



**Buy** (old: Buy)

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

<b>Price:</b>	EUR 2.45	<b>Next result:</b>	Q1 2012 31.05.12
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 30.3 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 27.0 m

30-May-12

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### Solid preliminary Q1 results, in line with FY expectations

DEAG reported preliminary Q1 figures today, slightly ahead of our expectations. Final results will be released on Thursday 31 May, a conference call will not be held.

From a seasonal perspective, Q1 is traditionally the weakest quarter: 18% of sales and 21% of EBIT were generated in Q1 2011. In Q1 2012 **sales came in slightly above expectations growing at a healthy 14% yoy to € 27.2m** (eH&A: € 26.4m). This was driven mainly by the solid results in Switzerland.

The **gross profit increased by some 19% yoy to € 6.9m**. This was mainly due to a dynamically rising market share of Ticketmaster Germany, which is exclusively responsible for ticketing at several tours and concerts. This cooperation, where DEAG sells some content exclusively via Ticketmaster is expected to gain further traction in the coming quarters and improve the bottom line, as this business is expected to gradually drive group margins.

DEAG in € m	Q1 12 prel.	Q1 12 est	Q1 11	yoy	Q4 11	qoq
<b>Sales</b>	<b>27.2</b>	<b>26.4</b>	<b>24.0</b>	13.5%	<b>34.4</b>	-21.0%
<b>Gross profit</b>	<b>6.9</b>	<b>6.5</b>	<b>5.8</b>	18.8%	<b>10.5</b>	-34.0%
Gross margin	25.4%	24.6%	24.2%	+ 1.1 pp	30.4%	- 5.0 pp
<b>Net profit</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	13.4%	<b>0.5</b>	-1.0%
Net margin	1.8%	1.4%	1.8%	- 0.0 pp	1.5%	+ 0.4 pp
<b>EPS</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	12.4%	<b>0.04</b>	-1.9%

Source: Company data, Hauck&Aufhäuser

As highlighted by the company sales and marketing expenses for upcoming events (e.g. Madonna, Lady Gaga, Bruce Springsteen, Coldplay, Metallica) are likely to bias EBIT, which is expected at around € 1.3m (eH&A, not yet reported by the company). Nevertheless this is a negligible effect occurring every year, since on FY basis related sales are recognised in the remaining quarters. With 600k tickets already sold for Q4 visibility for 2012 is very high.

**Net income of € 0.5m (+13% yoy) came in higher than expected** as a result of an improved financial result and a better mix in terms of minorities in subsidiaries.

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 %	1.6 %	2.4 %	2.6 %	2.8 %
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	0.6	0.3	0.2	0.2	0.2	0.2	0.1
EV/EBITDA	18.8	5.4	3.1	3.9	2.5	1.8	1.2
EV/EBIT	-22.4	7.2	3.7	4.4	2.7	1.9	1.3
PER	-9.8	24.0	22.5	11.9	8.4	7.6	7.3
Adjusted FCF yield	2.4 %	12.0 %	12.5 %	13.0 %	17.6 %	24.1 %	37.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 29.05.2012



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.27 / 2.03

**Price/Book Ratio:** 1.1

**Relative performance (SDAX):**

3 months -7.8 %

6 months 3.6 %

12 months -13.8 %

### 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.

## 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	n/a	n/a	n/a
<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	9.2 %	0.3 %	33.1 %	17.2 %	34.0 %	21.1 %	24.4 %
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	2.9	1.4	1.4	1.2	1.1	1.0	0.8
EV/sales	0.6	0.3	0.2	0.2	0.2	0.2	0.1
EV/EBITDA	18.8	5.4	3.1	3.9	2.5	1.8	1.2
EV/EBITA	20.5	5.6	3.1	4.1	2.5	1.8	1.2
EV/EBIT	-22.4	7.2	3.7	4.4	2.7	1.9	1.3
EV/FCF	13.0	360.2	3.0	6.1	2.6	3.4	2.1
Dividend yield	0.0 %	0.0 %	0.0 %	1.6 %	2.4 %	2.6 %	2.8 %

Source: Company data, Hauck & Aufhäuser

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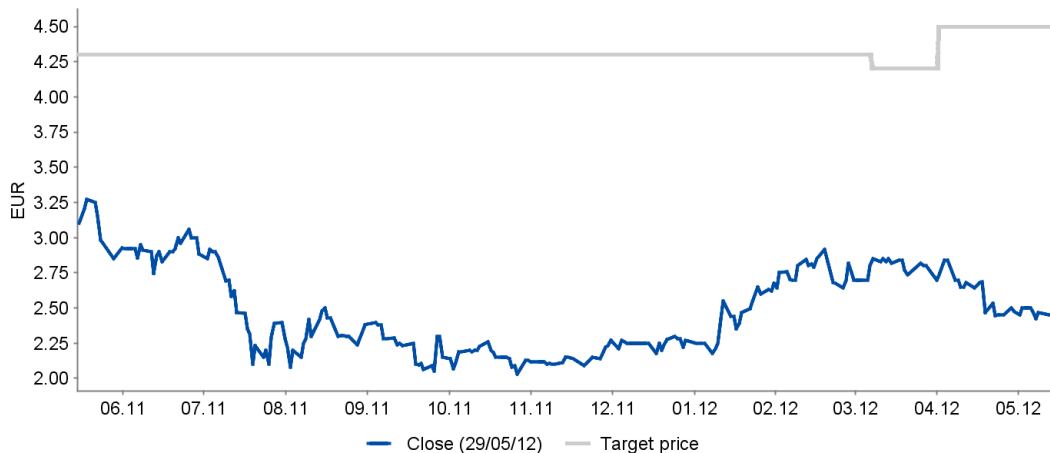
Company	Disclosure
DEAG Deutsche Entertainment AG	2, 5

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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 30/05/12

**Initiation coverage**  
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