



**Buy** (old: Buy)

**Price target: EUR 10.50** (old: EUR 10.50)

**Price:** EUR 5.76      **Next result:** Q4/FY 13: 31.03.13  
**Bloomberg:** ERMK GR      **Market cap:** EUR 75.4 m  
**Reuters:** ERMGk.DE      **Enterprise Value:** EUR 80.4 m

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## Expansion in Family Entertainment seen as reassuring

Yesterday, DEAG announced an agreement to further expand its Family Entertainment activities (13% of sales, 15% EBIT margin). The new format 'Salto Vitale' will be produced for a two-year special tour in association with well known Bernhard Paul of Circus Roncalli (Europe's most successful Circus). From late August 2014 onwards, respective performances will be exclusively staged in those cities which Roncalli yet could not visit due to time constraints. Hence, demand is expected to be sound on the back of 1) new cities never visited before and 2) the format's exclusivity: It will stage a unique reunion of Roncalli stars of the past years as well as the Circus' most successful artists of today.

Interestingly, thanks to 'Salto Vitale' **more than 500,000 tickets are expected to be additionally sold in FY '13 and '14 starting from mid of March exclusively through Ticketmaster** (10% stake owned in Ticketmaster Germany). Assuming a price of € 20-25 per ticket, this would imply a total revenue of € 10-12m with an EBIT of € 1.3m (split: 60% in FY '14E and 40% in FY '15E), in our view.

While the continued expansion in Family Entertainment had already been reflected in our estimates going forward, its confirmation is reassuring regarding 1) DEAG's structurally sound growth profile, 2) the virtuous cycle of high quality content and 3) the exploitation of underlying distribution potential from ticketing. All of this should result in a sound impact on DEAG's future operating profitability.

**Ticketmaster share looks set to further increase:** While DEAG sold only c. 20% of its tickets via Ticketmaster in 2013E and only 3% in 2011, this share is expected to dynamically grow to 75% in the mid-term (current share already > 30%). Based on the number of 3m controlled tickets, DEAG is expected to expand the number of total tickets to 4.4m in 2016E. All of this yields the potential to increase the net income per ticket by 250% in the mid-term. Consequently, this is seen to boost net profit from ticketing to € 6m by 2016E.

**Trading at only 4.2x EV/EBITDA '15E, valuation looks undemanding,** in our view.

**Remains a BUY, PT € 10.50, based on FCFY '15E.**

Y/E 31.12 (EUR m)	2010	2011	2012	2013E	2014E	2015E	2016E
Sales	125.8	128.3	155.7	179.1	195.7	208.2	218.6
Sales growth	8 %	2 %	21 %	15 %	9 %	6 %	5 %
EBITDA	10.0	8.4	8.6	11.5	14.3	17.3	20.3
EBIT	8.2	7.4	7.2	9.9	12.7	15.7	18.6
Net income	1.3	2.5	2.6	0.9*	4.7	7.8	9.9
Net debt	-9.3	-15.1	-7.7	-3.9	-5.7	-12.5	-21.6
Net gearing	-84.0 %	-100.9 %	-72.0 %	-74.6 %	-89.2 %	-109.1 %	-124.8 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.11	0.21	0.21	0.26**	0.34	0.57	0.73
CPS	0.82	0.20	-0.25	0.21	0.33	0.72	0.94
DPS	0.00	0.04	0.08	0.12	0.16	0.21	0.25
Dividend yield	0.0 %	0.7 %	1.4 %	2.1 %	2.8 %	3.6 %	4.3 %
Gross profit margin	24.9 %	25.4 %	24.1 %	25.5 %	26.4 %	27.0 %	27.5 %
EBITDA margin	8.0 %	6.5 %	5.5 %	6.4 %	7.3 %	8.3 %	9.3 %
EBIT margin	6.5 %	5.8 %	4.6 %	5.5 %	6.5 %	7.5 %	8.5 %
ROCE	17.1 %	14.9 %	13.7 %	18.4 %	23.1 %	26.3 %	27.9 %
EV/sales	0.6	0.6	0.5	0.4	0.4	0.4	0.3
EV/EBITDA	7.2	8.8	8.4	7.0	5.6	4.2	3.2
EV/EBIT	8.8	9.9	9.9	8.1	6.3	4.7	3.4
PER	53.4	28.2	27.6	22.6	17.0	10.1	8.0
Adjusted FCF yield	7.2 %	8.6 %	7.6 %	7.5 %	9.6 %	14.9 %	21.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 12.03.2014; \* Net income from continued operations: € 3.3m; \*\* EPS from continued operations



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 5.80 / 3.05

**Price/Book Ratio:** 3.4

**Relative performance (SDAX):**

3 months 35.4 %

6 months 40.8 %

12 months 44.8 %

### Changes in estimates

		Sales	EBIT	EPS
2013	old:	179.1	9.9	0.07
	Δ	-	-	-
2014	old:	195.7	12.7	0.34
	Δ	-	-	-
2015	old:	208.2	15.7	0.57
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 13.0

Authorised capital: (in € m) 0.0

Book value per share: (in €) 1.7

Ø trading volume: (12 months) 38,000

### Major shareholders:

Free Float	44.0 %
Lion Capital	24.1 %
Peter Schwenkow	15.0 %
Plutus Holdings 2 Ltd.	10.3 %
Allianz Global Investors	5.0 %

### Company description:

Leading European Live Entertainment provider with a broad basis of content in Rock/Pop, Classics, Family Entertainment and Middle of the Road.

## Financials

Profit and loss (EUR m)	2010	2011	2012	2013E	2014E	2015E	2016E
<b>Sales</b>	<b>125.8</b>	<b>128.3</b>	<b>155.7</b>	<b>179.1</b>	<b>195.7</b>	<b>208.2</b>	<b>218.6</b>
Sales growth	7.8 %	2.0 %	21.4 %	15.0 %	9.3 %	6.3 %	5.0 %
Cost of sales	94.5	95.7	118.2	133.4	144.1	152.0	158.5
<b>Gross profit</b>	<b>31.3</b>	<b>32.6</b>	<b>37.5</b>	<b>45.7</b>	<b>51.7</b>	<b>56.2</b>	<b>60.1</b>
Sales and marketing	13.2	15.8	20.1	24.4	26.1	27.1	27.5
General and administration	11.4	12.9	13.4	15.4	16.6	17.6	18.3
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.2	4.4	3.9	4.7	4.5	4.8	5.0
Other operating expenses	1.7	0.9	0.7	0.7	0.8	0.7	0.8
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>10.0</b>	<b>8.4</b>	<b>8.6</b>	<b>11.5</b>	<b>14.3</b>	<b>17.3</b>	<b>20.3</b>
Depreciation	0.2	0.2	0.3	0.4	0.4	0.4	0.4
<b>EBITA</b>	<b>9.8</b>	<b>8.1</b>	<b>8.3</b>	<b>11.1</b>	<b>13.9</b>	<b>16.9</b>	<b>19.8</b>
Amortisation of goodwill	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	0.7	1.1	1.2	1.2	1.2	1.2
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>8.2</b>	<b>7.4</b>	<b>7.2</b>	<b>9.9</b>	<b>12.7</b>	<b>15.7</b>	<b>18.6</b>
Interest income	0.1	0.1	0.2	0.2	0.1	0.2	0.2
Interest expenses	1.2	1.2	0.5	1.0	1.0	0.7	0.7
Other financial result	-0.2	-0.3	-1.1	-0.1	-0.3	-0.1	-0.1
Financial result	-1.3	-1.5	-1.4	-1.0	-1.2	-0.6	-0.6
<b>Recurring pretax income from continuing operations</b>	<b>6.9</b>	<b>6.0</b>	<b>5.9</b>	<b>8.9</b>	<b>11.5</b>	<b>15.0</b>	<b>18.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.9</b>	<b>6.0</b>	<b>5.9</b>	<b>8.9</b>	<b>11.5</b>	<b>15.0</b>	<b>18.0</b>
Taxes	2.5	1.5	1.1	2.5	3.2	4.2	5.0
<b>Net income from continuing operations</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>6.4</b>	<b>8.3</b>	<b>10.8</b>	<b>13.0</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	2.5	0.0	0.0	0.0
<b>Net income</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>4.0</b>	<b>8.3</b>	<b>10.8</b>	<b>13.0</b>
Minority interest	3.0	1.9	2.2	3.1	3.6	3.0	3.1
<b>Net income (net of minority interest)</b>	<b>1.3</b>	<b>2.5</b>	<b>2.6</b>	<b>0.9</b>	<b>4.7</b>	<b>7.8</b>	<b>9.9</b>
Average number of shares	12.4	12.4	12.4	13.0	13.6	13.6	13.6
<b>EPS reported</b>	<b>0.11</b>	<b>0.21</b>	<b>0.21</b>	<b>0.07</b>	<b>0.34</b>	<b>0.57</b>	<b>0.73</b>

Profit and loss (common size)	2010	2011	2012	2013E	2014E	2015E	2016E
<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	75.1 %	74.6 %	75.9 %	74.5 %	73.6 %	73.0 %	72.5 %
<b>Gross profit</b>	<b>24.9 %</b>	<b>25.4 %</b>	<b>24.1 %</b>	<b>25.5 %</b>	<b>26.4 %</b>	<b>27.0 %</b>	<b>27.5 %</b>
Sales and marketing	10.5 %	12.3 %	12.9 %	13.6 %	13.3 %	13.0 %	12.6 %
General and administration	9.1 %	10.0 %	8.6 %	8.6 %	8.5 %	8.5 %	8.4 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	2.5 %	3.4 %	2.5 %	2.6 %	2.3 %	2.3 %	2.3 %
Other operating expenses	1.3 %	0.7 %	0.5 %	0.4 %	0.4 %	0.3 %	0.4 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>8.0 %</b>	<b>6.5 %</b>	<b>5.5 %</b>	<b>6.4 %</b>	<b>7.3 %</b>	<b>8.3 %</b>	<b>9.3 %</b>
Depreciation	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
<b>EBITA</b>	<b>7.8 %</b>	<b>6.3 %</b>	<b>5.3 %</b>	<b>6.2 %</b>	<b>7.1 %</b>	<b>8.1 %</b>	<b>9.1 %</b>
Amortisation of goodwill	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.7 %	0.5 %	0.7 %	0.7 %	0.6 %	0.6 %	0.5 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>6.5 %</b>	<b>5.8 %</b>	<b>4.6 %</b>	<b>5.5 %</b>	<b>6.5 %</b>	<b>7.5 %</b>	<b>8.5 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.0 %	1.0 %	0.3 %	0.6 %	0.5 %	0.3 %	0.3 %
Other financial result	-0.2 %	-0.3 %	-0.7 %	-0.1 %	-0.2 %	0.0 %	0.0 %
Financial result	-1.1 %	-1.1 %	-0.9 %	-0.5 %	-0.6 %	-0.3 %	-0.3 %
<b>Recurring pretax income from continuing operations</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>3.8 %</b>	<b>5.0 %</b>	<b>5.9 %</b>	<b>7.2 %</b>	<b>8.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>5.5 %</b>	<b>4.7 %</b>	<b>3.8 %</b>	<b>5.0 %</b>	<b>5.9 %</b>	<b>7.2 %</b>	<b>8.3 %</b>
Tax rate	36.6 %	25.7 %	18.6 %	28.0 %	28.0 %	28.0 %	28.0 %
<b>Net income from continuing operations</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.1 %</b>	<b>3.6 %</b>	<b>4.2 %</b>	<b>5.2 %</b>	<b>5.9 %</b>
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	1.4 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>3.5 %</b>	<b>3.5 %</b>	<b>3.1 %</b>	<b>2.2 %</b>	<b>4.2 %</b>	<b>5.2 %</b>	<b>5.9 %</b>
Minority interest	2.4 %	1.5 %	1.4 %	1.7 %	1.8 %	1.4 %	1.4 %
<b>Net income (net of minority interest)</b>	<b>1.1 %</b>	<b>2.0 %</b>	<b>1.7 %</b>	<b>0.5 %</b>	<b>2.4 %</b>	<b>3.8 %</b>	<b>4.5 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013E	2014E	2015E	2016E
<b>Intangible assets</b>	<b>24.2</b>	<b>25.0</b>	<b>24.7</b>	<b>29.1</b>	<b>28.1</b>	<b>27.1</b>	<b>26.1</b>
Property, plant and equipment	9.0	9.2	10.7	11.0	11.3	11.6	11.9
Financial assets	1.0	2.6	1.7	1.7	1.7	1.7	1.7
<b>FIXED ASSETS</b>	<b>34.2</b>	<b>36.8</b>	<b>37.1</b>	<b>41.8</b>	<b>41.1</b>	<b>40.4</b>	<b>39.6</b>
Inventories	7.7	12.8	13.6	15.6	19.6	20.8	21.9
Accounts receivable	7.5	7.0	10.0	11.3	12.9	14.3	15.0
Other current assets	3.8	4.1	6.0	6.0	6.0	6.0	6.0
Liquid assets	31.8	35.7	31.6	28.5	31.3	38.7	48.4
Deferred taxes	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	2.3	0.2	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>50.9</b>	<b>61.9</b>	<b>61.9</b>	<b>61.4</b>	<b>69.7</b>	<b>79.8</b>	<b>91.3</b>
<b>TOTAL ASSETS</b>	<b>85.1</b>	<b>98.7</b>	<b>99.0</b>	<b>103.1</b>	<b>110.8</b>	<b>120.2</b>	<b>130.9</b>
SHAREHOLDERS EQUITY	22.2	24.5	26.4	21.9	21.5	24.4	29.1
MINORITY INTEREST	4.7	5.6	5.4	8.5	12.1	15.1	18.2
Long-term debt	10.6	8.7	9.0	8.5	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	8.9	9.6	10.2	10.5	10.7	11.0	11.2
<b>Non-current liabilities</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>	<b>19.7</b>
short-term liabilities to banks	2.6	2.3	3.6	3.6	3.6	3.6	3.6
Accounts payable	9.4	9.5	11.3	12.4	13.4	14.2	14.8
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	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Deferred income	24.8	36.5	31.0	35.7	39.0	41.5	43.6
<b>Current liabilities</b>	<b>38.8</b>	<b>50.3</b>	<b>47.9</b>	<b>53.7</b>	<b>58.0</b>	<b>61.2</b>	<b>63.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>85.1</b>	<b>98.7</b>	<b>99.0</b>	<b>103.1</b>	<b>110.8</b>	<b>120.2</b>	<b>130.9</b>

Balance sheet (common size)	2010	2011	2012	2013E	2014E	2015E	2016E
<b>Intangible assets</b>	<b>28.4 %</b>	<b>25.3 %</b>	<b>24.9 %</b>	<b>28.2 %</b>	<b>25.3 %</b>	<b>22.5 %</b>	<b>19.9 %</b>
Property, plant and equipment	10.6 %	9.3 %	10.8 %	10.7 %	10.2 %	9.7 %	9.1 %
Financial assets	1.2 %	2.6 %	1.7 %	1.6 %	1.5 %	1.4 %	1.3 %
<b>FIXED ASSETS</b>	<b>40.2 %</b>	<b>37.3 %</b>	<b>37.5 %</b>	<b>40.5 %</b>	<b>37.1 %</b>	<b>33.6 %</b>	<b>30.3 %</b>
Inventories	9.1 %	12.9 %	13.7 %	15.1 %	17.7 %	17.3 %	16.7 %
Accounts receivable	8.9 %	7.1 %	10.1 %	10.9 %	11.6 %	11.9 %	11.4 %
Other current assets	4.4 %	4.2 %	6.1 %	5.8 %	5.4 %	5.0 %	4.6 %
Liquid assets	37.4 %	36.2 %	31.9 %	27.6 %	28.2 %	32.2 %	37.0 %
Deferred taxes	0.0 %	0.0 %	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	2.3 %	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>59.8 %</b>	<b>62.7 %</b>	<b>62.5 %</b>	<b>59.5 %</b>	<b>62.9 %</b>	<b>66.4 %</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>100.0 %</b>
SHAREHOLDERS EQUITY	26.1 %	24.8 %	26.6 %	21.3 %	19.4 %	20.3 %	22.2 %
MINORITY INTEREST	5.5 %	5.6 %	5.5 %	8.3 %	10.9 %	12.6 %	13.9 %
Long-term debt	12.4 %	8.9 %	9.1 %	8.2 %	7.7 %	7.1 %	6.5 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	10.4 %	9.8 %	10.4 %	10.2 %	9.7 %	9.1 %	8.6 %
<b>Non-current liabilities</b>	<b>22.8 %</b>	<b>18.6 %</b>	<b>19.4 %</b>	<b>18.4 %</b>	<b>17.3 %</b>	<b>16.2 %</b>	<b>15.1 %</b>
short-term liabilities to banks	3.1 %	2.3 %	3.6 %	3.5 %	3.3 %	3.0 %	2.8 %
Accounts payable	11.1 %	9.7 %	11.4 %	12.0 %	12.1 %	11.8 %	11.3 %
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	2.3 %	2.0 %	2.0 %	1.9 %	1.8 %	1.6 %	1.5 %
Deferred income	29.1 %	37.0 %	31.4 %	34.6 %	35.2 %	34.5 %	33.3 %
<b>Current liabilities</b>	<b>45.6 %</b>	<b>51.0 %</b>	<b>48.4 %</b>	<b>52.1 %</b>	<b>52.3 %</b>	<b>50.9 %</b>	<b>48.8 %</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)	2010	2011	2012	2013E	2014E	2015E	2016E
Net profit/loss	4.4	4.4	4.8	4.0	8.3	10.8	13.0
Depreciation of fixed assets (incl. leases)	0.2	0.2	0.3	0.4	0.4	0.4	0.4
Amortisation of goodwill	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	0.7	1.1	1.2	1.2	1.2	1.2
Others	3.3	6.8	-6.6	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	9.5	12.1	-0.5	5.6	9.8	12.4	14.6
Increase/decrease in inventory	0.8	-8.6	-0.8	-2.0	-4.0	-1.2	-1.0
Increase/decrease in accounts receivable	0.0	0.0	-3.0	-1.3	-1.6	-1.4	-0.7
Increase/decrease in accounts payable	0.0	0.0	1.8	1.1	1.0	0.7	0.6
Increase/decrease in other working capital positions	0.0	-0.7	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.8	-9.2	-2.0	-2.2	-4.6	-1.9	-1.1
<b>Cash flow from operating activities</b>	<b>10.3</b>	<b>2.9</b>	<b>-2.5</b>	<b>3.4</b>	<b>5.3</b>	<b>10.5</b>	<b>13.5</b>
CAPEX	0.3	0.4	0.6	0.9	0.9	0.9	0.9
Payments for acquisitions	0.0	0.0	0.0	5.4	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	1.0	0.1	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.6</b>	<b>-6.3</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.9</b>
Cash flow before financing	11.0	2.6	-3.1	-2.9	4.4	9.6	12.6
Increase/decrease in debt position	-0.8	-1.3	1.6	-0.5	0.0	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	4.0	0.0	0.0	0.0
Dividends paid	1.5	1.9	0.5	1.0	1.6	2.2	2.9
Others	-3.1	0.0	-2.8	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	2.8	1.8	0.7	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</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>	<b>-2.9</b>
Increase/decrease in liquid assets	8.3	1.2	-4.1	-0.4	2.8	7.5	9.7
<b>Liquid assets at end of period</b>	<b>31.8</b>	<b>33.0</b>	<b>28.9</b>	<b>28.5</b>	<b>31.3</b>	<b>38.7</b>	<b>48.4</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013E	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	7.8 %	2.0 %	21.4 %	15.0 %	9.3 %	6.3 %	5.0 %
EBITDA growth	56.3 %	-16.5 %	2.5 %	34.1 %	24.0 %	21.1 %	17.3 %
EBIT growth	70.2 %	-9.4 %	-2.7 %	36.8 %	28.0 %	23.6 %	18.9 %
EPS growth	183.4 %	89.0 %	2.5 %	-68.1 %	408.6 %	67.8 %	26.4 %
<b>Efficiency</b>							
Total operating costs / sales	18.3 %	19.6 %	19.5 %	20.0 %	19.9 %	19.5 %	19.0 %
Sales per employee	638.0	621.0	674.3	657.8	642.2	633.8	629.9
EBITDA per employee	50.8	40.5	37.1	42.2	46.8	52.6	58.4
<b>Balance sheet analysis</b>							
Avg. working capital / sales	4.4 %	6.3 %	7.2 %	7.4 %	8.5 %	9.6 %	9.8 %
Inventory turnover (sales/inventory)	16.3	10.0	15.0	11.5	10.0	10.0	10.0
Trade debtors in days of sales	21.9	19.9	19.9	23.0	24.0	25.0	25.0
A/P turnover [(A/P*365)/sales]	36.4	36.4	35.0	34.0	34.0	34.0	34.0
Cash conversion cycle (days)	15.3	32.2	30.3	31.6	39.6	41.0	41.3
<b>Cash flow analysis</b>							
Free cash flow	10.0	2.5	-3.1	2.5	4.4	9.6	12.6
Free cash flow/sales	8.0 %	1.9 %	-2.0 %	1.4 %	2.2 %	4.6 %	5.8 %
FCF / net profit	746.1 %	98.3 %	-117.4 %	282.5 %	93.5 %	123.3 %	127.2 %
Capex / depn	15.3 %	45.6 %	44.8 %	56.3 %	56.6 %	55.7 %	55.0 %
Capex / maintenance capex	96.4 %	96.9 %	66.7 %	100.0 %	100.0 %	100.0 %	100.0 %
Capex / sales	0.2 %	0.3 %	0.4 %	0.5 %	0.5 %	0.4 %	0.4 %
<b>Security</b>							
Net debt	-9.3	-15.1	-7.7	-3.9	-5.7	-12.5	-21.6
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.4	-0.6	-0.3	-0.2	-0.3	-0.5	-0.7
Interest cover	6.8	6.0	14.1	9.9	12.7	21.5	25.6
Dividend payout ratio	0.0 %	19.5 %	38.0 %	178.6 %	46.8 %	36.5 %	34.7 %
<b>Asset utilisation</b>							
Capital employed turnover	2.6	2.5	2.8	3.4	3.5	3.3	3.1
Operating assets turnover	8.5	6.6	6.8	7.0	6.4	6.4	6.4
Plant turnover	13.9	14.0	14.5	16.3	17.3	17.9	18.4
Inventory turnover (sales/inventory)	16.3	10.0	15.0	11.5	10.0	10.0	10.0
<b>Returns</b>							
ROCE	17.1 %	14.9 %	13.7 %	18.4 %	23.1 %	26.3 %	27.9 %
ROE	6.1 %	10.4 %	9.9 %	4.0 %	21.7 %	32.0 %	34.0 %
<b>Other</b>							
Interest paid / avg. debt	8.8 %	10.3 %	4.3 %	8.1 %	8.3 %	6.0 %	6.0 %
No. employees (average)	197	207	231	272	305	328	347
Number of shares	12.4	12.4	12.4	13.0	13.6	13.6	13.6
DPS	0.0	0.0	0.1	0.1	0.2	0.2	0.3
EPS reported	0.11	0.21	0.21	0.07	0.34	0.57	0.73
<b>Valuation ratios</b>							
P/BV	3.2	2.9	2.7	3.4	3.7	3.2	2.7
EV/sales	0.6	0.6	0.5	0.4	0.4	0.4	0.3
EV/EBITDA	7.2	8.8	8.4	7.0	5.6	4.2	3.2
EV/EBITA	7.4	9.0	8.6	7.2	5.8	4.3	3.2
EV/EBIT	8.8	9.9	9.9	8.1	6.3	4.7	3.4
EV/FCF	7.2	29.4	-23.4	32.5	18.3	7.6	5.1
Adjusted FCF yield	7.2 %	8.6 %	7.6 %	7.5 %	9.6 %	14.9 %	21.5 %
Dividend yield	0.0 %	0.7 %	1.4 %	2.1 %	2.8 %	3.6 %	4.3 %

Source: Company data, Hauck & Aufhäuser

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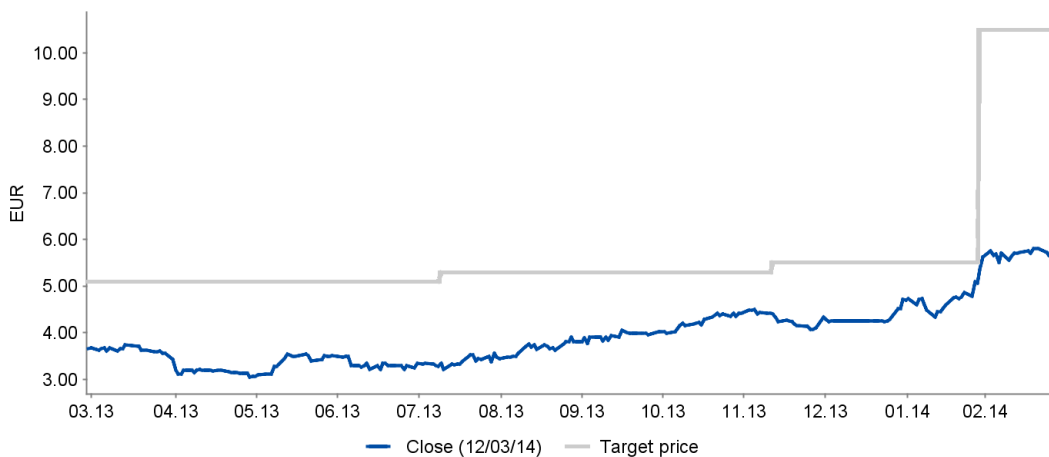
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Company	Disclosure
DEAG Deutsche Entertainment AG	2, 5

**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 13/03/14**

Initiation coverage  
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