAREHOLDERS EQUITY	30.7	20.4	21.8	22.4	28.2	34.2	41.8
MINORITY INTEREST	3.3	3.6	4.2	4.8	4.8	4.8	4.8
Long-term debt	8.9	14.7	12.0	10.6	9.5	9.0	8.5
Provisions for pensions and similar obligations	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Other provisions	5.4	7.5	7.7	8.2	8.3	8.4	8.6
<b>Non-current liabilities</b>	<b>14.3</b>	<b>22.2</b>	<b>19.7</b>	<b>18.7</b>	<b>17.8</b>	<b>17.4</b>	<b>17.1</b>
short-term liabilities to banks	2.7	4.1	2.4	2.6	2.6	2.6	2.6
Accounts payable	4.2	7.5	10.2	9.4	11.5	12.0	12.2
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	1.8	0.0	0.0	0.0	0.0	0.0
Deferred taxes	1.6	2.0	1.0	2.3	2.3	2.3	2.3
Deferred income	13.3	20.4	18.5	24.8	25.8	28.1	29.6
<b>Current liabilities</b>	<b>21.8</b>	<b>35.8</b>	<b>32.2</b>	<b>39.1</b>	<b>42.2</b>	<b>45.0</b>	<b>46.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>70.1</b>	<b>82.0</b>	<b>77.9</b>	<b>85.1</b>	<b>93.0</b>	<b>101.4</b>	<b>110.5</b>

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>44.9 %</b>	<b>37.8 %</b>	<b>32.6 %</b>	<b>28.4 %</b>	<b>25.7 %</b>	<b>23.2 %</b>	<b>21.1 %</b>
Property, plant and equipment	13.0 %	11.1 %	11.6 %	10.6 %	9.5 %	8.5 %	7.6 %
Financial assets	1.4 %	1.2 %	2.0 %	1.2 %	1.1 %	1.0 %	0.9 %
<b>FIXED ASSETS</b>	<b>59.3 %</b>	<b>50.1 %</b>	<b>46.3 %</b>	<b>40.2 %</b>	<b>36.2 %</b>	<b>32.8 %</b>	<b>29.6 %</b>
Inventories	5.3 %	7.9 %	8.3 %	9.1 %	10.2 %	10.8 %	10.9 %
Accounts receivable	9.3 %	8.1 %	11.4 %	8.9 %	9.8 %	9.8 %	9.5 %
Other current assets	5.8 %	6.8 %	3.8 %	4.4 %	4.0 %	3.7 %	3.4 %
Liquid assets	20.4 %	27.0 %	30.2 %	37.4 %	39.7 %	42.9 %	46.6 %
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>40.7 %</b>	<b>49.9 %</b>	<b>53.7 %</b>	<b>59.8 %</b>	<b>63.7 %</b>	<b>67.2 %</b>	<b>70.4 %</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	43.8 %	24.9 %	28.0 %	26.3 %	30.3 %	33.7 %	37.8 %
MINORITY INTEREST	4.7 %	4.3 %	5.4 %	5.7 %	5.2 %	4.7 %	4.4 %
Long-term debt	12.7 %	17.9 %	15.4 %	12.4 %	10.2 %	8.9 %	7.7 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	7.7 %	9.1 %	9.8 %	9.6 %	8.9 %	8.3 %	7.8 %
<b>Non-current liabilities</b>	<b>20.4 %</b>	<b>27.0 %</b>	<b>25.3 %</b>	<b>22.0 %</b>	<b>19.1 %</b>	<b>17.2 %</b>	<b>15.5 %</b>
short-term liabilities to banks	3.9 %	5.0 %	3.1 %	3.1 %	2.8 %	2.6 %	2.4 %
Accounts payable	6.0 %	9.1 %	13.1 %	11.1 %	12.3 %	11.8 %	11.1 %
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 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	2.2 %	2.5 %	1.3 %	2.7 %	2.5 %	2.3 %	2.1 %
Deferred income	18.9 %	24.9 %	23.7 %	29.1 %	27.7 %	27.7 %	26.8 %
<b>Current liabilities</b>	<b>31.1 %</b>	<b>43.7 %</b>	<b>41.3 %</b>	<b>46.0 %</b>	<b>45.4 %</b>	<b>44.4 %</b>	<b>42.4 %</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)	2007	2008	2009	2010	2011E	2012E	2013E
Net profit/loss	2.5	-10.1	2.1	4.4	6.9	8.4	9.4
Depreciation of fixed assets (incl. leases)	0.2	0.3	0.2	0.2	0.6	0.6	0.6
Amortisation of goodwill	0.0	2.3	0.4	0.7	0.0	0.0	0.0
Amortisation of intangible assets	0.9	4.2	1.0	0.9	0.5	0.5	0.5
Others	0.0	4.3	-0.3	3.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	3.6	1.0	3.4	9.5	8.0	9.5	10.5
Increase/decrease in inventory	1.8	-2.8	-3.0	0.8	-1.8	-1.5	-1.0
Increase/decrease in accounts receivable	-3.6	-0.1	0.0	0.0	-1.6	-0.8	-0.5
Increase/decrease in accounts payable	0.8	3.3	0.0	0.0	2.0	0.5	0.2
Increase/decrease in other working capital positions	-5.9	4.6	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-6.9	4.9	-3.0	0.8	-1.3	-1.8	-1.3
<b>Cash flow from operating activities</b>	<b>-3.3</b>	<b>5.9</b>	<b>0.4</b>	<b>10.3</b>	<b>6.7</b>	<b>7.7</b>	<b>9.2</b>
CAPEX	0.5	0.5	0.3	0.3	0.6	0.6	0.6
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	1.4	-2.5	-0.1	1.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>1.4</b>	<b>-2.6</b>	<b>-0.4</b>	<b>0.7</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>
Cash flow before financing	-2.8	2.4	0.0	11.0	6.1	0.0	0.0
Increase/decrease in debt position	3.6	7.1	3.6	-0.8	-1.1	-0.5	-0.5
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	1.3	-1.0	1.2	1.5	0.0	0.0	0.0
Others	-1.0	0.0	-1.4	-3.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.1	2.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>1.2</b>	<b>8.1</b>	<b>1.1</b>	<b>-5.5</b>	<b>-1.1</b>	<b>-0.5</b>	<b>-0.5</b>
Increase/decrease in liquid assets	-1.6	10.5	1.2	8.3	5.0	n/a	n/a
<b>Liquid assets at end of period</b>	<b>14.1</b>	<b>25.6</b>	<b>23.5</b>	<b>31.8</b>	<b>36.9</b>	<b>43.5</b>	<b>51.6</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
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)	2007	2008	2009	2010	2011E	2012E	2013E
<b>P&amp;L growth analysis</b>							
Sales growth	-4.9 %	39.0 %	6.6 %	7.8 %	20.5 %	8.8 %	5.5 %
EBITDA growth	53.8 %	-44.1 %	72.5 %	56.1 %	3.7 %	16.3 %	9.4 %
EBIT growth	82.0 %	-156.2 %	-254.1 %	69.9 %	13.2 %	18.2 %	10.3 %
EPS growth	-355.2 %	-1047.0 %	-108.3 %	184.0 %	114.7 %	27.7 %	13.1 %
<b>Efficiency</b>							
Total operating costs / sales	18.4 %	20.8 %	18.5 %	18.3 %	18.0 %	17.5 %	17.5 %
Sales per employee	554.5	632.7	634.6	638.0	671.9	640.8	631.4
EBITDA per employee	46.9	21.5	34.9	50.8	46.0	46.9	47.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	7.0 %	5.3 %	4.6 %	4.4 %	4.3 %	4.9 %	5.5 %
Inventory turnover (sales/inventory)	21.3	16.8	18.0	16.3	15.9	15.0	14.5
Trade debtors in days of sales	30.2	22.2	27.8	21.9	22.0	22.0	22.0
A/P turnover [(A/P*365)/sales]	26.7	32.9	41.4	36.4	36.4	35.0	34.0
Cash conversion cycle (days)	26.9	17.9	12.6	15.3	15.8	n/a	n/a
<b>Cash flow analysis</b>							
Free cash flow	-3.8	5.4	0.1	10.0	6.1	7.1	8.6
Free cash flow/sales	-4.8 %	4.9 %	0.1 %	8.0 %	4.0 %	4.3 %	5.0 %
FCF / net profit	-334.5 %	-48.5 %	20.2 %	744.4 %	210.5 %	191.3 %	206.6 %
FCF yield	-5.6 %	7.7 %	0.3 %	27.7 %	16.8 %	19.5 %	23.8 %
Capex / depn	91.2 %	14.3 %	18.7 %	15.3 %	54.5 %	54.5 %	54.5 %
Capex / maintenance capex	0.0 %	0.0 %	49.0 %	16.0 %	36.4 %	33.3 %	30.8 %
Capex / sales	1.2 %	0.9 %	0.3 %	0.2 %	0.4 %	0.4 %	0.3 %
<b>Security</b>							
Net debt	4.7	11.3	4.2	0.3	-6.2	-12.8	-21.0
Net Debt/EBITDA	0.7	3.0	0.7	0.0	0.0	0.0	0.0
Net debt / equity	0.2	0.6	0.2	0.0	-0.2	-0.4	-0.5
Interest cover	23.1	0.0	3.4	6.9	15.5	21.9	30.3
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.5	2.2	2.4	2.6	2.8	2.8	2.6
Operating assets turnover	5.2	7.4	8.2	8.5	9.5	9.4	9.3
Plant turnover	8.7	12.0	12.9	13.9	17.1	19.1	20.6
Inventory turnover (sales/inventory)	21.3	16.8	18.0	16.3	15.9	15.0	14.5
<b>Returns</b>							
ROCE	11.1 %	-6.2 %	9.8 %	17.0 %	18.2 %	19.5 %	19.3 %
ROE	3.7 %	-54.5 %	2.2 %	6.0 %	10.3 %	10.8 %	10.0 %
<b>Other</b>							
Interest paid / avg. debt	2.1 %	6.9 %	8.7 %	8.6 %	4.7 %	4.2 %	3.5 %
No. employees (average)	142	173	184	197	225	257	275
Number of shares	23.1	24.0	12.4	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	0.05	-0.46	0.04	0.11	0.23	0.30	0.34
<b>Valuation ratios</b>							
P/BV	2.2	3.4	1.7	1.6	1.3	1.1	0.9
EV/sales	0.9	0.7	0.3	0.3	0.2	0.1	0.1
EV/EBITDA	10.9	21.9	6.3	3.7	2.9	1.9	1.2
EV/EBITA	11.2	23.9	6.6	3.7	3.1	2.1	1.2
EV/EBIT	13.0	-26.0	8.4	4.5	3.2	2.1	1.3
EV/FCF	-19.1	15.1	422.1	3.6	4.9	3.3	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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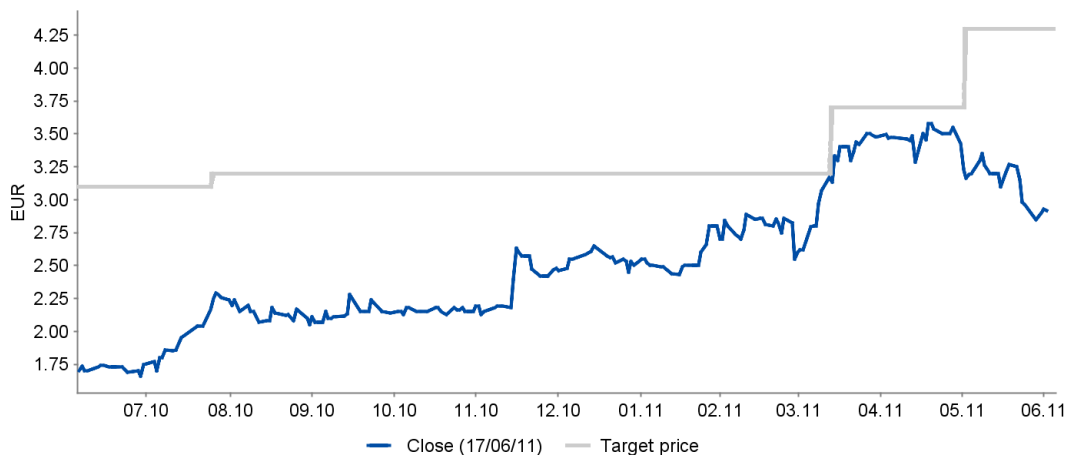
Company	Disclosure
DEAG Deutsche Entertainment AG	2

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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 20/06/11

**Initiation coverage**  
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