



**Buy** (old: Buy)

**Price target: EUR 4.50** (old: EUR 4.50)

<b>Price:</b>	EUR 2.64	<b>Next result:</b>	Q2 2012 31.08.12
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 32.6 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 29.3 m

28-August-12

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### Solid preliminary Q2; Strong H2 ahead

Today, DEAG reported preliminary Q2 figures which came in ahead of our expectations. Final figures will be released on Friday 31 August, a conference call is not scheduled.

**Sales came in at € 38.6m slightly ahead of our expectations** (eH&A € 36.9m) mainly driven by successful concerts of Anna Netrebko/Erwin Schrott, Peter Maffay and Coldplay as well as concert tours of David Garrett, Paul Kalkbrenner and Metallica.

The business of DEAG is traditionally being characterised by seasonality with H1 being the weaker half as the majority of sales and marketing expenses for the FY are expensed. This holds especially true for 2012 where the density of events in Q2 was extremely low due to the EURO 2012 and the Olympics.

This not only explains why most of the major events will take place in Q4 but also caused EBIT to decline by some 30% yoy to € 2.6m. However, this is negligible as related sales will be recognised in the remaining quarters without further sales and marketing expenses biasing the bottom-line.

DEAG in € m	Q2 12 prel.	Q2 12 est	Q2 11	yoy	Q1 12	qoq
<b>Sales</b>	<b>38.6</b>	<b>36.9</b>	<b>40.7</b>	-5.2%	<b>27.2</b>	41.7%
<b>EBIT</b>	<b>2.8</b>	<b>2.7</b>	<b>4.0</b>	-30.6%	<b>1.2</b>	122.3%
EBIT margin	7.2%	7.1%	9.8%	- 2.6 pp	4.6%	+ 2.6 pp
<b>Net profit</b>	<b>1.3</b>	<b>1.0</b>	<b>1.4</b>	-3.5%	<b>0.5</b>	196.5%
Net margin	3.5%	2.2%	3.4%	+ 0.1 pp	1.7%	+ 1.8 pp
<b>EPS</b>	<b>0.11</b>	<b>0.08</b>	<b>0.11</b>	-3.5%	<b>0.04</b>	196.5%

Source: Company data, Hauck&Aufhäuser

For FY 2012 **management reiterated its guidance** expecting an improvement on both the top and bottom-line. **This looks well achievable** due to the high visibility as deferred revenues (tickets already sold in H1 for H2) increased by some 56% yoy to € 33.6m.

More specifically, concerts with Madonna, David Garrett and Jennifer Lopez will be organised as well as the highly successful rock fairytale Tabaluga with Peter Maffay, with several 100,000 tickets already sold.

The stock **remains a Buy with a PT of € 4.50** based on FCFY 2013E.

Y/E 31.12 (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Sales	109.5	116.7	125.8	128.3	135.4	142.2	149.3
Sales growth	39 %	7 %	8 %	2 %	6 %	5 %	5 %
EBITDA	3.7	6.4	10.0	8.1	11.0	12.0	13.0
EBIT	-3.1	4.8	8.2	7.2	10.1	11.1	12.1
Net income	-11.1	0.5	1.3	2.5	3.6	4.0	4.2
Net debt	11.3	4.2	0.3	1.6	-3.3	-8.8	-14.8
Net gearing	-16.5 %	-42.0 %	-84.0 %	-100.9 %	-131.6 %	-131.0 %	-132.6 %
Net Debt/EBITDA	3.0	0.7	0.0	0.2	0.0	0.0	0.0
EPS fully diluted	-0.37	0.07	0.16	0.21	0.29	0.32	0.34
CPS	0.22	-0.02	0.75	0.37	0.78	0.46	0.53
DPS	0.00	0.00	0.00	0.04	0.06	0.06	0.07
Dividend yield	0.0 %	0.0 %	0.0 %	1.5 %	2.3 %	2.4 %	2.6 %
Gross profit margin	24.2 %	22.7 %	24.9 %	25.4 %	26.1 %	26.5 %	26.9 %
EBITDA margin	3.4 %	5.5 %	8.0 %	6.3 %	8.1 %	8.4 %	8.7 %
EBIT margin	-2.9 %	4.1 %	6.5 %	5.6 %	7.5 %	7.8 %	8.1 %
ROCE	-6.2 %	9.9 %	17.1 %	14.4 %	19.4 %	20.0 %	19.9 %
EV/sales	0.7	0.3	0.3	0.3	0.2	0.2	0.1
EV/EBITDA	20.0	5.8	3.3	4.2	2.7	2.0	1.4
EV/EBIT	-23.8	7.6	4.0	4.8	2.9	2.1	1.5
PER	-10.6	25.9	24.3	12.8	9.0	8.1	7.8
Adjusted FCF yield	2.3 %	11.2 %	11.5 %	12.0 %	16.1 %	21.5 %	32.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 27.08.2012



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	2.92 / 2.03
<b>Price/Book Ratio:</b>	1.2
<b>Relative performance (SDAX):</b>	
3 months	5.3 %
6 months	-2.1 %
12 months	0.1 %

### Changes in estimates

		Sales	EBIT	EPS
2012	old:	135.4	10.1	0.29
	Δ	-	-	-
2013	old:	142.2	11.1	0.32
	Δ	-	-	-
2014	old:	149.3	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 €)	2.1
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)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Sales</b>	<b>109.5</b>	<b>116.7</b>	<b>125.8</b>	<b>128.3</b>	<b>135.4</b>	<b>142.2</b>	<b>149.3</b>
<i>Sales growth</i>	39.0 %	6.6 %	7.8 %	2.0 %	5.5 %	5.0 %	5.0 %
Cost of sales	82.9	90.2	94.5	95.7	100.0	104.5	109.2
<b>Gross profit</b>	<b>26.5</b>	<b>26.5</b>	<b>31.3</b>	<b>32.6</b>	<b>35.4</b>	<b>37.7</b>	<b>40.1</b>
Sales and marketing	13.8	14.7	13.2	15.8	16.4	17.2	18.1
General and administration	10.2	11.0	11.4	12.9	12.5	13.1	13.8
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	2.1	5.2	3.2	4.1	4.3	4.5	4.8
Other operating expenses	1.0	1.1	1.7	0.9	0.8	0.8	0.9
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>3.7</b>	<b>6.4</b>	<b>10.0</b>	<b>8.1</b>	<b>11.0</b>	<b>12.0</b>	<b>13.0</b>
Depreciation	0.3	0.2	0.2	0.2	0.2	0.2	0.2
<b>EBITA</b>	<b>3.4</b>	<b>6.2</b>	<b>9.8</b>	<b>7.9</b>	<b>10.8</b>	<b>11.8</b>	<b>12.8</b>
Amortisation of goodwill	2.3	0.4	0.7	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.2	1.0	0.9	0.7	0.7	0.7	0.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-3.1</b>	<b>4.8</b>	<b>8.2</b>	<b>7.2</b>	<b>10.1</b>	<b>11.1</b>	<b>12.1</b>
Interest income	0.5	0.1	0.1	0.1	0.1	0.2	0.1
Interest expenses	1.6	1.4	1.2	1.2	1.0	1.0	1.0
Other financial result	-0.2	-0.3	-0.2	-0.1	-0.1	-0.1	-0.3
Financial result	-1.4	-1.6	-1.3	-1.2	-1.0	-1.0	-1.2
<b>Recurring pretax income from continuing operations</b>	<b>-4.6</b>	<b>3.3</b>	<b>6.9</b>	<b>6.0</b>	<b>9.1</b>	<b>10.2</b>	<b>10.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-4.6</b>	<b>3.3</b>	<b>6.9</b>	<b>6.0</b>	<b>9.1</b>	<b>10.2</b>	<b>10.9</b>
Taxes	0.4	0.4	2.5	1.5	2.5	3.0	3.4
<b>Net income from continuing operations</b>	<b>-5.0</b>	<b>2.9</b>	<b>4.4</b>	<b>4.4</b>	<b>6.6</b>	<b>7.1</b>	<b>7.5</b>
Result from discontinued operations (net of tax)	5.2	0.8	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-10.1</b>	<b>2.1</b>	<b>4.4</b>	<b>4.4</b>	<b>6.6</b>	<b>7.1</b>	<b>7.5</b>
Minority interest	1.0	1.6	3.0	1.9	3.0	3.1	3.3
<b>Net income (net of minority interest)</b>	<b>-11.1</b>	<b>0.5</b>	<b>1.3</b>	<b>2.5</b>	<b>3.6</b>	<b>4.0</b>	<b>4.2</b>
Average number of shares	24.0	12.4	12.4	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>-0.46</b>	<b>0.04</b>	<b>0.11</b>	<b>0.21</b>	<b>0.29</b>	<b>0.32</b>	<b>0.34</b>

Profit and loss (common size)	2008	2009	2010	2011	2012E	2013E	2014E
<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	75.8 %	77.3 %	75.1 %	74.6 %	73.9 %	73.5 %	73.1 %
<b>Gross profit</b>	<b>24.2 %</b>	<b>22.7 %</b>	<b>24.9 %</b>	<b>25.4 %</b>	<b>26.1 %</b>	<b>26.5 %</b>	<b>26.9 %</b>
Sales and marketing	12.6 %	12.6 %	10.5 %	12.3 %	12.1 %	12.1 %	12.1 %
General and administration	9.3 %	9.5 %	9.1 %	10.0 %	9.2 %	9.2 %	9.2 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	1.9 %	4.5 %	2.5 %	3.2 %	3.2 %	3.2 %	3.2 %
Other operating expenses	0.9 %	0.9 %	1.3 %	0.7 %	0.6 %	0.6 %	0.6 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>3.4 %</b>	<b>5.5 %</b>	<b>8.0 %</b>	<b>6.3 %</b>	<b>8.1 %</b>	<b>8.4 %</b>	<b>8.7 %</b>
Depreciation	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
<b>EBITA</b>	<b>3.1 %</b>	<b>5.3 %</b>	<b>7.8 %</b>	<b>6.1 %</b>	<b>8.0 %</b>	<b>8.3 %</b>	<b>8.6 %</b>
Amortisation of goodwill	2.1 %	0.3 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	3.8 %	0.8 %	0.7 %	0.5 %	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>-2.9 %</b>	<b>4.1 %</b>	<b>6.5 %</b>	<b>5.6 %</b>	<b>7.5 %</b>	<b>7.8 %</b>	<b>8.1 %</b>
Interest income	0.5 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.5 %	1.2 %	1.0 %	1.0 %	0.7 %	0.7 %	0.7 %
Other financial result	-0.2 %	-0.2 %	-0.2 %	-0.1 %	-0.1 %	-0.1 %	-0.2 %
Financial result	-1.3 %	-1.3 %	-1.1 %	-0.9 %	-0.7 %	-0.7 %	-0.8 %
<b>Recurring pretax income from continuing operations</b>	<b>-4.2 %</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>6.7 %</b>	<b>7.1 %</b>	<b>7.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>-4.2 %</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>6.7 %</b>	<b>7.1 %</b>	<b>7.3 %</b>
Tax rate	-8.6 %	11.9 %	36.6 %	25.7 %	27.4 %	30.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>-4.5 %</b>	<b>2.5 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>4.9 %</b>	<b>5.0 %</b>	<b>5.0 %</b>
Result from discontinued operations (net of tax)	4.7 %	0.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>-9.2 %</b>	<b>1.8 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>4.9 %</b>	<b>5.0 %</b>	<b>5.0 %</b>
Minority interest	0.9 %	1.4 %	2.4 %	1.5 %	2.2 %	2.2 %	2.2 %
<b>Net income (net of minority interest)</b>	<b>-10.2 %</b>	<b>0.4 %</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>2.7 %</b>	<b>2.8 %</b>	<b>2.8 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Intangible assets</b>	<b>31.0</b>	<b>25.4</b>	<b>24.2</b>	<b>25.0</b>	<b>24.5</b>	<b>24.0</b>	<b>23.5</b>
Property, plant and equipment	9.1	9.1	9.0	9.2	9.4	9.5	9.7
Financial assets	1.0	1.6	1.0	2.6	2.6	2.6	2.6
<b>FIXED ASSETS</b>	<b>41.1</b>	<b>36.1</b>	<b>34.2</b>	<b>36.8</b>	<b>36.5</b>	<b>36.2</b>	<b>35.8</b>
Inventories	6.5	6.5	7.7	12.8	9.0	9.8	10.3
Accounts receivable	6.6	8.9	7.5	7.0	7.4	7.7	8.1
Other current assets	5.6	3.0	3.8	4.1	4.1	4.1	4.1
Liquid assets	22.2	23.5	31.8	35.7	46.3	52.2	59.7
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	2.3	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>40.9</b>	<b>41.8</b>	<b>50.9</b>	<b>61.9</b>	<b>66.8</b>	<b>73.9</b>	<b>82.3</b>
<b>TOTAL ASSETS</b>	<b>82.0</b>	<b>77.9</b>	<b>85.1</b>	<b>98.7</b>	<b>103.3</b>	<b>110.0</b>	<b>118.1</b>
SHAREHOLDERS EQUITY	20.4	21.7	22.2	24.5	26.6	31.6	36.9
MINORITY INTEREST	3.6	4.1	4.7	5.6	5.6	5.6	5.6
Long-term debt	14.7	12.0	10.6	8.7	9.0	8.5	8.5
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	7.5	7.3	8.9	9.6	9.8	10.0	10.2
<b>Non-current liabilities</b>	<b>22.2</b>	<b>19.3</b>	<b>19.4</b>	<b>18.4</b>	<b>18.8</b>	<b>18.5</b>	<b>18.7</b>
short-term liabilities to banks	4.1	2.4	2.6	2.3	2.3	2.3	2.3
Accounts payable	7.5	10.2	9.4	9.5	9.6	9.7	10.2
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)	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	2.0	1.7	2.0	2.0	2.0	2.0	2.0
Deferred income	20.4	18.5	24.8	36.5	38.5	40.4	42.4
<b>Current liabilities</b>	<b>35.8</b>	<b>32.9</b>	<b>38.8</b>	<b>50.3</b>	<b>52.3</b>	<b>54.4</b>	<b>56.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>82.0</b>	<b>77.9</b>	<b>85.1</b>	<b>98.7</b>	<b>103.3</b>	<b>110.0</b>	<b>118.0</b>

Balance sheet (common size)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Intangible assets</b>	<b>37.8 %</b>	<b>32.6 %</b>	<b>28.4 %</b>	<b>25.3 %</b>	<b>23.7 %</b>	<b>21.8 %</b>	<b>19.9 %</b>
Property, plant and equipment	11.1 %	11.6 %	10.6 %	9.3 %	9.1 %	8.7 %	8.2 %
Financial assets	1.2 %	2.0 %	1.2 %	2.6 %	2.5 %	2.3 %	2.2 %
<b>FIXED ASSETS</b>	<b>50.1 %</b>	<b>46.3 %</b>	<b>40.2 %</b>	<b>37.3 %</b>	<b>35.3 %</b>	<b>32.9 %</b>	<b>30.4 %</b>
Inventories	7.9 %	8.3 %	9.1 %	12.9 %	8.7 %	8.9 %	8.7 %
Accounts receivable	8.1 %	11.4 %	8.9 %	7.1 %	7.1 %	7.0 %	6.9 %
Other current assets	6.8 %	3.8 %	4.4 %	4.2 %	4.0 %	3.8 %	3.5 %
Liquid assets	27.0 %	30.2 %	37.4 %	36.2 %	44.8 %	47.4 %	50.6 %
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 %	2.3 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>49.9 %</b>	<b>53.7 %</b>	<b>59.8 %</b>	<b>62.7 %</b>	<b>64.7 %</b>	<b>67.1 %</b>	<b>69.7 %</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>100.1 %</b>
SHAREHOLDERS EQUITY	24.9 %	27.9 %	26.1 %	24.8 %	25.8 %	28.7 %	31.3 %
MINORITY INTEREST	4.3 %	5.2 %	5.5 %	5.6 %	5.4 %	5.0 %	4.7 %
Long-term debt	17.9 %	15.4 %	12.4 %	8.9 %	8.7 %	7.7 %	7.2 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	9.1 %	9.4 %	10.4 %	9.8 %	9.5 %	9.1 %	8.6 %
<b>Non-current liabilities</b>	<b>27.0 %</b>	<b>24.7 %</b>	<b>22.8 %</b>	<b>18.6 %</b>	<b>18.2 %</b>	<b>16.8 %</b>	<b>15.8 %</b>
short-term liabilities to banks	5.0 %	3.1 %	3.1 %	2.3 %	2.2 %	2.1 %	1.9 %
Accounts payable	9.1 %	13.1 %	11.1 %	9.7 %	9.3 %	8.8 %	8.6 %
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)	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	2.5 %	2.2 %	2.3 %	2.0 %	1.9 %	1.8 %	1.7 %
Deferred income	24.9 %	23.7 %	29.1 %	37.0 %	37.3 %	36.7 %	36.0 %
<b>Current liabilities</b>	<b>43.7 %</b>	<b>42.2 %</b>	<b>45.6 %</b>	<b>51.0 %</b>	<b>50.7 %</b>	<b>49.4 %</b>	<b>48.2 %</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)	2008	2009	2010	2011	2012E	2013E	2014E
Net profit/loss	-10.1	2.1	4.4	4.4	6.6	7.1	7.5
Depreciation of fixed assets (incl. leases)	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Amortisation of goodwill	2.3	0.4	0.7	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.2	1.0	0.9	0.7	0.7	0.7	0.7
Others	4.3	-0.3	3.3	9.5	0.0	0.0	0.0
Cash flow from operations before changes in w/c	1.0	3.4	9.5	14.9	7.5	8.0	8.5
Increase/decrease in inventory	-2.8	-3.0	0.8	-8.6	3.7	-0.8	-0.5
Increase/decrease in accounts receivable	-0.1	0.0	0.0	0.0	-0.4	-0.4	-0.4
Increase/decrease in accounts payable	3.3	0.0	0.0	0.0	0.0	0.1	0.4
Increase/decrease in other working capital positions	4.6	0.0	0.0	-0.7	0.0	0.0	0.0
Increase/decrease in working capital	4.9	-3.0	0.8	-9.2	3.4	-1.0	-0.4
<b>Cash flow from operating activities</b>	<b>5.9</b>	<b>0.4</b>	<b>10.3</b>	<b>5.6</b>	<b>10.9</b>	<b>7.0</b>	<b>8.0</b>
CAPEX	0.5	0.3	0.3	0.4	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	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	-2.5	-0.1	1.0	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.6</b>	<b>-0.4</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>
Cash flow before financing	2.4	0.0	11.0	5.3	10.3	6.4	7.4
Increase/decrease in debt position	7.1	3.6	-0.8	-1.3	0.3	-0.5	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	-1.0	1.2	1.5	1.9	0.0	0.0	0.0
Others	0.0	-1.4	-3.1	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.1	2.8	1.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>8.1</b>	<b>1.1</b>	<b>-5.5</b>	<b>-3.2</b>	<b>0.3</b>	<b>-0.5</b>	<b>0.0</b>
Increase/decrease in liquid assets	10.5	1.2	8.3	3.9	10.6	5.9	7.4
<b>Liquid assets at end of period</b>	<b>25.6</b>	<b>23.5</b>	<b>31.8</b>	<b>35.7</b>	<b>46.3</b>	<b>52.2</b>	<b>59.6</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
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)	2008	2009	2010	2011	2012E	2013E	2014E
<b>P&amp;L growth analysis</b>							
Sales growth	39.0 %	6.6 %	7.8 %	2.0 %	5.5 %	5.0 %	5.0 %
EBITDA growth	-44.1 %	72.5 %	56.3 %	-19.2 %	35.7 %	9.2 %	8.5 %
EBIT growth	-156.2 %	-254.1 %	70.2 %	-12.7 %	40.7 %	10.0 %	8.8 %
EPS growth	-1047.0 %	-108.3 %	183.4 %	89.0 %	42.2 %	10.8 %	4.0 %
<b>Efficiency</b>							
Total operating costs / sales	20.8 %	18.5 %	18.3 %	19.8 %	18.7 %	18.7 %	18.8 %
Sales per employee	632.7	634.6	638.0	621.0	631.4	629.9	629.9
EBITDA per employee	21.5	34.9	50.8	39.2	51.3	53.2	55.0
<b>Balance sheet analysis</b>							
Avg. working capital / sales	5.3 %	4.6 %	4.4 %	6.3 %	6.3 %	5.1 %	5.4 %
Inventory turnover (sales/inventory)	16.8	18.0	16.3	10.0	15.0	14.5	14.5
Trade debtors in days of sales	22.2	27.8	21.9	19.9	19.9	19.9	19.9
A/P turnover [(A/P*365)/sales]	32.9	41.4	36.4	36.4	35.0	34.0	34.0
Cash conversion cycle (days)	17.9	12.6	15.3	32.2	17.8	20.1	20.3
<b>Cash flow analysis</b>							
Free cash flow	5.4	0.1	10.0	5.2	10.3	6.4	7.4
Free cash flow/sales	4.9 %	0.1 %	8.0 %	4.1 %	7.6 %	4.5 %	5.0 %
FCF / net profit	-48.5 %	20.2 %	746.1 %	205.3 %	285.3 %	159.8 %	177.8 %
FCF yield	8.6 %	0.3 %	30.8 %	16.0 %	31.6 %	19.6 %	22.7 %
Capex / depre	14.3 %	18.7 %	15.3 %	45.6 %	66.7 %	66.7 %	63.5 %
Capex / maintenance capex	0.0 %	49.0 %	16.0 %	37.4 %	33.3 %	30.8 %	28.6 %
Capex / sales	0.9 %	0.3 %	0.2 %	0.3 %	0.4 %	0.4 %	0.4 %
<b>Security</b>							
Net debt	11.3	4.2	0.3	1.6	-3.3	-8.8	-14.8
Net Debt/EBITDA	3.0	0.7	0.0	0.2	0.0	0.0	0.0
Net debt / equity	0.6	0.2	0.0	0.1	-0.1	-0.3	-0.4
Interest cover	0.0	3.4	6.8	5.8	10.1	11.1	12.1
Dividend payout ratio	0.0 %	0.0 %	0.0 %	19.5 %	20.4 %	19.8 %	20.1 %
<b>Asset utilisation</b>							
Capital employed turnover	2.2	2.5	2.6	2.5	2.5	2.5	2.4
Operating assets turnover	7.4	8.2	8.5	6.6	8.4	8.2	8.3
Plant turnover	12.0	12.9	13.9	14.0	14.5	14.9	15.4
Inventory turnover (sales/inventory)	16.8	18.0	16.3	10.0	15.0	14.5	14.5
<b>Returns</b>							
ROCE	-6.2 %	9.9 %	17.1 %	14.4 %	19.4 %	20.0 %	19.9 %
ROE	-54.5 %	2.2 %	6.1 %	10.4 %	13.6 %	12.7 %	11.3 %
<b>Other</b>							
Interest paid / avg. debt	10.5 %	8.7 %	8.8 %	10.3 %	9.0 %	9.1 %	9.3 %
No. employees (average)	173	184	197	207	214	226	237
Number of shares	24.0	12.4	12.4	12.4	12.4	12.4	12.4
DPS	0.0	0.0	0.0	0.0	0.1	0.1	0.1
EPS reported	-0.46	0.04	0.11	0.21	0.29	0.32	0.34
<b>Valuation ratios</b>							
P/BV	3.1	1.5	1.5	1.3	1.2	1.0	0.9
EV/sales	0.7	0.3	0.3	0.3	0.2	0.2	0.1
EV/EBITDA	20.0	5.8	3.3	4.2	2.7	2.0	1.4
EV/EBITA	21.8	6.0	3.4	4.4	2.7	2.0	1.4
EV/EBIT	-23.8	7.6	4.0	4.8	2.9	2.1	1.5
EV/FCF	13.8	384.2	3.3	6.6	2.8	3.7	2.4
Dividend yield	0.0 %	0.0 %	0.0 %	1.5 %	2.3 %	2.4 %	2.6 %

Source: Company data, Hauck & Aufhäuser

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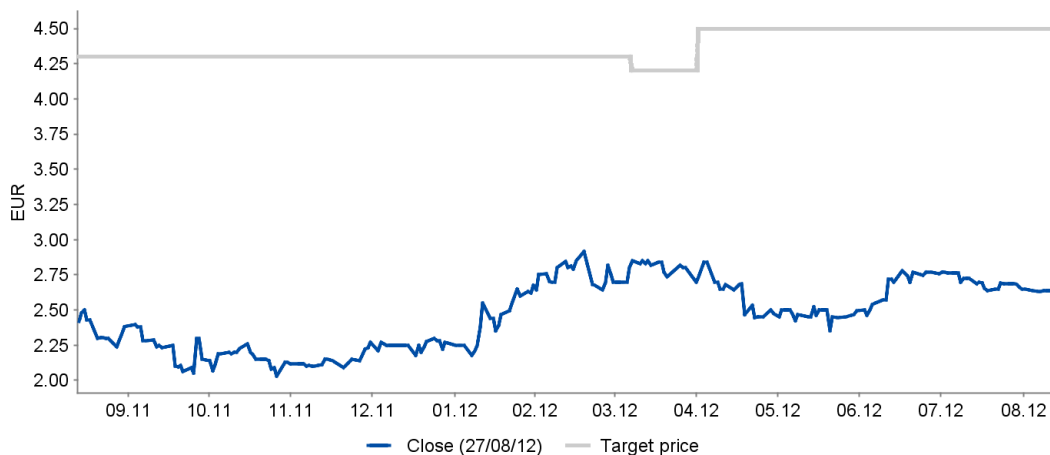
Company	Disclosure
DEAG Deutsche Entertainment AG	2, 5

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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 28/08/12

Initiation coverage  
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