

**Buy** (old: Buy)

**Price target: EUR 5.30** (old: EUR 5.10)

<b>Price:</b>	EUR 3.29	<b>Next result:</b>	Q2 2013: 30.08.13
<b>Bloomberg:</b>	ERMK GR	<b>Market cap:</b>	EUR 42.9 m
<b>Reuters:</b>	ERMGk.DE	<b>Enterprise Value:</b>	EUR 35.0 m

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## DEAG acquires international tour promoter; chg. est. & PT

Following a period of organic growth, DEAG recently announced its second takeover in 2013 with the acquisition of a **75.1% stake in international tour promoter Wizard Promotions**. The takeover was financed by the partial utilisation of DEAG's authorized capital via a **combined capital in kind and cash increase by 10% of the share capital**. The 1.3m new shares were fully placed with existing shareholders at € 3.25 (c. 6% discount). As a consequence of the capital in kind increase former stakeholders of *Wizard Promotions* became shareholders of DEAG: *DAP Management* c. 3% and *the European Concert Agency* <3%.

Although a takeover price was not disclosed we estimate some € 1.9m for the 75.1% stake (eH&A: integration costs 5%). Given sales of € 11m in 2012 and an EBIT of some 0.9m in 2012 (eH&A), this looks undemanding and is value accretive against the backdrop of an EV/EBIT of 2.1x (EV/Sales 0.17x). Furthermore DEAG secures access to a **valuable portfolio of artists like Lady Gaga, Ozzy Osbourne and 3 Doors Down**. In addition, *Wizard Promotions*' concert pipeline for 2013 contains global **superstars like Neil Young, KISS, Iron Maiden and Black Sabbath**.

The **acquisition goes hand in hand with DEAG's focus on its local promoters**, which will organise the concerts of *Wizard Promotions* as preferred partners in the respective regions (e.g. Berlin, North Rhine-Westphalia, Bavaria, Rhine-Main). On top, *Wizard Promotions* will be included into the Ticketmaster co-operation **increasing the ticket volume** (eH&A +7% yoy) and hence **bode well for the profitability**. Furthermore, we expect margin accretive effects to materialise going forward thanks to synergies in SG&A as well as concert insurance. Surplus cash from the capital increase will be invested in new products of *Wizard Promotions*.

We **increase our 2013 estimates for the acquisition** (consolidated as of 1 June) by 3.8% on the top-line and 4.6% on the EBIT line. For 2013 we expect additional fully consolidated revenue of € 11.5m ultimately increasing EPS by 1.4% (1.8%) in 2014 (2015).

Trading on only 8x PER 2013E and hence **substantially below historic multiples** of 16x PER, valuation looks undemanding against the backdrop of the high visibility of the business and the strong market position. Therefore, we reiterate our **Buy recommendation with a new PT of € 5.30** (old: € 5.10) based on FCFY 2013E.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.74 / 2.60  
**Price/Book Ratio:** 1.2  
**Relative performance (SDAX):**  
3 months -0.8 %  
6 months -5.7 %  
12 months -3.4 %

### Changes in estimates

		Sales	EBIT	EPS
2013	old:	168.1	13.4	0.40
	Δ	3.8%	4.6%	1.9%
2014	old:	176.7	14.9	0.45
	Δ	6.5%	7.8%	1.4%
2015	old:	184.6	15.5	0.56
	Δ	6.8%	8.1%	1.8%

### Key share data:

Number of shares: (in m pcs) 13.0  
Authorised capital: (in € m) 0.0  
Book value per share: (in €) 2.6  
Ø trading volume: (12 months) 38,000

### Major shareholders:

Free Float 42.9 %  
Bernd Förtsch 29.2 %  
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)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	116.7	125.8	128.3	155.7	174.5	188.2	197.1
Sales growth	7 %	8 %	2 %	21 %	12 %	8 %	5 %
EBITDA	6.4	10.0	8.4	8.6	14.9	17.0	17.7
EBIT	4.8	8.2	7.4	7.2	14.0	16.0	16.7
Net income	0.5	1.3	2.5	2.7	5.4	6.2	7.7
Net debt	4.2	0.3	1.6	-0.2	-7.9	-15.5	-23.4
Net gearing	-42.0 %	-84.0 %	-100.9 %	-72.0 %	-86.8 %	-91.9 %	-96.3 %
Net Debt/EBITDA	0.7	0.0	0.2	0.0	0.0	0.0	0.0
EPS fully diluted	0.07	0.16	0.21	0.22	0.41	0.45	0.57
CPS	-0.02	0.75	0.15	-0.30	0.87	0.66	0.75
DPS	0.00	0.00	0.04	0.08	0.12	0.16	0.17
Dividend yield	0.0 %	0.0 %	1.2 %	2.4 %	3.6 %	4.8 %	5.3 %
Gross profit margin	22.7 %	24.9 %	25.4 %	24.1 %	26.7 %	27.1 %	27.2 %
EBITDA margin	5.5 %	8.0 %	6.5 %	5.5 %	8.5 %	9.0 %	9.0 %
EBIT margin	4.1 %	6.5 %	5.8 %	4.6 %	8.0 %	8.5 %	8.5 %
ROCE	9.9 %	17.1 %	14.9 %	13.7 %	23.9 %	24.3 %	22.8 %
EV/sales	0.4	0.3	0.3	0.3	0.2	0.2	0.1
EV/EBITDA	7.0	4.1	5.1	4.7	2.3	1.7	1.2
EV/EBIT	9.3	5.0	5.7	5.6	2.5	1.8	1.3
PER	32.4	30.4	16.1	15.2	8.0	7.3	5.8
Adjusted FCF yield	9.0 %	9.1 %	10.1 %	10.8 %	18.2 %	26.3 %	44.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 24.07.2013

## Financials

Profit and loss (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Sales</b>	<b>116.7</b>	<b>125.8</b>	<b>128.3</b>	<b>155.7</b>	<b>174.5</b>	<b>188.2</b>	<b>197.1</b>
<i>Sales growth</i>	6.6 %	7.8 %	2.0 %	21.4 %	12.1 %	7.8 %	4.8 %
Cost of sales	90.2	94.5	95.7	118.2	128.0	137.3	143.6
<b>Gross profit</b>	<b>26.5</b>	<b>31.3</b>	<b>32.6</b>	<b>37.5</b>	<b>46.5</b>	<b>50.9</b>	<b>53.5</b>
Sales and marketing	14.7	13.2	15.8	20.1	21.0	22.4	23.2
General and administration	11.0	11.4	12.9	13.4	16.1	17.4	18.0
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	5.2	3.2	4.4	3.9	5.6	6.0	5.9
Other operating expenses	1.1	1.7	0.9	0.7	1.0	1.1	1.5
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>6.4</b>	<b>10.0</b>	<b>8.4</b>	<b>8.6</b>	<b>14.9</b>	<b>17.0</b>	<b>17.7</b>
Depreciation	0.2	0.2	0.2	0.3	0.2	0.2	0.2
<b>EBITA</b>	<b>6.2</b>	<b>9.8</b>	<b>8.1</b>	<b>8.3</b>	<b>14.7</b>	<b>16.7</b>	<b>17.4</b>
Amortisation of goodwill	0.4	0.7	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.0	0.9	0.7	1.1	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>4.8</b>	<b>8.2</b>	<b>7.4</b>	<b>7.2</b>	<b>14.0</b>	<b>16.0</b>	<b>16.7</b>
Interest income	0.1	0.1	0.1	0.2	0.2	0.1	0.3
Interest expenses	1.4	1.2	1.2	0.5	1.0	1.0	0.7
Other financial result	-0.3	-0.2	-0.3	-1.1	-0.1	-0.3	-0.1
Financial result	-1.6	-1.3	-1.5	-1.4	-1.0	-1.2	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>3.3</b>	<b>6.9</b>	<b>6.0</b>	<b>5.9</b>	<b>13.1</b>	<b>14.8</b>	<b>16.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.3</b>	<b>6.9</b>	<b>6.0</b>	<b>5.9</b>	<b>13.1</b>	<b>14.8</b>	<b>16.2</b>
Taxes	0.4	2.5	1.5	1.1	3.9	4.6	5.0
<b>Net income from continuing operations</b>	<b>2.9</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>9.1</b>	<b>10.2</b>	<b>11.2</b>
Result from discontinued operations (net of tax)	0.8	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.1</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>9.1</b>	<b>10.2</b>	<b>11.2</b>
Minority interest	1.6	3.0	1.9	2.1	3.8	4.1	3.5
<b>Net income (net of minority interest)</b>	<b>0.5</b>	<b>1.3</b>	<b>2.5</b>	<b>2.7</b>	<b>5.4</b>	<b>6.2</b>	<b>7.7</b>
Average number of shares	12.4	12.4	12.4	12.4	13.0	13.6	13.6
<b>EPS reported</b>	<b>0.04</b>	<b>0.11</b>	<b>0.21</b>	<b>0.22</b>	<b>0.41</b>	<b>0.45</b>	<b>0.57</b>

Profit and loss (common size)	2009	2010	2011	2012	2013E	2014E	2015E
<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	77.3 %	75.1 %	74.6 %	75.9 %	73.4 %	73.0 %	72.9 %
<b>Gross profit</b>	<b>22.7 %</b>	<b>24.9 %</b>	<b>25.4 %</b>	<b>24.1 %</b>	<b>26.7 %</b>	<b>27.1 %</b>	<b>27.2 %</b>
Sales and marketing	12.6 %	10.5 %	12.3 %	12.9 %	12.0 %	11.9 %	11.8 %
General and administration	9.5 %	9.1 %	10.0 %	8.6 %	9.2 %	9.2 %	9.1 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	4.5 %	2.5 %	3.4 %	2.5 %	3.2 %	3.2 %	3.0 %
Other operating expenses	0.9 %	1.3 %	0.7 %	0.5 %	0.6 %	0.6 %	0.8 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>5.5 %</b>	<b>8.0 %</b>	<b>6.5 %</b>	<b>5.5 %</b>	<b>8.5 %</b>	<b>9.0 %</b>	<b>9.0 %</b>
Depreciation	0.2 %	0.2 %	0.2 %	0.2 %	0.1 %	0.1 %	0.1 %
<b>EBITA</b>	<b>5.3 %</b>	<b>7.8 %</b>	<b>6.3 %</b>	<b>5.3 %</b>	<b>8.4 %</b>	<b>8.9 %</b>	<b>8.9 %</b>
Amortisation of goodwill	0.3 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.8 %	0.7 %	0.5 %	0.7 %	0.4 %	0.4 %	0.4 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>4.1 %</b>	<b>6.5 %</b>	<b>5.8 %</b>	<b>4.6 %</b>	<b>8.0 %</b>	<b>8.5 %</b>	<b>8.5 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.2 %	1.0 %	1.0 %	0.3 %	0.6 %	0.5 %	0.4 %
Other financial result	-0.2 %	-0.2 %	-0.3 %	-0.7 %	-0.1 %	-0.2 %	-0.1 %
Financial result	-1.3 %	-1.1 %	-1.1 %	-0.9 %	-0.5 %	-0.6 %	-0.3 %
<b>Recurring pretax income from continuing operations</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>3.8 %</b>	<b>7.5 %</b>	<b>7.9 %</b>	<b>8.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>2.8 %</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>3.8 %</b>	<b>7.5 %</b>	<b>7.9 %</b>	<b>8.2 %</b>
Tax rate	11.9 %	36.6 %	25.7 %	18.6 %	30.0 %	31.0 %	31.0 %
<b>Net income from continuing operations</b>	<b>2.5 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.1 %</b>	<b>5.2 %</b>	<b>5.4 %</b>	<b>5.7 %</b>
Result from discontinued operations (net of tax)	0.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>1.8 %</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.1 %</b>	<b>5.2 %</b>	<b>5.4 %</b>	<b>5.7 %</b>
Minority interest	1.4 %	2.4 %	1.5 %	1.4 %	2.2 %	2.2 %	1.8 %
<b>Net income (net of minority interest)</b>	<b>0.4 %</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>1.7 %</b>	<b>3.1 %</b>	<b>3.3 %</b>	<b>3.9 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>25.4</b>	<b>24.2</b>	<b>25.0</b>	<b>24.7</b>	<b>25.7</b>	<b>25.2</b>	<b>24.7</b>
Property, plant and equipment	9.1	9.0	9.2	10.7	10.9	11.1	11.2
Financial assets	1.6	1.0	2.6	1.7	1.7	1.7	1.7
<b>FIXED ASSETS</b>	<b>36.1</b>	<b>34.2</b>	<b>36.8</b>	<b>37.1</b>	<b>38.3</b>	<b>37.9</b>	<b>37.6</b>
Inventories	6.5	7.7	12.8	13.6	12.0	13.0	13.6
Accounts receivable	8.9	7.5	7.0	10.0	9.5	10.2	10.7
Other current assets	3.0	3.8	4.1	6.0	6.0	6.0	6.0
Liquid assets	23.5	31.8	35.7	31.6	41.9	50.1	59.0
Deferred taxes	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	2.3	0.2	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>41.8</b>	<b>50.9</b>	<b>61.9</b>	<b>61.9</b>	<b>69.5</b>	<b>79.4</b>	<b>89.3</b>
<b>TOTAL ASSETS</b>	<b>77.9</b>	<b>85.1</b>	<b>98.7</b>	<b>99.0</b>	<b>107.8</b>	<b>117.3</b>	<b>126.9</b>
SHAREHOLDERS EQUITY	21.7	22.2	24.5	26.4	34.4	41.4	48.7
MINORITY INTEREST	4.1	4.7	5.6	5.4	5.4	5.4	5.4
Long-term debt	12.0	10.6	8.7	9.0	8.5	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	7.3	8.9	9.6	10.2	10.5	10.7	11.0
<b>Non-current liabilities</b>	<b>19.3</b>	<b>19.4</b>	<b>18.4</b>	<b>19.3</b>	<b>19.0</b>	<b>19.2</b>	<b>19.5</b>
short-term liabilities to banks	2.4	2.6	2.3	3.6	3.6	3.6	3.6
Accounts payable	10.2	9.4	9.5	11.3	11.9	12.8	13.4
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	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	1.7	2.0	2.0	2.0	2.0	2.0	2.0
Deferred income	18.5	24.8	36.5	31.0	31.5	32.9	34.4
<b>Current liabilities</b>	<b>32.9</b>	<b>38.8</b>	<b>50.3</b>	<b>47.9</b>	<b>49.0</b>	<b>51.3</b>	<b>53.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>77.9</b>	<b>85.1</b>	<b>98.7</b>	<b>99.0</b>	<b>107.8</b>	<b>117.3</b>	<b>126.9</b>

Balance sheet (common size)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>32.6 %</b>	<b>28.4 %</b>	<b>25.3 %</b>	<b>24.9 %</b>	<b>23.9 %</b>	<b>21.5 %</b>	<b>19.4 %</b>
Property, plant and equipment	11.6 %	10.6 %	9.3 %	10.8 %	10.1 %	9.4 %	8.8 %
Financial assets	2.0 %	1.2 %	2.6 %	1.7 %	1.6 %	1.4 %	1.3 %
<b>FIXED ASSETS</b>	<b>46.3 %</b>	<b>40.2 %</b>	<b>37.3 %</b>	<b>37.5 %</b>	<b>35.5 %</b>	<b>32.3 %</b>	<b>29.6 %</b>
Inventories	8.3 %	9.1 %	12.9 %	13.7 %	11.2 %	11.1 %	10.7 %
Accounts receivable	11.4 %	8.9 %	7.1 %	10.1 %	8.8 %	8.7 %	8.5 %
Other current assets	3.8 %	4.4 %	4.2 %	6.1 %	5.6 %	5.1 %	4.8 %
Liquid assets	30.2 %	37.4 %	36.2 %	31.9 %	38.9 %	42.7 %	46.5 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.5 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	2.3 %	0.2 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>53.7 %</b>	<b>59.8 %</b>	<b>62.7 %</b>	<b>62.5 %</b>	<b>64.5 %</b>	<b>67.7 %</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	27.9 %	26.1 %	24.8 %	26.6 %	31.9 %	35.3 %	38.3 %
MINORITY INTEREST	5.2 %	5.5 %	5.6 %	5.5 %	5.0 %	4.6 %	4.3 %
Long-term debt	15.4 %	12.4 %	8.9 %	9.1 %	7.9 %	7.2 %	6.7 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	9.4 %	10.4 %	9.8 %	10.4 %	9.7 %	9.1 %	8.6 %
<b>Non-current liabilities</b>	<b>24.7 %</b>	<b>22.8 %</b>	<b>18.6 %</b>	<b>19.4 %</b>	<b>17.6 %</b>	<b>16.4 %</b>	<b>15.3 %</b>
short-term liabilities to banks	3.1 %	3.1 %	2.3 %	3.6 %	3.3 %	3.1 %	2.8 %
Accounts payable	13.1 %	11.1 %	9.7 %	11.4 %	11.1 %	10.9 %	10.5 %
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 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred taxes	2.2 %	2.3 %	2.0 %	2.0 %	1.8 %	1.7 %	1.5 %
Deferred income	23.7 %	29.1 %	37.0 %	31.4 %	29.2 %	28.1 %	27.1 %
<b>Current liabilities</b>	<b>42.2 %</b>	<b>45.6 %</b>	<b>51.0 %</b>	<b>48.4 %</b>	<b>45.5 %</b>	<b>43.7 %</b>	<b>42.0 %</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)	2009	2010	2011	2012	2013E	2014E	2015E
Net profit/loss	2.1	4.4	4.4	4.8	9.1	10.2	11.2
Depreciation of fixed assets (incl. leases)	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Amortisation of goodwill	0.4	0.7	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.0	0.9	0.7	1.1	0.7	0.7	0.7
Others	-0.3	3.3	6.8	-6.6	0.0	0.0	0.0
Cash flow from operations before changes in w/c	3.4	9.5	12.1	-0.5	10.0	11.2	12.1
Increase/decrease in inventory	-3.0	0.8	-8.6	-0.8	1.5	-0.9	-0.6
Increase/decrease in accounts receivable	0.0	0.0	0.0	-3.0	0.5	-0.7	-0.5
Increase/decrease in accounts payable	0.0	0.0	0.0	1.8	0.6	0.9	0.6
Increase/decrease in other working capital positions	0.0	0.0	-0.7	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-3.0	0.8	-9.2	-2.0	2.6	-0.8	-0.5
<b>Cash flow from operating activities</b>	<b>0.4</b>	<b>10.3</b>	<b>2.9</b>	<b>-2.5</b>	<b>12.6</b>	<b>10.4</b>	<b>11.6</b>
CAPEX	0.3	0.3	0.4	0.6	0.6	0.6	0.6
Payments for acquisitions	0.0	0.0	0.0	0.0	1.5	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	-0.1	1.0	0.1	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.4</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.6</b>	<b>-2.1</b>	<b>-0.6</b>	<b>-0.6</b>
Cash flow before financing	0.0	11.0	2.6	-3.1	10.5	9.8	11.0
Increase/decrease in debt position	3.6	-0.8	-1.3	1.6	-0.5	0.0	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	4.0	0.0	0.0
Dividends paid	1.2	1.5	1.9	0.5	1.0	1.6	2.2
Others	-1.4	-3.1	0.0	-2.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	2.8	1.8	0.7	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>1.1</b>	<b>-5.5</b>	<b>-3.2</b>	<b>-1.7</b>	<b>2.5</b>	<b>-1.6</b>	<b>-2.2</b>
Increase/decrease in liquid assets	1.2	8.3	1.2	-4.1	13.1	8.2	8.8
<b>Liquid assets at end of period</b>	<b>23.5</b>	<b>31.8</b>	<b>33.0</b>	<b>28.9</b>	<b>41.9</b>	<b>50.1</b>	<b>59.0</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
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)	2009	2010	2011	2012	2013E	2014E	2015E
<b>P&amp;L growth analysis</b>							
Sales growth	6.6 %	7.8 %	2.0 %	21.4 %	12.1 %	7.8 %	4.8 %
EBITDA growth	72.5 %	56.3 %	-16.5 %	2.5 %	73.7 %	14.0 %	4.2 %
EBIT growth	-254.1 %	70.2 %	-9.4 %	-2.7 %	93.4 %	14.6 %	4.2 %
EPS growth	-108.3 %	183.4 %	89.0 %	5.5 %	90.4 %	9.5 %	25.4 %
<b>Efficiency</b>							
Total operating costs / sales	18.5 %	18.3 %	19.6 %	19.5 %	18.6 %	18.5 %	18.7 %
Sales per employee	634.6	638.0	621.0	674.3	683.8	715.7	717.5
EBITDA per employee	34.9	50.8	40.5	37.1	58.4	64.6	64.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	4.6 %	4.4 %	6.3 %	7.2 %	6.3 %	5.3 %	5.4 %
Inventory turnover (sales/inventory)	18.0	16.3	10.0	15.0	14.5	14.5	14.5
Trade debtors in days of sales	27.8	21.9	19.9	19.9	19.9	19.9	19.9
A/P turnover [(A/P*365)/sales]	41.4	36.4	36.4	35.0	34.0	34.0	34.0
Cash conversion cycle (days)	12.6	15.3	32.2	30.3	20.2	20.4	20.4
<b>Cash flow analysis</b>							
Free cash flow	0.1	10.0	2.5	-3.1	12.0	9.8	11.0
Free cash flow/sales	0.1 %	8.0 %	1.9 %	-2.0 %	6.9 %	5.2 %	5.6 %
FCF / net profit	20.2 %	746.1 %	98.3 %	-114.1 %	224.6 %	158.6 %	143.0 %
FCF yield	0.2 %	24.6 %	6.1 %	-7.5 %	28.1 %	21.7 %	24.5 %
Capex / deprec	18.7 %	15.3 %	45.6 %	44.8 %	66.7 %	63.8 %	61.0 %
Capex / maintenance capex	49.0 %	16.0 %	37.4 %	33.3 %	29.9 %	28.6 %	28.6 %
Capex / sales	0.3 %	0.2 %	0.3 %	0.4 %	0.3 %	0.3 %	0.3 %
<b>Security</b>							
Net debt	4.2	0.3	1.6	-0.2	-7.9	-15.5	-23.4
Net Debt/EBITDA	0.7	0.0	0.2	0.0	0.0	0.0	0.0
Net debt / equity	0.2	0.0	0.1	0.0	-0.2	-0.4	-0.5
Interest cover	3.4	6.8	6.0	14.1	14.0	16.0	23.0
Dividend payout ratio	0.0 %	0.0 %	19.5 %	36.9 %	29.1 %	35.4 %	30.8 %
<b>Asset utilisation</b>							
Capital employed turnover	2.5	2.6	2.5	2.8	2.8	2.7	2.6
Operating assets turnover	8.2	8.5	6.6	6.8	8.5	8.8	8.9
Plant turnover	12.9	13.9	14.0	14.5	16.0	17.0	17.6
Inventory turnover (sales/inventory)	18.0	16.3	10.0	15.0	14.5	14.5	14.5
<b>Returns</b>							
ROCE	9.9 %	17.1 %	14.9 %	13.7 %	23.9 %	24.3 %	22.8 %
ROE	2.2 %	6.1 %	10.4 %	10.2 %	15.6 %	14.9 %	15.9 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	8.8 %	10.3 %	4.3 %	8.1 %	8.3 %	6.0 %
No. employees (average)	184	197	207	231	255	263	275
Number of shares	12.4	12.4	12.4	12.4	13.0	13.6	13.6
DPS	0.0	0.0	0.0	0.1	0.1	0.2	0.2
EPS reported	0.04	0.11	0.21	0.22	0.41	0.45	0.57
<b>Valuation ratios</b>							
P/BV	1.9	1.8	1.7	1.5	1.2	1.1	0.9
EV/sales	0.4	0.3	0.3	0.3	0.2	0.2	0.1
EV/EBITDA	7.0	4.1	5.1	4.7	2.3	1.7	1.2
EV/EBITA	7.3	4.2	5.2	4.9	2.4	1.8	1.2
EV/EBIT	9.3	5.0	5.7	5.6	2.5	1.8	1.3
EV/FCF	470.0	4.1	17.0	-13.3	2.9	3.0	2.0
Dividend yield	0.0 %	0.0 %	1.2 %	2.4 %	3.6 %	4.8 %	5.3 %

Source: Company data, Hauck & Aufhäuser

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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 25/07/13**

**Initiation coverage**  
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