

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 2.64	<b>Next result:</b>	Q3 2012: 30.11.12
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 32.7 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 29.4 m

20-September-12

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### Clear indications for a strong Q4 to be found in the balance sheet

Recent concerns about DEAG achieving its FY 2012 guidance (top- and bottom-line above 2011 results) which arose on the street after the announcement of the Q2 figures are **absolutely unjustified** as these doubters do not recognise the nature of the company's business. **Traditionally DEAG's fiscal year is characterised by seasonality** as concerts, tours and projects scatter differently across the quarters from year to year. After in 2010 Q2 and Q4 contributed most to sales, it were Q3 and Q4 in 2011, while in 2012 it will be Q4 mainly due to the European football championship and Olympic Games.

**Evidence can be found in the balance sheet** as of 30.06.2012 in the position **deferred revenues**. Here is accounted for tickets already sold in the first two quarters for the second half of the year **which increased by some 56% yoy to € 33.6m clearly showing that the bulk is yet to come**. Furthermore the bottom-line looks set to increase in H2 as sales and marketing expenses for upcoming events in the second half of the year were already accounted for in the first half of the year weighing on the bottom-line. However, this accounting effect biasing quarterly results occurs every year and is negligible on a FY basis. **We therefore see the company well on track to achieve its guidance**.

The recently announced **exclusive cooperation with Circus FlicFlac further underlines our expectations as it shows the company's continuous approach of expanding into complementary businesses leveraging its expertise in ticket marketing and live event organization**. Via its subsidiary Grandezza Entertainment DEAG and FlicFlac founder Benno Kastein will jointly produce and stage the show. The tour will start in February 2013 and is already booked throughout Germany for the next two years.

**We expect this exclusive cooperation to contribute sales of some € 12m in 2013** which are already accounted for in our model as we factored in growth through further cooperation in the coming years.

**Trading on only 9x PER 2012E and therefore substantially below historical multiples of some 16x PER, valuation looks undemanding**. Thus, we reiterate our Buy recommendation with a PT of € 4.50 based on FCFY 2013E.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 2.92 / 2.03  
**Price/Book Ratio:** 1.2  
**Relative performance (SDAX):**  
3 months 1.8 %  
6 months -0.3 %  
12 months -4.8 %

#### 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.

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	20.1	5.8	3.3	4.2	2.7	2.0	1.4
EV/EBIT	-23.8	7.7	4.0	4.8	2.9	2.1	1.5
PER	-10.6	25.9	24.3	12.9	9.0	8.2	7.8
Adjusted FCF yield	2.3 %	11.1 %	11.5 %	12.0 %	16.0 %	21.4 %	32.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 19.09.2012

## 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 &amp; 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	8.5 %	0.3 %	30.7 %	16.0 %	31.6 %	19.6 %	22.7 %
Capex / depn	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	20.1	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	7.7	4.0	4.8	2.9	2.1	1.5
EV/FCF	13.8	384.8	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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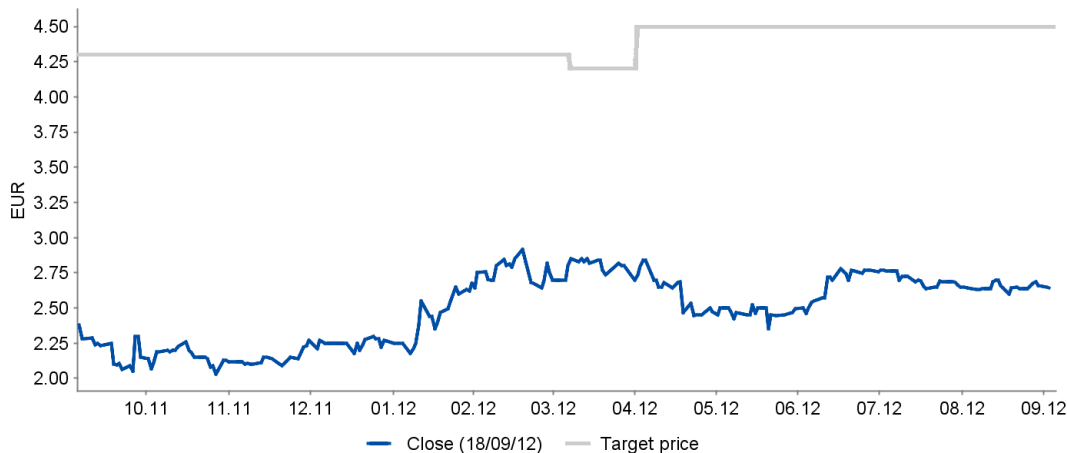
Company	Disclosure
DEAG Deutsche Entertainment AG	2, 5

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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 20/09/12

Initiation coverage  
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