

**Buy** (old: Buy)

**Price target: EUR 7.50** (old: EUR 7.40)

<b>Price:</b>	EUR 4.29	<b>Next result:</b>	Q2 19 30.08.19
<b>Bloomberg:</b>	ERMK@GR	<b>Market cap:</b>	EUR 81.1 m
<b>Reuters:</b>	ERMKG.DE	<b>Enterprise Value:</b>	EUR 115.1 m

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**Marie-Therese Gruebner**  
Analyst

marie-therese.gruebner@ha-ib.de  
Tel.: + 49 40 506342 - 3097

## Acquisition in Switzerland, est. & PT changed

DEAG recently announced a **further expansion of its live entertainment presence in the Swiss market**, (est. 8% of consolidated revenues in 2018), this time targeting the French speaking regions. The company is acquiring majority stakes in:

- Live Music Production LMP S.A (“LMP”)**. LMP is a tour organizer and promoter with a twenty-year history, active for stars such as Sting, David Guetta, with also strong access for French speaking stars such as Patrick Bruel or Michel Sardou. It is also active in family formats such as “Disney sur Glace”, hence replicating what DEAG already offers in other markets. LMP also operates a well-known theater in central Lausanne, Salle Metropole, with 2000 visitors annually.
- Live Music Entertainment S.A (“LME”)**. LME is behind the “Sion sous les étoiles”, a summer open-air event attracting some 40,000 visitors annually.

While the purchase price was not disclosed, we did get the impression from the company that the **price paid was rather undemanding (est. CHF 3m)** and in line with the acquisition multiples the company usually pays (6x-8x EBITDA). DEAG expects the Swiss operations overall to contribute some CHF 35m (€ 31.5m) to consolidated revenues “mid-term” (i.e. 2021e, eH&A € 30m), from a current estimated € 16m, implying a CHF 15m contribution from LMP/LME by then.

We would estimate the current overall EBIT margin for both companies to be slightly below group levels (eH&A 3%) on estimated CHF 12m (€11m) of annual revenues in 2019e and see potential to improve operations and leverage synergies particularly at LME, considering the expertise and reach of DEAG (timing, sales channels, ticketing, artist line-up etc.).

The company also recently announced a **follow-on €5m placement to its outstanding € 20m bond** maturing in 2023 and carrying a 6% coupon, suggesting **potentially more M&A transactions down the road** in what has been so far a very active consolidation year, as DEAG continues to build its leadership position in core markets.

**Estimates are adjusted** slightly to reflect the recent deal and the increased borrowing under the bond. **Our new PT is € 7.50 based on FCFY 2020e (old: € 7.40).**

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	200.4	179.5	159.8	200.2	209.9	240.3	262.8
-	16 %	-10 %	-11 %	25 %	5 %	15 %	25 %
EBITDA	-24.5	5.2	6.5	14.6	12.8	16.3	20.0
EBIT	-26.2	3.7	5.1	10.6	8.3	11.8	15.5
Net income	-29.8	-3.6	-2.3	3.6	2.6	5.2	8.2
Net debt	-6.4	-2.4	-14.9	22.1	34.0	24.3	13.5
Net gearing	-63.1 %	-40.1 %	-199.0 %	223.3 %	268.0 %	134.6 %	51.2 %
Net Debt/EBITDA	0.0	0.0	0.0	1.5	2.7	1.5	0.7
EPS pro forma	-1.73	0.02	0.04	0.18	0.13	0.26	0.41
CPS	-2.53	-0.40	0.81	-0.82	-0.11	0.52	0.58
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	7.0 %	17.2 %	18.4 %	19.2 %	19.3 %	19.4 %	19.7 %
EBITDA margin	-12.2 %	2.9 %	4.1 %	7.3 %	6.1 %	6.8 %	7.6 %
EBIT margin	-13.1 %	2.1 %	3.2 %	5.3 %	3.9 %	4.9 %	5.9 %
ROCE	-48.8 %	8.0 %	10.6 %	16.4 %	9.7 %	12.9 %	16.0 %
EV/sales	0.3	0.4	0.4	0.5	0.5	0.4	0.4
EV/EBITDA	-2.6	13.2	9.8	6.9	9.0	6.5	4.7
EV/EBIT	-2.4	18.2	12.7	9.5	13.9	8.9	6.1
PER	-2.5	210.7	104.1	23.7	33.1	16.7	10.4
Adjusted FCF yield	-48.0 %	4.1 %	11.1 %	-628.3 %	8.2 %	12.2 %	17.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 26.06.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 4.71 / 2.96

**Price/Book Ratio:** 6.8

**Relative performance (SDAX):**

3 months 4.5 %

6 months -

12 months 31.8 %

## Changes in estimates

		Sales	EBIT	EPS
2019	<b>old:</b>	206.5	8.0	0.12
	Δ	1.6%	3.4%	3.8%
2020	<b>old:</b>	231.1	11.4	0.26
	Δ	4.0%	3.6%	-0.6%
2021	<b>old:</b>	252.6	15.0	0.41
	Δ	4.0%	3.6%	0.9%

## Key share data:

Number of shares: (in m pcs) 18.9

Authorised capital: (in € m) 0.0

Book value per share: (in €) 0.6

Ø trading volume: (12 months) 38,000

## Major shareholders:

Free float	45.7 %
Apeiron Investment Ltd.	19.0 %
Allianz SE	10.0 %
Plutus Holdings 2 LTD	10.4 %
SRE Holding GmbH	9.8 %
Quaero Capital	5.4 %
Novofam Macro LLC	5.2 %

## Company description:

Leading European live entertainment provider with a broad basis of content in rock/pop, jazz, classics, family entertainment, arts and exhibitions.

## Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Sales</b>	<b>200.4</b>	<b>179.5</b>	<b>159.8</b>	<b>200.2</b>	<b>209.9</b>	<b>240.3</b>	<b>262.8</b>
-	16.3 %	-10.4 %	-11.0 %	25.3 %	4.8 %	14.5 %	25.2 %
Cost of sales	186.3	148.7	130.5	161.7	169.3	193.7	211.0
<b>Gross profit</b>	<b>14.1</b>	<b>30.8</b>	<b>29.3</b>	<b>38.5</b>	<b>40.5</b>	<b>46.6</b>	<b>51.8</b>
Sales and marketing	24.5	20.7	13.1	19.0	19.4	21.0	22.5
General and administration	15.7	13.6	12.6	16.5	16.8	18.5	18.7
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	9.5	8.1	2.6	8.5	5.0	5.7	5.8
Other operating expenses	9.6	0.8	1.2	1.0	1.0	1.0	1.0
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-24.5</b>	<b>5.2</b>	<b>6.5</b>	<b>14.6</b>	<b>12.8</b>	<b>16.3</b>	<b>20.0</b>
Depreciation	1.7	1.4	1.5	4.0	4.5	4.5	4.5
<b>EBITA</b>	<b>-26.2</b>	<b>3.7</b>	<b>5.1</b>	<b>10.6</b>	<b>8.3</b>	<b>11.8</b>	<b>15.5</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-26.2</b>	<b>3.7</b>	<b>5.1</b>	<b>10.6</b>	<b>8.3</b>	<b>11.8</b>	<b>15.5</b>
Interest income	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Interest expenses	0.9	1.0	1.2	3.1	3.0	3.3	3.3
Other financial result	0.0	-0.5	-0.9	-0.2	-0.3	-0.3	0.0
Financial result	-0.9	-1.5	-2.1	-3.2	-3.2	-3.5	-3.2
<b>Recurring pretax income from continuing operations</b>	<b>-27.2</b>	<b>2.2</b>	<b>2.9</b>	<b>7.4</b>	<b>5.1</b>	<b>8.4</b>	<b>12.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-27.2</b>	<b>2.2</b>	<b>2.9</b>	<b>7.4</b>	<b>5.1</b>	<b>8.4</b>	<b>12.3</b>
Taxes	0.2	0.5	0.6	0.7	1.0	1.7	2.5
<b>Net income from continuing operations</b>	<b>-27.4</b>	<b>1.7</b>	<b>2.3</b>	<b>6.7</b>	<b>4.1</b>	<b>6.7</b>	<b>9.8</b>
Result from discontinued operations (net of tax)	1.6	3.9	3.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-29.0</b>	<b>-2.2</b>	<b>-0.7</b>	<b>6.7</b>	<b>4.1</b>	<b>6.7</b>	<b>9.8</b>
Minority interest	0.9	1.4	1.6	3.1	1.5	1.5	1.6
<b>Net profit (reported)</b>	<b>-29.8</b>	<b>-3.6</b>	<b>-2.3</b>	<b>3.6</b>	<b>2.6</b>	<b>5.2</b>	<b>8.2</b>
Average number of shares	16.4	16.4	17.6	18.4	18.9	18.9	18.9
<b>EPS reported</b>	<b>-1.83</b>	<b>-0.22</b>	<b>-0.13</b>	<b>0.20</b>	<b>0.14</b>	<b>0.27</b>	<b>0.43</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<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	93.0 %	82.8 %	81.6 %	80.8 %	80.7 %	80.6 %	80.3 %
<b>Gross profit</b>	<b>7.0 %</b>	<b>17.2 %</b>	<b>18.4 %</b>	<b>19.2 %</b>	<b>19.3 %</b>	<b>19.4 %</b>	<b>19.7 %</b>
Sales and marketing	12.3 %	11.5 %	8.2 %	9.5 %	9.3 %	8.8 %	8.6 %
General and administration	7.8 %	7.6 %	7.9 %	8.2 %	8.0 %	7.7 %	7.1 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	4.7 %	4.5 %	1.6 %	4.3 %	2.4 %	2.4 %	2.2 %
Other operating expenses	4.8 %	0.5 %	0.7 %	0.5 %	0.5 %	0.4 %	0.4 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>neg.</b>	<b>2.9 %</b>	<b>4.1 %</b>	<b>7.3 %</b>	<b>6.1 %</b>	<b>6.8 %</b>	<b>7.6 %</b>
Depreciation	0.9 %	0.8 %	0.9 %	2.0 %	2.1 %	1.9 %	1.7 %
<b>EBITA</b>	<b>neg.</b>	<b>2.1 %</b>	<b>3.2 %</b>	<b>5.3 %</b>	<b>3.9 %</b>	<b>4.9 %</b>	<b>5.9 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT (inc revaluation net)</b>	<b>neg.</b>	<b>2.1 %</b>	<b>3.2 %</b>	<b>5.3 %</b>	<b>3.9 %</b>	<b>4.9 %</b>	<b>5.9 %</b>
Interest income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.5 %	0.6 %	0.7 %	1.5 %	1.4 %	1.4 %	1.3 %
Other financial result	0.0 %	-0.3 %	-0.6 %	-0.1 %	-0.1 %	-0.1 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>neg.</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>3.7 %</b>	<b>2.4 %</b>	<b>3.5 %</b>	<b>4.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>neg.</b>	<b>1.2 %</b>	<b>1.8 %</b>	<b>3.7 %</b>	<b>2.4 %</b>	<b>3.5 %</b>	<b>4.7 %</b>
Tax rate	-0.7 %	22.1 %	20.4 %	9.0 %	20.0 %	20.0 %	20.0 %
<b>Net income from continuing operations</b>	<b>neg.</b>	<b>1.0 %</b>	<b>1.5 %</b>	<b>3.4 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>3.7 %</b>
Result from discontinued operations (net of tax)	0.8 %	2.2 %	1.9 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>3.4 %</b>	<b>1.9 %</b>	<b>2.8 %</b>	<b>3.7 %</b>
Minority interest	0.4 %	0.8 %	1.0 %	1.6 %	0.7 %	0.6 %	0.6 %
<b>Net profit (reported)</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>1.8 %</b>	<b>1.2 %</b>	<b>2.1 %</b>	<b>3.1 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>33.6</b>	<b>32.0</b>	<b>35.0</b>	<b>36.1</b>	<b>36.3</b>	<b>36.5</b>	<b>36.7</b>
Property, plant and equipment	6.2	6.4	7.8	19.4	26.4	23.9	21.4
Financial assets	3.2	4.5	3.6	12.2	12.2	12.2	12.2
<b>FIXED ASSETS</b>	<b>43.0</b>	<b>42.9</b>	<b>46.5</b>	<b>67.7</b>	<b>74.9</b>	<b>72.6</b>	<b>70.3</b>
Inventories	14.5	13.0	0.1	0.2	0.2	0.2	0.2
Accounts receivable	13.0	15.3	25.9	10.3	23.0	26.3	28.8
Other current assets	7.8	7.5	16.8	17.1	17.1	17.1	17.1
Liquid assets	25.8	28.4	41.8	36.4	26.0	35.7	46.5
Deferred taxes	0.2	0.3	0.8	1.3	1.3	1.3	1.3
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>61.3</b>	<b>64.5</b>	<b>85.4</b>	<b>65.3</b>	<b>67.6</b>	<b>80.7</b>	<b>93.9</b>
<b>TOTAL ASSETS</b>	<b>104.3</b>	<b>107.4</b>	<b>131.9</b>	<b>133.0</b>	<b>142.5</b>	<b>153.3</b>	<b>164.2</b>
SHAREHOLDERS EQUITY	10.1	6.0	7.5	9.9	12.7	18.0	26.5
MINORITY INTEREST	5.9	4.7	5.2	5.1	6.5	8.0	9.6
Long-term debt	9.6	9.6	10.1	48.4	49.9	49.9	49.9
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	9.9	11.3	7.4	8.7	8.9	9.1	9.1
<b>Non-current liabilities</b>	<b>19.5</b>	<b>21.0</b>	<b>17.5</b>	<b>57.1</b>	<b>58.8</b>	<b>59.0</b>	<b>59.0</b>
short-term liabilities to banks	9.8	16.4	16.9	10.1	10.1	10.1	10.1
Accounts payable	11.1	13.6	10.5	11.9	12.5	14.3	15.6
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)	4.0	6.8	4.7	1.0	1.0	1.0	1.0
Deferred taxes	2.2	1.6	2.2	3.3	3.3	3.3	3.3
Deferred income	41.7	37.3	67.6	34.7	37.6	39.5	39.1
<b>Current liabilities</b>	<b>68.8</b>	<b>75.7</b>	<b>101.8</b>	<b>60.9</b>	<b>64.5</b>	<b>68.2</b>	<b>69.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>104.3</b>	<b>107.4</b>	<b>132.0</b>	<b>133.0</b>	<b>142.5</b>	<b>153.3</b>	<b>164.2</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>32.2 %</b>	<b>29.8 %</b>	<b>26.5 %</b>	<b>27.2 %</b>	<b>25.5 %</b>	<b>23.8 %</b>	<b>22.4 %</b>
Property, plant and equipment	5.9 %	5.9 %	5.9 %	14.6 %	18.5 %	15.6 %	13.0 %
Financial assets	3.1 %	4.2 %	2.7 %	9.2 %	8.5 %	7.9 %	7.4 %
<b>FIXED ASSETS</b>	<b>41.2 %</b>	<b>40.0 %</b>	<b>35.2 %</b>	<b>50.9 %</b>	<b>52.6 %</b>	<b>47.4 %</b>	<b>42.8 %</b>
Inventories	13.9 %	12.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Accounts receivable	12.5 %	14.3 %	19.6 %	7.7 %	16.1 %	17.2 %	17.5 %
Other current assets	7.5 %	7.0 %	12.7 %	12.9 %	12.0 %	11.2 %	10.4 %
Liquid assets	24.7 %	26.4 %	31.7 %	27.4 %	18.2 %	23.3 %	28.3 %
Deferred taxes	0.2 %	0.3 %	0.6 %	1.0 %	0.9 %	0.8 %	0.8 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>58.8 %</b>	<b>60.0 %</b>	<b>64.7 %</b>	<b>49.1 %</b>	<b>47.4 %</b>	<b>52.6 %</b>	<b>57.2 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>99.9 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	9.7 %	5.6 %	5.7 %	7.4 %	8.9 %	11.8 %	16.1 %
MINORITY INTEREST	5.7 %	4.4 %	3.9 %	3.8 %	4.6 %	5.2 %	5.9 %
Long-term debt	9.2 %	9.0 %	7.6 %	36.4 %	35.0 %	32.6 %	30.4 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	9.5 %	10.6 %	5.6 %	6.5 %	6.2 %	5.9 %	5.6 %
<b>Non-current liabilities</b>	<b>18.7 %</b>	<b>19.5 %</b>	<b>13.3 %</b>	<b>42.9 %</b>	<b>41.3 %</b>	<b>38.5 %</b>	<b>35.9 %</b>
short-term liabilities to banks	9.4 %	15.2 %	12.8 %	7.6 %	7.1 %	6.6 %	6.2 %
Accounts payable	10.7 %	12.6 %	7.9 %	8.9 %	8.8 %	9.3 %	9.5 %
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)	3.8 %	6.4 %	3.6 %	0.8 %	0.7 %	0.7 %	0.6 %
Deferred taxes	2.1 %	1.5 %	1.6 %	2.5 %	2.3 %	2.1 %	2.0 %
Deferred income	40.0 %	34.7 %	51.3 %	26.1 %	26.4 %	25.7 %	23.8 %
<b>Current liabilities</b>	<b>66.0 %</b>	<b>70.5 %</b>	<b>77.2 %</b>	<b>45.8 %</b>	<b>45.3 %</b>	<b>44.5 %</b>	<b>42.1 %</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)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	-27.4	1.7	2.3	6.7	4.1	6.7	9.8
Depreciation of fixed assets (incl. leases)	1.7	1.4	1.5	4.0	4.5	4.5	4.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.3	-7.7	-9.2	-34.7	3.1	2.1	-0.4
Cash flow from operations before changes in w/c	-25.4	-4.5	-5.4	-26.3	11.7	13.3	13.9
Increase/decrease in inventory	9.0	1.3	2.1	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.1	-2.3	-10.6	15.6	-12.7	-3.3	-2.5
Increase/decrease in accounts payable	-21.4	0.3	30.5	1.4	0.7	1.8	1.3
Increase/decrease in other working capital positions	0.0	0.0	0.0	-4.0	0.0	0.0	0.0
Increase/decrease in working capital	-12.5	-0.6	22.0	13.0	-12.1	-1.6	-1.2
<b>Cash flow from operating activities</b>	<b>-37.9</b>	<b>-5.2</b>	<b>16.7</b>	<b>-13.3</b>	<b>-0.4</b>	<b>11.7</b>	<b>12.7</b>
CAPEX	0.8	3.8	1.2	1.8	2.0	2.0	2.0
Payments for acquisitions	0.0	0.0	2.1	3.3	9.5	0.0	0.0
Financial investments	0.0	0.0	0.0	0.4	0.0	0.0	0.0
Income from asset disposals	6.6	7.0	-2.2	7.6	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>5.8</b>	<b>3.2</b>	<b>-5.5</b>	<b>2.9</b>	<b>-11.5</b>	<b>-2.0</b>	<b>-2.0</b>
Cash flow before financing	-32.0	-1.9	11.2	-11.1	-11.9	9.7	0.0
Increase/decrease in debt position	8.1	6.5	1.0	12.2	1.5	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	4.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-4.0	-1.6	-3.3	-6.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.3	-0.4	0.1	-0.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>4.1</b>	<b>4.9</b>	<b>2.2</b>	<b>5.7</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-28.3	2.6	13.4	-6.2	-10.4	9.7	n/a
<b>Liquid assets at end of period</b>	<b>25.8</b>	<b>28.4</b>	<b>41.8</b>	<b>36.4</b>	<b>26.0</b>	<b>35.7</b>	<b>46.5</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
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)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
-	16.3 %	-10.4 %	-11.0 %	25.3 %	4.8 %	14.5 %	25.2 %
EBITDA growth	-386.0 %	-121.0 %	27.0 %	122.9 %	-12.6 %	28.0 %	56.8 %
EBIT growth	-591.1 %	-114.2 %	35.7 %	109.7 %	-22.0 %	43.3 %	87.8 %
EPS growth	-	-88.0 %	-40.6 %	-251.5 %	-30.3 %	98.7 %	216.7 %
<b>Efficiency</b>							
Total operating costs / sales	20.1 %	15.1 %	15.2 %	13.9 %	15.3 %	14.5 %	13.8 %
Sales per employee	1,001.8	923.8	920.5	1,018.9	1,038.9	1,166.7	1,257.4
EBITDA per employee	-122.6	26.5	37.7	74.3	63.2	79.3	95.7
<b>Balance sheet analysis</b>							
Avg. working capital / sales	10.8 %	9.0 %	10.2 %	3.8 %	2.2 %	4.7 %	4.6 %
Inventory turnover (sales/inventory)	13.8	13.8	1,331.7	1,331.7	1,331.7	1,331.7	1,331.7
Trade debtors in days of sales	23.7	31.1	59.2	18.8	40.0	40.0	40.0
A/P turnover [(A/P*365)/sales]	21.8	33.3	29.3	28.0	27.0	27.0	27.0
Cash conversion cycle (days)	30.3	29.7	30.3	-7.7	13.3	13.3	13.3
<b>Cash flow analysis</b>							
Free cash flow	-38.6	-9.0	15.4	-15.0	-2.4	9.7	10.7
Free cash flow/sales	-19.3 %	-5.0 %	9.7 %	-7.5 %	-1.1 %	4.0 %	4.1 %
FCF / net profit	neg.	neg.	neg.	neg.	neg.	188.5 %	130.7 %
Capex / depre	43.6 %	265.1 %	81.9 %	53.2 %	44.4 %	44.4 %	44.4 %
Capex / maintenance capex	19.0 %	239.8 %	42.8 %	97.3 %	111.1 %	111.1 %	111.1 %
Capex / sales	0.4 %	2.1 %	0.8 %	1.1 %	1.0 %	0.8 %	0.8 %
<b>Security</b>							
Net debt	-6.4	-2.4	-14.9	22.1	34.0	24.3	13.5
Net Debt/EBITDA	0.0	0.0	0.0	1.5	2.7	1.5	0.7
Net debt / equity	neg.	neg.	neg.	2.2	2.7	1.3	0.5
Interest cover	0.0	3.7	4.2	3.4	2.7	3.6	4.7
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	4.4	3.7	3.4	2.4	2.4	2.5	2.5
Operating assets turnover	8.9	8.5	6.8	11.1	5.7	6.7	7.6
Plant turnover	32.3	28.1	20.5	10.3	7.9	10.1	12.3
Inventory turnover (sales/inventory)	13.8	13.8	1,331.7	1,331.7	1,331.7	1,331.7	1,331.7
<b>Returns</b>							
ROCE	-48.8 %	8.0 %	10.6 %	16.4 %	9.7 %	12.9 %	16.0 %
ROE	-295.4 %	-59.7 %	-30.6 %	36.6 %	20.5 %	28.6 %	31.1 %
<b>Other</b>							
Interest paid / avg. debt	6.1 %	4.4 %	4.5 %	7.2 %	5.1 %	5.6 %	5.6 %
No. employees (average)	200	194	174	197	202	206	209
Number of shares	16.4	16.4	17.6	18.4	18.9	18.9	18.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-1.83	-0.22	-0.13	0.20	0.14	0.27	0.43
<b>Valuation ratios</b>							
P/BV	6.9	11.7	10.6	8.7	6.8	4.8	3.2
EV/sales	0.3	0.4	0.4	0.5	0.5	0.4	0.4
EV/EBITDA	-2.6	13.2	9.8	6.9	9.0	6.5	4.7
EV/EBITA	-2.4	18.2	12.7	9.5	13.9	8.9	6.1
EV/EBIT	-2.4	18.2	12.7	9.5	13.9	8.9	6.1
EV/FCF	-1.7	-7.6	4.2	-6.7	-48.5	10.8	8.8
Adjusted FCF yield	-48.0 %	4.1 %	11.1 %	-628.3 %	8.2 %	12.2 %	17.2 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Company data, Hauck & Aufhäuser

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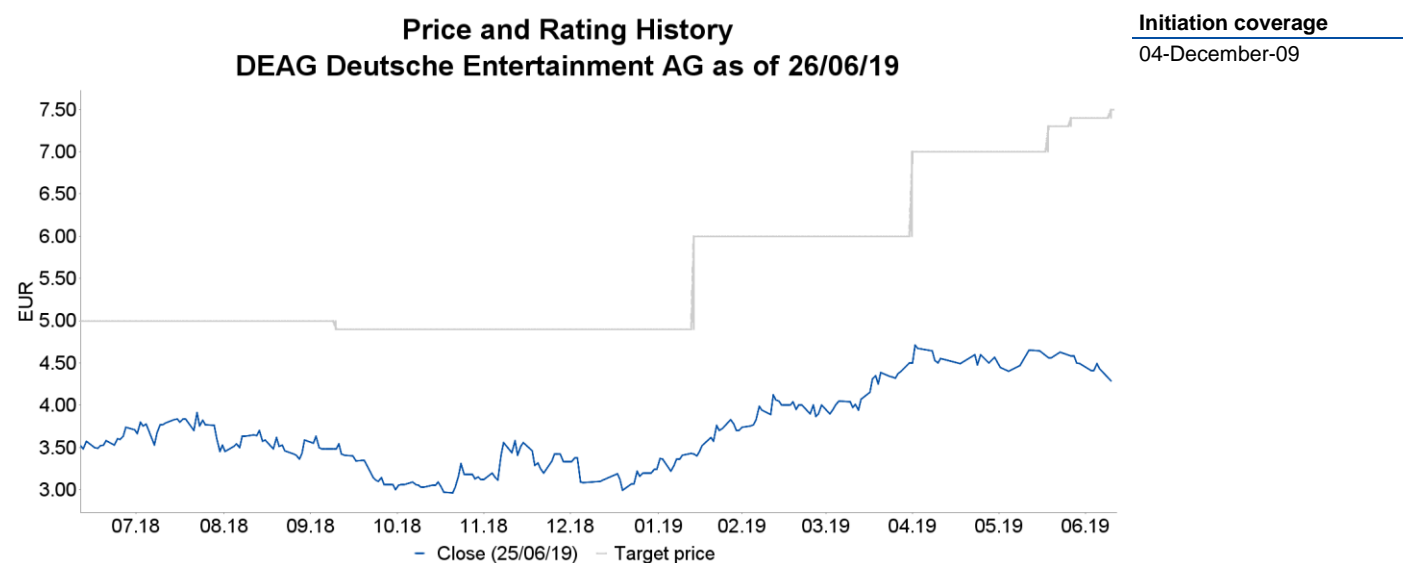
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Company	Disclosure
DEAG Deutsche Entertainment AG	2, 3, 8

### Historical target price and rating changes for DEAG Deutsche Entertainment AG in the last 12 months



Company	Date	Analyst	Rating	Target price	Close
DEAG Deutsche Entertainment AG	14.06.2019	Gruebner, Marie-Therese	Buy	EUR 7,40	EUR 4,49
	06.06.2019	Gruebner, Marie-Therese	Buy	EUR 7,30	EUR 4,56
	16.04.2019	Gruebner, Marie-Therese	Buy	EUR 7,00	EUR 4,50
	30.01.2019	Gruebner, Marie-Therese	Buy	EUR 6,00	EUR 3,40
	26.11.2018	Gröning, Pierre	Buy	EUR 4,90	EUR 3,44

27.09.2018

Gröning, Pierre

Buy

EUR 4,90

EUR 3,42

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## Contacts: Hauck&Aufhäuser Privatbankiers AG

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Privatbankiers AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 91  
Fax: +49 (0) 40 414 3885 71  
Email: research@ha-ib.de  
www.ha-research.de

**Tim Wunderlich, CFA**  
Head of Transactional Research  
Tel.: +49 40 414 3885 81  
E-Mail: tim.wunderlich@ha-ib.de

**Henning Breiter**  
Head of Research  
Tel.: +49 40 414 3885 73  
E-Mail: henning.breiter@ha-ib.de

**Marie-Thérèse Grübner**  
Head of Corporate Brokerage  
Tel.: +49 40 450 6342 3097  
E-Mail: marie-therese.gruebner@ha-ib.de

**Aliaksandr Halitsa**  
Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: aliaksandr.halitsa@ha-ib.de

**Alina Köhler**  
Analyst  
Tel.: +49 40 450 6342 3095  
E-Mail: alina.koehler@ha-ib.de

**Catharina Claes**  
Analyst  
Tel.: +49 40 450 6342 3092  
E-Mail: catharina.claes@ha-ib.de

**Christian Glowa**  
Analyst  
Tel.: +49 40 414 3885 95  
E-Mail: christian.glowa@ha-ib.de

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-ib.de

**Christian Sandherr**  
Analyst  
Tel.: +49 40 414 3885 79  
E-Mail: christian.sandherr@ha-ib.de

**Frederik Bitter**  
Analyst  
Tel.: +49 40 450 6342 3091  
E-Mail: frederik.bitter@ha-ib.de

**Julius Stinauer**  
Analyst  
Tel.: +49 40 414 3885 84  
E-Mail: julius.stinauer@ha-ib.de

**Robin Brass, CFA**  
Analyst  
Tel.: +49 40 414 3885 76  
E-Mail: robin.brass@ha-ib.de

**Simon Bentlage**  
Analyst  
Tel.: +49 40 450 6342 3096  
E-Mail: simon.bentlage@ha-ib.de

### Hauck & Aufhäuser Sales

**Toby Woods**  
Head of Sales  
Tel.: +44 203 9473 245  
E-Mail: toby.woods@ha-ib.de

**Christian Alisch**  
Sales  
Tel.: +49 40 414 3885 99  
E-Mail: christian.alisch@ha-ib.de

**Vincent Bischoff**  
Sales  
Tel.: +49 40 414 3885 88  
E-Mail: vincent.bischoff@ha-ib.de

**Carlos Becke**  
Sales  
Tel.: +49 40 414 3885 74  
E-Mail: carlos.becke@ha-ib.de

**Alexander Lachmann**  
Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-ib.de

**Hugues Madelin**  
Sales  
Tel.: +33 1 78 41 40 62  
E-Mail: hugues.madelin@ha-ib.de

**Christian Schwenkenbecher**  
Sales  
Tel.: +44 203 9473 246  
E-Mail: christian.schwenkenbecher@ha-ib.de

**Imogen Voorspuy**  
Junior Sales  
Tel.: +44 203 9473 244  
E-Mail: imogen.voorspuy@ha-ib.de

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers AG  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 78  
Fax: +49 40 414 3885 71  
Email: info@hauck-aufhaeuser.com  
www.hauck-aufhaeuser.com

**Mirko Brueggemann**  
Trading  
Tel.: +49 40 414 3885 78  
E-Mail: mirko.brueggemann@hauck-aufhaeuser.com

**Christian von Schuler**  
Trading  
Tel.: +49 40 414 3885 77  
E-Mail: christian.schuler@hauck-aufhaeuser.com

**Fin Schaffer**  
Trading  
Tel.: +49 40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.com

**Kathleen Jonas**  
Middle-Office  
Tel.: +49 40 414 3885 97  
E-Mail: kathleen.jonas@hauck-aufhaeuser.com

**Alexander Hanisch**  
Middle-Office  
Tel.: +49 40 414 3885 87  
E-Mail: alexander.hanisch@hauck-aufhaeuser.com