

Buy (old: Buy)

Price target: EUR 4.50 (old: EUR 4.20)

Price:	EUR 2.65	Next result:	Q1 2012 30.05.12
Bloomberg:	ERMK GR	Market cap:	EUR 32.8 m
Reuters:	ERMGk.DE	Enterprise Value:	EUR 29.5 m

27-April-12

Nils-Peter Fitzl
Analyst

nils-peter.fitzl@ha-research.de
Tel.: +49 40 414 3885 86

Conference call with management; Adj. est. and PT

Theme – High visibility for 2012/2013; further shift towards an integrated Entertainment Content Company allowing for higher margins; first time dividend of € 0.04 per share for FY 2011 (dividend yield of 1.4%).

Outlook - While the overall Live Entertainment market more or less stagnated over the past years, DEAG was able to archive continuous top-line growth accompanied by disproportional bottom-line growth. This development should continue in 2012:

- Management stressed the **high visibility for 2012 on the back of a well-filled pipeline** (e.g. open-air with Coldplay, Red Hot Chili Peppers, Madonna and Metallica as well as musicals and classic concerts with Anna Netrebko, David Garrett and Diana Krall). Even for 2013 events have already been announced (Status Quo, Patricia Kaas, Chris de Burgh) clearly demonstrating the reduced volatility of the business model.
- The **high-margin distribution business will be integrated further into the value chain** on the back of an adjusted agreement with Ticketmaster, which seems to gain traction due to exclusive Internet pre-sales of the Live Nation content.
- While 2011 was characterised by extra costs of some € 1.8m in Switzerland (restructuring of Good News and consulting expenses related to the set up of a new concert agency), Good News should return to a normalised level; i.e. EBIT in this region should increase by some € 2m yoy in 2012. Visibility is likewise high given the upcoming festival season.
- Interest expenses in 2012 are expected to drop by some € 0.2m compared to 2011 on the back of the improved solvency of the company.
- The overall product mix continues to **shift towards the higher-margin activities** (Middle of the Road, classics), which is especially true for the classics business, where DEAG holds long term contracts with popular artists like Anna Netrebko, Lang Lang and David Garrett. This division which currently contributes some 18% of sales with EBIT margins of around 15% is set to expand in Europe (e.g. UK and Switzerland) in the following years.

Overall DEAG continues to extend its position in higher-margin niches thereby further integrating both the upstream and downstream stages of organising concerts (e.g. planning, organisation and realisation as well as ticketing and merchandising). **Nevertheless numbers have been adjusted to reflect the slightly lower than initially expected number of events in the Swiss and UK activities.**

Given a high visibility for 2012, we are rolling over valuation **reiterating to BUY. PT is increased to € 4.50 (old € 4.20)** 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	20.1	5.8	3.3	4.2	2.7	2.0	1.4
EV/EBIT	-23.9	7.7	4.0	4.8	2.9	2.2	1.5
PER	-10.6	26.0	24.4	12.9	9.1	8.2	7.9
Adjusted FCF yield	2.3 %	11.1 %	11.5 %	11.9 %	16.0 %	21.3 %	31.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 26.04.2012



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 3.58 / 2.03

Price/Book Ratio: 1.2

Relative performance (SDAX):

3 months -3.7 %

6 months 11.1 %

12 months -19.2 %

Changes in estimates

		Sales	EBIT	EPS
2012	old:	143.1	10.7	0.29
	Δ	-5.4%	-6.1%	-0.1%
2013	old:	151.6	11.7	0.33
	Δ	-6.2%	-5.1%	-1.0%
2014	old:	159.2	12.3	0.35
	Δ	-6.2%	-1.4%	-2.7%

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
Sales	109.5	116.7	125.8	128.3	135.4	142.2	149.3
<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
Gross profit	26.5	26.5	31.3	32.6	35.4	37.7	40.1
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
EBITDA	3.7	6.4	10.0	8.1	11.0	12.0	13.0
Depreciation	0.3	0.2	0.2	0.2	0.2	0.2	0.2
EBITA	3.4	6.2	9.8	7.9	10.8	11.8	12.8
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
EBIT	-3.1	4.8	8.2	7.2	10.1	11.1	12.1
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
Recurring pretax income from continuing operations	-4.6	3.3	6.9	6.0	9.1	10.2	10.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-4.6	3.3	6.9	6.0	9.1	10.2	10.9
Taxes	0.4	0.4	2.5	1.5	2.5	3.0	3.4
Net income from continuing operations	-5.0	2.9	4.4	4.4	6.6	7.1	7.5
Result from discontinued operations (net of tax)	5.2	0.8	0.0	0.0	0.0	0.0	0.0
Net income	-10.1	2.1	4.4	4.4	6.6	7.1	7.5
Minority interest	1.0	1.6	3.0	1.9	3.0	3.1	3.3
Net income (net of minority interest)	-11.1	0.5	1.3	2.5	3.6	4.0	4.2
Average number of shares	24.0	12.4	12.4	12.4	12.4	12.4	12.4
EPS reported	-0.46	0.04	0.11	0.21	0.29	0.32	0.34

Profit and loss (common size)	2008	2009	2010	2011	2012E	2013E	2014E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	75.8 %	77.3 %	75.1 %	74.6 %	73.9 %	73.5 %	73.1 %
Gross profit	24.2 %	22.7 %	24.9 %	25.4 %	26.1 %	26.5 %	26.9 %
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 %
EBITDA	3.4 %	5.5 %	8.0 %	6.3 %	8.1 %	8.4 %	8.7 %
Depreciation	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
EBITA	3.1 %	5.3 %	7.8 %	6.1 %	8.0 %	8.3 %	8.6 %
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 %
EBIT	-2.9 %	4.1 %	6.5 %	5.6 %	7.5 %	7.8 %	8.1 %
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 %
Recurring pretax income from continuing operations	-4.2 %	2.8 %	5.5 %	4.7 %	6.7 %	7.1 %	7.3 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	-4.2 %	2.8 %	5.5 %	4.7 %	6.7 %	7.1 %	7.3 %
Tax rate	-8.6 %	11.9 %	36.6 %	25.7 %	27.4 %	30.0 %	31.0 %
Net income from continuing operations	-4.5 %	2.5 %	3.5 %	3.5 %	4.9 %	5.0 %	5.0 %
Result from discontinued operations (net of tax)	4.7 %	0.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	-9.2 %	1.8 %	3.5 %	3.5 %	4.9 %	5.0 %	5.0 %
Minority interest	0.9 %	1.4 %	2.4 %	1.5 %	2.2 %	2.2 %	2.2 %
Net income (net of minority interest)	-10.2 %	0.4 %	1.1 %	2.0 %	2.7 %	2.8 %	2.8 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Intangible assets	31.0	25.4	24.2	25.0	24.5	24.0	23.5
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
FIXED ASSETS	41.1	36.1	34.2	36.8	36.5	36.2	35.8
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
CURRENT ASSETS	40.9	41.8	50.9	61.9	66.8	73.9	82.3
TOTAL ASSETS	82.0	77.9	85.1	98.7	103.3	110.0	118.1
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
Non-current liabilities	22.2	19.3	19.4	18.4	18.8	18.5	18.7
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
Current liabilities	35.8	32.9	38.8	50.3	52.3	54.4	56.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	82.0	77.9	85.1	98.7	103.3	110.0	118.0

Balance sheet (common size)	2008	2009	2010	2011	2012E	2013E	2014E
Intangible assets	37.8 %	32.6 %	28.4 %	25.3 %	23.7 %	21.8 %	19.9 %
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 %
FIXED ASSETS	50.1 %	46.3 %	40.2 %	37.3 %	35.3 %	32.9 %	30.4 %
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 %
CURRENT ASSETS	49.9 %	53.7 %	59.8 %	62.7 %	64.7 %	67.1 %	69.7 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.1 %
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 %
Non-current liabilities	27.0 %	24.7 %	22.8 %	18.6 %	18.2 %	16.8 %	15.8 %
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 %
Current liabilities	43.7 %	42.2 %	45.6 %	51.0 %	50.7 %	49.4 %	48.2 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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
Cash flow from operating activities	5.9	0.4	10.3	5.6	10.9	7.0	8.0
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
Cash flow from investing activities	-2.6	-0.4	0.7	-0.4	-0.6	-0.6	-0.6
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
Cash flow from financing activities	8.1	1.1	-5.5	-3.2	0.3	-0.5	0.0
Increase/decrease in liquid assets	10.5	1.2	8.3	3.9	10.6	5.9	7.4
Liquid assets at end of period	25.6	23.5	31.8	35.7	46.3	52.2	59.6

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
TTL	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

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
P&L growth analysis							
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 %
Efficiency							
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
Balance sheet analysis							
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
Cash flow analysis							
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 %	30.6 %	15.9 %	31.4 %	19.5 %	22.6 %
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 %
Security							
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 %
Asset utilisation							
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
Returns							
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 %
Other							
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
Valuation ratios							
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	21.9	6.0	3.4	4.4	2.7	2.0	1.4
EV/EBIT	-23.9	7.7	4.0	4.8	2.9	2.2	1.5
EV/FCF	13.9	386.0	3.3	6.6	2.9	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

Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

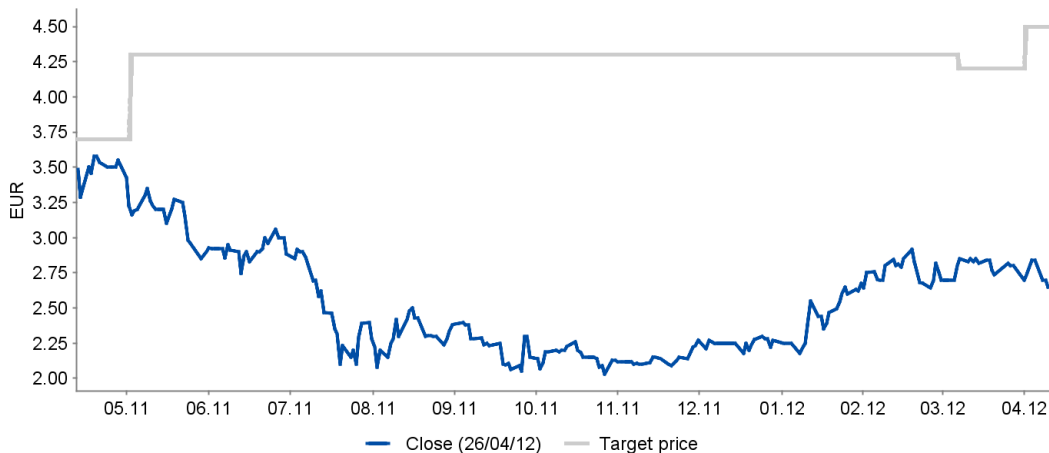
Company	Disclosure
DEAG Deutsche Entertainment AG	2, 5

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser offers Equity Advisory Services.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) hold 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

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 27/04/12

Initiation coverage
04-December-09



Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	77.78 %	66.67 %
Sell	7.41 %	0.00 %
Hold	14.81 %	33.33 %

Valuation basis/rating key

- Buy:** Sustainable upside potential of more than 10% within 12 months.
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research AG, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties. From time to time Hauck & Aufhäuser Institutional Research AG will be compensated for its services using soft dollar compensation arrangements, such as trading commissions.

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Contacts: Hauck&Aufhäuser Investment Banking

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Institutional Research AG
Mittelweg 142

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Marie-Therese Gruebner
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: marie-therese.gruebner@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Henning Breiter
Analyst

Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Christian Schwenkenbecher
Analyst

Tel.: +49 (0)40 414 3885 - 76
E-Mail: christian.schwenkenbecher@ha-research.de

Tim Wunderlich, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Nils-Peter Fitzl
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: nils-peter.fitzl@ha-research.de

Torben Teichler
Analyst

Tel.: +49 (0)40 414 3885 - 74
E-Mail: torben.teichler@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales

Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hugues Madelin
Sales

Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Hamish Edsell
Sales

Tel.: +44 207 763 2180
E-Mail: hamish.edsell@ha-research.de

Toby Woods
Sales

Tel.: +44 207 763 7179
E-Mail: toby.woods@ha-research.de

Supervisory Board

Graeme Davies
Chairman

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Jochen Lucht

Tel.: +49 (0)69 2161 - 1260
E-Mail: jochen.lucht@hauck-aufhaeuser.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading

Tel.: +49 (0)69 2161 - 1525
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Sebastian Schuett
Trading

Tel.: +49 (0)69 2161 - 1556
E-Mail: sebastian.schuett@hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E-Mail: thomas.seibert@hauck-aufhaeuser.de