

Buy (old: Buy)

Price target: EUR 4.30 (old: EUR 4.30)

Price: EUR 2.42 **Next result:** Q2 2011 31.08.11
Bloomberg: ERMK GR **Market cap:** EUR 30.0 m
Reuters: ERMGk.DE **Enterprise Value:** EUR 23.8 m

30-August-11

Marc Osigus, CFA
Analyst

marc.osigus@ha-research.de
Tel.: +49 40 4143885 90

Strong Q2 results underpin healthy growth expectations

Last week, DEAG reported excellent preliminary Q2 results which exceeded our estimates. The full report will be published on 31 August.

Sales increased by some 21% yoy to € 40.7m on the back of a multitude of events; i.e. David Garrett and Peter Maffay in GER, Justin Timberlake, Shakira, Sting, etc. in CH and productions like Romeo&Juliet and Madame Butterfly in the UK.

EUR	Q2 11	Q2 11 est	Q2 10	yoy	Q1 11	qoq
Sales	40.7	42.1	33.7	20.7%	24.0	69.6%
EBIT	4.0	3.1	1.4	177.8%	1.6	154.8%
EBIT margin	9.8%	7.4%	4.3%	+ 5.6 pp	6.5%	+ 3.3 pp
Net profit	1.5	1.2	0.9	57.7%	0.4	231.1%
Net margin	3.6%	2.9%	2.7%	+ 0.8 pp	1.8%	+ 1.7 pp
EPS	0.11	0.09	0.07	57.7%	0.04	175.0%

EBIT increased disproportionately by c. 180% yoy to € 4m driven by a considerably improved operating development in all business segments, i.e. DEAG Classics, Rock/Pop in CH and GER, DEAG Music and Manfred Hertlein.

More specifically, the company benefitted from

- A higher share of high-margin Classics business as a result of the two highly successful tours of David Garrett and Peter Maffay.
- The increased utilisation of its preferred ticketing partner Ticketmaster which has intensified its effort in Germany recently.
- A strong business in the UK as well as in the new segment Schlager/MOR which already contributed positively to the operating result

Theme should remain well intact as a result of a healthy pipeline for H2 2011 and beyond in all the relevant segments. Consequently, the company has reiterated its guidance to improve the operating profitability in 2011 compared to last year. While our estimates remain unchanged, there is a chance that DEAG could exceed our full year net profit estimate of € 2.9m on the back of the strong performance in H1 (€ 1.9m).

DEAG remains a Buy with a PT of € 4.30 based on FCFY 2012E underpinned by a sum-of-the-parts valuation of Good News, DEAG Classics, Manfred Hertlein and DEAG Music which would yield € 4.00.

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	0.8	0.6	0.3	0.2	0.2	0.1	0.1
EV/EBITDA	9.1	18.6	5.3	3.0	2.3	1.4	0.7
EV/EBIT	10.9	-22.1	7.1	3.7	2.6	1.6	0.7
PER	26.8	-9.7	23.8	22.2	10.3	8.1	7.2
Adjusted FCF yield	7.5 %	2.5 %	12.1 %	12.5 %	14.9 %	24.7 %	51.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 29.08.2011



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 3.58 / 2.05

Price/Book Ratio: 1.1

Relative performance (SDAX):

3 months -5.2 %

6 months 1.5 %

12 months 10.0 %

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.

Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	78.7	109.5	116.7	125.8	151.5	164.8	173.9
<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
Gross profit	21.2	26.5	26.5	31.3	36.5	39.9	42.6
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
EBITDA	6.7	3.7	6.4	10.0	10.4	12.1	13.2
Depreciation	0.2	0.3	0.2	0.2	0.6	0.6	0.6
EBITA	6.5	3.4	6.2	9.8	9.8	11.5	12.6
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
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.6	-3.1	4.8	8.2	9.3	11.0	12.1
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
Recurring pretax income from continuing operations	4.1	-4.6	3.3	6.9	8.8	10.6	12.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	4.1	-4.6	3.3	6.9	8.8	10.6	12.0
Taxes	0.6	0.4	0.4	2.5	1.8	2.2	2.5
Net income from continuing operations	3.5	-5.0	2.9	4.4	6.9	8.4	9.4
Result from discontinued operations (net of tax)	1.0	5.2	0.8	0.0	0.0	0.0	0.0
Net income	2.5	-10.1	2.1	4.4	6.9	8.4	9.4
Minority interest	1.4	1.0	1.6	3.0	4.0	4.7	5.3
Net income (net of minority interest)	1.1	-11.1	0.5	1.3	2.9	3.7	4.2
Average number of shares	23.1	24.0	12.4	12.4	12.4	12.4	12.4
EPS reported	0.05	-0.46	0.04	0.11	0.23	0.30	0.34

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	73.1 %	75.8 %	77.3 %	75.1 %	75.9 %	75.8 %	75.5 %
Gross profit	26.9 %	24.2 %	22.7 %	24.9 %	24.1 %	24.2 %	24.5 %
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 %
EBITDA	8.5 %	3.4 %	5.5 %	8.0 %	6.8 %	7.3 %	7.6 %
Depreciation	0.3 %	0.3 %	0.2 %	0.2 %	0.4 %	0.4 %	0.3 %
EBITA	8.2 %	3.1 %	5.3 %	7.8 %	6.5 %	7.0 %	7.2 %
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 %
EBIT	7.1 %	-2.9 %	4.1 %	6.5 %	6.1 %	6.7 %	7.0 %
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 %
Recurring pretax income from continuing operations	5.2 %	-4.2 %	2.8 %	5.5 %	5.8 %	6.4 %	6.9 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	5.2 %	-4.2 %	2.8 %	5.5 %	5.8 %	6.4 %	6.9 %
Tax rate	15.4 %	-8.6 %	11.9 %	36.6 %	21.0 %	21.0 %	21.0 %
Net income from continuing operations	4.4 %	-4.5 %	2.5 %	3.5 %	4.6 %	5.1 %	5.4 %
Result from discontinued operations (net of tax)	1.2 %	4.7 %	0.7 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.2 %	-9.2 %	1.8 %	3.5 %	4.6 %	5.1 %	5.4 %
Minority interest	1.8 %	0.9 %	1.4 %	2.4 %	2.7 %	2.8 %	3.0 %
Net income (net of minority interest)	1.4 %	-10.2 %	0.4 %	1.1 %	1.9 %	2.2 %	2.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	31.5	31.0	25.4	24.2	23.9	23.6	23.3
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
FIXED ASSETS	41.5	41.1	36.1	34.2	33.7	33.2	32.7
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
CURRENT ASSETS	28.6	40.9	41.8	50.9	59.3	68.2	77.7
TOTAL ASSETS	70.1	82.0	77.9	85.1	93.0	101.4	110.4
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
Non-current liabilities	14.3	22.2	19.7	18.7	17.8	17.4	17.1
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
Current liabilities	21.8	35.8	32.2	39.1	42.2	45.0	46.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	70.1	82.0	77.9	85.1	93.0	101.4	110.5

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	44.9 %	37.8 %	32.6 %	28.4 %	25.7 %	23.2 %	21.1 %
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 %
FIXED ASSETS	59.3 %	50.1 %	46.3 %	40.2 %	36.2 %	32.8 %	29.6 %
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 %
CURRENT ASSETS	40.7 %	49.9 %	53.7 %	59.8 %	63.7 %	67.2 %	70.4 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
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 %
Non-current liabilities	20.4 %	27.0 %	25.3 %	22.0 %	19.1 %	17.2 %	15.5 %
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 %
Current liabilities	31.1 %	43.7 %	41.3 %	46.0 %	45.4 %	44.4 %	42.4 %
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)	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
Cash flow from operating activities	-3.3	5.9	0.4	10.3	6.7	7.7	9.2
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
Cash flow from investing activities	1.4	-2.6	-0.4	0.7	-0.6	-0.6	-0.6
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
Cash flow from financing activities	1.2	8.1	1.1	-5.5	-1.1	-0.5	-0.5
Increase/decrease in liquid assets	-1.6	10.5	1.2	8.3	5.0	n/a	n/a
Liquid assets at end of period	14.1	25.6	23.5	31.8	36.9	43.5	51.6

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
P&L growth analysis							
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 %
Efficiency							
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
Balance sheet analysis							
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
Cash flow analysis							
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	-6.8 %	9.3 %	0.3 %	33.5 %	20.3 %	23.6 %	28.8 %
Capex / depre	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 %
Security							
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 %
Asset utilisation							
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
Returns							
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 %
Other							
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
Valuation ratios							
P/BV	1.8	2.8	1.4	1.3	1.1	0.9	0.7
EV/sales	0.8	0.6	0.3	0.2	0.2	0.1	0.1
EV/EBITDA	9.1	18.6	5.3	3.0	2.3	1.4	0.7
EV/EBITA	9.4	20.3	5.5	3.1	2.4	1.5	0.7
EV/EBIT	10.9	-22.1	7.1	3.7	2.6	1.6	0.7
EV/FCF	-16.0	12.8	356.4	3.0	3.9	2.4	1.0
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

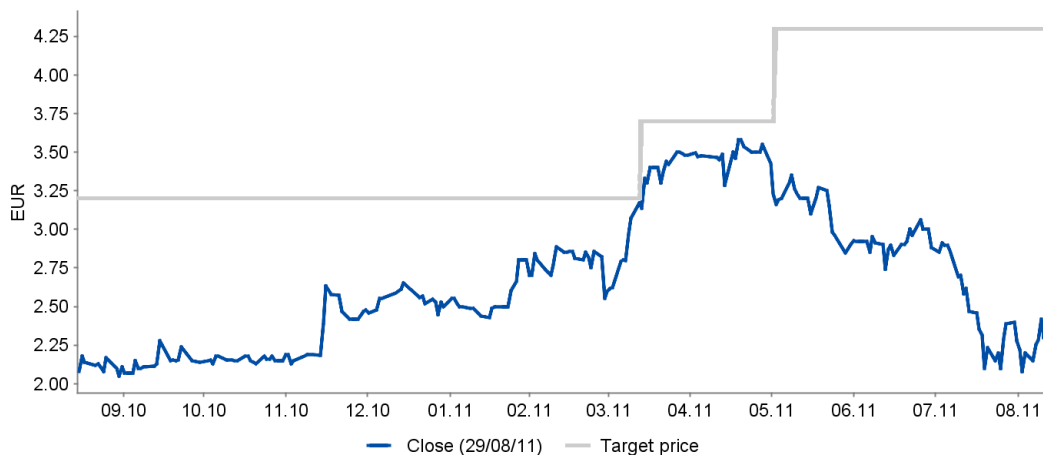
Company	Disclosure
DEAG Deutsche Entertainment AG	2

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser offers Equity Advisory Services for this company.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) hold 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

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 30/08/11

Initiation coverage
04-December-09



Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	82.86 %	66.67 %
Sell	10.00 %	0.00 %
Hold	7.14 %	33.33 %

Valuation basis/rating key

- Buy:** Sustainable upside potential of more than 10% within 12 months.
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research GmbH, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties. From time to time Hauck & Aufhäuser Institutional Research GmbH will be compensated for its services using soft dollar compensation arrangements, such as trading commissions.

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Contacts: Hauck&Aufhäuser Investment Banking

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Institutional Research GmbH
Mittelweg 142

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Marc Osigus, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 90
E-Mail: marc.osigus@ha-research.de

Tim Wunderlich, CFA
Analyst

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

Henning Breiter
Analyst

Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Roland Rapelius, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: roland.rapelius@ha-research.de

Marie-Therese Gruebner
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: marie-therese.gruebner@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales

Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hugues Madelin
Sales

Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Toby Woods
Sales

Tel.: +44 207 763 7179
E-Mail: toby.woods@ha-research.de

Senior Advisors

Graeme Davies
Senior Advisor

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm
Senior Advisor

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Jochen Lucht
Senior Advisor

Tel.: +49 (0)69 2161 - 1260
E-Mail: jochen.lucht@hauck-aufhaeuser.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
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading

Tel.: +49 (0)69 2161 - 1525
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Sebastian Schuett
Trading

Tel.: +49 (0)69 2161 - 1556
E-Mail: sebastian.schuett@hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E-Mail: thomas.seibert@hauck-aufhaeuser.de