

Hold EUR 52.00 (EUR 39.00) Price EUR 61.29 Downside -15.2 %	Value Indicators: EUR DCF: 52.00	Share data: Bloomberg: DAM GR Reuters: DAMG ISIN: DE0005498901	Description: Producer and Distributor of displays for special applications in the industry.
	Market Snapshot: EUR m Market cap: 216.1 No. of shares (m): 3.5 EV: 201.6 Freefloat MC: 100.7 Ø Trad. Vol. (30d): 69.18 th	Shareholders: Freefloat 46.6 % Arrow Electronics 53.4 %	Risk Profile (WRe): 2017e Beta: 1.4 Price / Book: 2.6 x Equity Ratio: 72 %

2016 was another record year for Data Modul

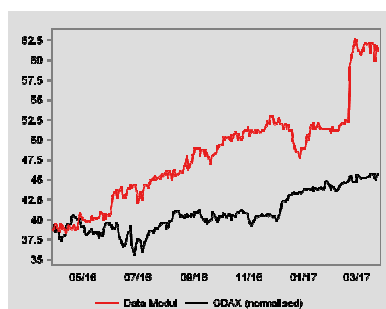
Stated Figures Q4/2016: Figures in EUR m							Comment on Figures: <ul style="list-style-type: none"> Group sales grew by 9.3% yoy to EUR 197.1m. Sales growth was chiefly driven by the Systems segment (+20.1% yoy to EUR 85m) while the Displays segment posted moderate growth of 2.3% yoy. Profitability improved markedly as a result of lower administrative expenses that were inflated in 2015 by commutation payments and other costs related to the Arrow Electronics takeover offer and the subsequent change of control in 2015. In addition, write-offs for a development project burdened results in 2015. 						
	Q4/16e	Q4/15	yoy	2016e	2015	yoy							
Sales	48.8	45.5	7.1%	197.1	180.3	9.3%							
EBIT margin	4.0	2.9	36.4%	15.0	12.6	19.6%							
	8.2%	6.5%		7.6%	7.0%								
EPS	0.72	0.25	188.0%	2.90	2.41	20.3%							

Data Modul released final figures for FY 2016 on March 24. Sales grew by 9.3% on group level. Growth in EBIT (+19.6% yoy) and EPS (+20.3% yoy) was even stronger, primarily due to lower one-off expenses (see above). The company has proposed a dividend of EUR 1.50 per share. However, we fear management's proposal will again be overruled by the major shareholder, Arrow Electronics, as was already the case in 2015 and 2016. We expect the dividend to remain at the prior year's level of EUR 0.12.

Outlook is strong: Having spoken to CEO Dr. Florian Pesahl, we gained the impression that the company is well on track for further growth in 2017 and beyond and is likely to record stronger growth than anticipated so far in our estimates. As in 2016, growth will chiefly be driven by the Systems segment, where the company gained several important orders – particularly in the area of digital signage. As a consequence, we are raising our short- and medium-term expectations for sales and also EBIT margins. Margins should improve based on economies of scale and the higher value-add of products being provided to customers in the future. We are now expecting the EBIT margin for FY 2017 to be between 7.5-8% with a tendency towards the upper end.

Valuation and Rating: We roll forward our model and derive a new price target of EUR 52 that reflects our higher sales and margin expectations in the short and medium term. Our new price target is still well below the current share price level, which is driven by speculation on the closure of a profit and control transfer agreement with Arrow Electronics in our view. Since we expect this issue to continue to determine Data Modul's share price, our rating remains Hold.

Changes in Estimates: FY End: 31.12. in EUR m							Comment on Changes: <ul style="list-style-type: none"> Increased sales estimates owing to higher growth expectations until 2019. Higher EBIT margin assumption owing to higher sales levels and favourable product mix. 						
	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -							
Sales	205.6	7.0 %	214.2	11.9 %	n.a.	n.m.							
EBIT	16.0	10.1 %	16.9	16.4 %	n.a.	n.m.							
EPS	3.15	7.9 %	3.35	13.7 %	n.a.	n.m.							

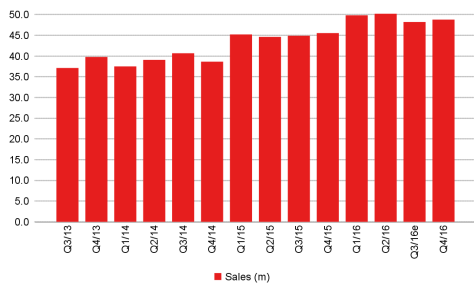


Rel. Performance vs CDAX:	
1 month:	-4.0 %
6 months:	10.7 %
Year to date:	20.0 %
Trailing 12 months:	40.5 %

Company events:	

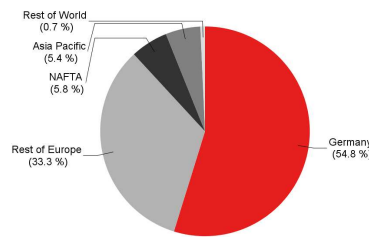
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	9.5 %	146.7	155.9	180.3	197.1	220.0	239.8	259.0
Change Sales yoy		4.6 %	6.3 %	15.6 %	9.3 %	11.6 %	9.0 %	8.0 %
Gross profit margin		21.1 %	24.4 %	24.7 %	23.2 %	23.3 %	23.4 %	23.4 %
EBITDA	11.9 %	7.8	13.3	15.3	17.1	19.7	21.9	23.9
Margin		5.3 %	8.5 %	8.5 %	8.7 %	8.9 %	9.1 %	9.2 %
EBIT	12.8 %	5.7	11.4	12.6	15.0	17.6	19.7	21.6
Margin		3.9 %	7.3 %	7.0 %	7.6 %	8.0 %	8.2 %	8.3 %
Net income	13.0 %	3.2	7.6	8.4	10.2	12.0	13.5	14.7
EPS	13.0 %	0.95	2.23	2.41	2.90	3.40	3.81	4.18
EPS adj.	13.0 %	0.95	2.23	2.41	2.90	3.40	3.81	4.18
DPS	0.0 %	0.60	0.12	0.12	0.12	0.12	0.12	0.12
Dividend Yield		3.8 %	0.6 %	0.4 %	0.3 %	0.2 %	0.2 %	0.2 %
FCFPS		0.77	3.33	1.24	0.65	0.66	1.97	2.36
FCF / Market cap		4.9 %	17.5 %	3.9 %	1.3 %	1.1 %	3.2 %	3.9 %
EV / Sales		0.4 x	0.4 x	0.6 x	0.7 x	0.9 x	0.8 x	0.7 x
EV / EBITDA		7.7 x	4.6 x	6.5 x	8.3 x	10.3 x	8.9 x	7.8 x
EV / EBIT		10.6 x	5.4 x	8.0 x	9.5 x	11.5 x	9.9 x	8.7 x
P / E		16.8 x	8.5 x	13.1 x	15.1 x	18.0 x	16.1 x	14.7 x
P / E adj.		16.8 x	8.5 x	13.1 x	15.1 x	18.0 x	16.1 x	14.7 x
FCF Yield Potential		6.2 %	12.0 %	8.7 %	5.8 %	4.9 %	6.4 %	7.4 %
Net Debt		6.1	-3.0	-9.9	-12.6	-14.5	-21.0	-28.9
ROCE (NOPAT)		7.0 %	16.6 %	17.9 %	19.1 %	19.3 %	19.1 %	19.2 %
Guidance:		2017: sales: +3-14%, EBIT:+3-10%, order intake: +4-15%						

Sales development
in EUR m



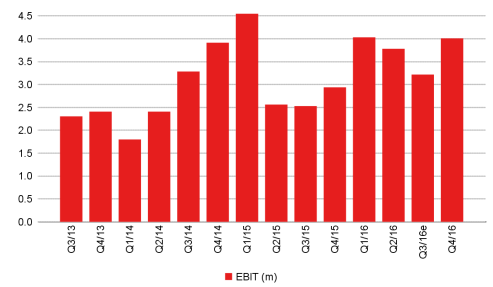
Source: Warburg Research

Sales by regions
2016; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

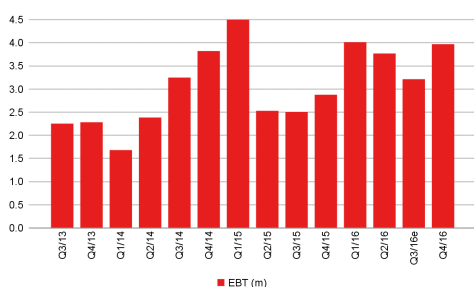
Company Background

- Display solutions for OEMs. With its own products, Data Modul forms the value-added connection between panel producers (LG, Sharp, Samsung etc.) and customers. Trade products complete the offering.
- Displays segment: distribution of standard and added-value products (e.g. additional equipping of the displays with PC components and software).
- In the Systems segment, Data Modul mainly develops and sells its own products and customer-specific solutions. This includes e.g. special monitors for marine navigation or medical technology.
- Increasingly important areas of business growth are embedded computer solutions and touch solutions.

Competitive Quality

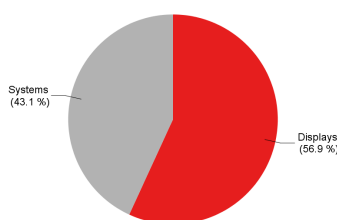
- Europe's largest display distributor.
- Focus on niche markets that are too small to be directly served by large display manufacturers, which leads to comparatively low competitive intensity.
- Strong customer loyalty with in-house design (Design-In) of customers' products.
- Earlier access to new technologies through the Distribution business.
- Expertise built up over 40 years.

EBT development
in EUR m



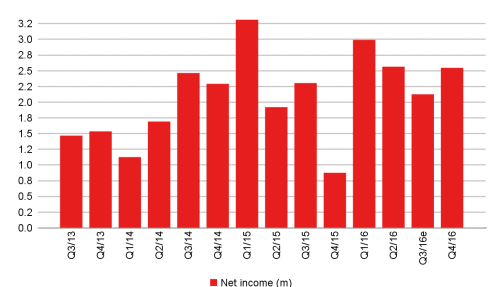
Source: Warburg Research

Sales by segments
2016; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	220.0	239.8	259.0	274.5	290.3	306.2	322.2	338.4	354.6	370.8	387.1	403.2	419.4	
Sales change	11.6 %	9.0 %	8.0 %	6.0 %	5.7 %	5.5 %	5.2 %	5.0 %	4.8 %	4.6 %	4.4 %	4.2 %	4.0 %	2.0 %
EBIT	17.6	19.7	21.6	22.5	23.4	24.3	25.2	26.0	26.8	27.6	28.4	29.1	29.8	
EBIT-margin	8.0 %	8.2 %	8.3 %	8.2 %	8.1 %	7.9 %	7.8 %	7.7 %	7.6 %	7.5 %	7.3 %	7.2 %	7.1 %	
Tax rate (EBT)	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	
NOPAT	12.0	13.5	14.8	15.4	16.0	16.7	17.3	17.8	18.4	18.9	19.4	19.9	20.4	
Depreciation	2.1	2.2	2.3	2.6	2.8	3.1	3.5	3.8	4.2	4.6	5.0	5.5	6.0	
in % of Sales	1.0 %	0.9 %	0.9 %	0.9 %	1.0 %	1.0 %	1.1 %	1.1 %	1.2 %	1.2 %	1.3 %	1.4 %	1.4 %	
Changes in provisions	0.0	0.0	0.0	1.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	7.3	5.4	5.4	-2.4	3.9	4.0	4.0	4.0	4.1	4.1	4.1	4.0	4.0	
- Capex	4.5	3.4	3.4	4.1	4.4	4.6	4.8	5.1	5.3	5.6	5.8	6.0	6.3	
Capex in % of Sales	2.0 %	1.4 %	1.3 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	2.3	6.9	8.3	17.7	10.7	11.3	12.0	12.6	13.3	14.0	14.7	15.4	16.2	18
PV of FCF	2.2	6.0	6.6	12.9	7.2	7.0	6.8	6.6	6.4	6.2	5.9	5.7	5.5	92
share of PVs	8.35 %			39.73 %										51.92 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	2.43 %	Financial Strength	1.20
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.60
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	8.85 %	Beta	1.36

Valuation (m)

Present values 2029e	85		
Terminal Value	92		
Financial liabilities	3		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	3.5
Equity Value	184	Value per share (EUR)	52.05

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.55	9.8 %	43.08	43.63	44.22	44.85	45.51	46.22	46.98	1.55	9.8 %	33.53	37.30	41.07	44.85	48.62	52.39	56.16
1.46	9.3 %	46.07	46.74	47.44	48.19	49.00	49.87	50.80	1.46	9.3 %	36.06	40.11	44.15	48.19	52.24	56.28	60.33
1.41	9.1 %	47.72	48.45	49.22	50.05	50.94	51.90	52.94	1.41	9.1 %	37.47	41.66	45.86	50.05	54.25	58.44	62.64
1.36	8.8 %	49.48	50.28	51.13	52.05	53.04	54.10	55.26	1.36	8.8 %	38.98	43.34	47.70	52.05	56.41	60.77	65.12
1.32	8.6 %	51.37	52.25	53.19	54.21	55.30	56.49	57.78	1.32	8.6 %	40.61	45.14	49.68	54.21	58.74	63.27	67.81
1.27	8.3 %	53.39	54.36	55.41	56.54	57.76	59.09	60.53	1.27	8.3 %	42.37	47.10	51.82	56.54	61.26	65.98	70.70
1.18	7.8 %	57.92	59.12	60.41	61.82	63.35	65.02	66.86	1.18	7.8 %	46.37	51.52	56.67	61.82	66.97	72.12	77.27

- Revenue is expected to grow based on the continuous expansion in the use of display technology.
- The beta of 1.3 reflects the share's low liquidity as well as the company's sensitivity to economic conditions.

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2013	2014	2015	2016	2017e	2018e	2019e	
Net Income before minorities	3.2	7.6	8.4	10.2	12.0	13.5	14.7	
+ Depreciation + Amortisation	2.1	1.9	2.8	2.0	2.1	2.2	2.3	
- Net Interest Income	-0.3	-0.3	-0.2	-0.1	-0.1	-0.1	-0.1	
- Maintenance Capex	1.9	2.3	2.6	4.1	4.3	3.2	3.2	
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Free Cash Flow Potential	3.7	7.4	8.8	8.2	9.9	12.5	13.9	
Free Cash Flow Yield Potential	6.2 %	12.0 %	8.7 %	5.8 %	4.9 %	6.4 %	7.4 %	
WACC	8.85 %	8.85 %	8.85 %	8.85 %	8.85 %	8.85 %	8.85 %	
= Enterprise Value (EV)	60.1	61.4	100.1	142.2	201.6	195.1	187.2	
= Fair Enterprise Value	42.2	83.1	98.9	93.2	111.6	141.3	157.0	
- Net Debt (Cash)	-14.2	-14.2	-14.2	-14.2	-16.1	-22.6	-30.5	
- Pension Liabilities	1.6	1.6	1.6	1.6	1.6	1.6	1.6	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	54.8	95.7	111.6	105.8	126.1	162.3	185.9	
No. of shares (total) (m)	3.5	3.5	3.5	3.5	3.5	3.5	0.0	
= Fair value per share (EUR)	15.55	27.14	31.64	30.02	35.77	46.02	n.a.	
premium (-) / discount (+) in %					-41.6 %	-24.9 %		
Sensitivity Fair value per Share (EUR)								
	11.85 %	12.52	21.17	24.53	23.32	27.76	35.88	41.46
	10.85 %	13.34	22.79	26.46	25.14	29.94	38.63	44.52
	9.85 %	14.34	24.74	28.79	27.33	32.56	41.95	48.21
WACC	8.85 %	15.55	27.14	31.64	30.02	35.77	46.02	52.73
	7.85 %	17.08	30.14	35.21	33.38	39.81	51.12	58.40
	6.85 %	19.05	34.02	39.83	37.74	45.02	57.72	65.74
	5.85 %	21.69	39.22	46.03	43.58	52.02	66.57	75.57

▪ The FCF value supports the DCF value.

Peer Group

Company	Price	EV / Sales		EV / EBITDA		EV / EBIT		P / E		EPS CAGR (16-19e)
		17e	18e	17e	18e	17e	18e	17e	18e	
Prices in local currency										
Barco	90.90	0.8	8.5	6.9	12.0	9.0	25.3	19.1	53.1 %	
Daktronics	9.19	-	-	-	-	-	20.1	-	-	
Kontron	3.00	0.4	9.9	5.1	55.4	10.8	-	23.9	-	
Vectron Systems AG	90.89	2.8	11.0	10.3	11.7	10.9	19.2	17.5	-	
Average		1.3	9.8	7.4	26.4	10.2	21.5	20.2	53.1 %	
Median		0.8	9.9	6.9	12.0	10.8	20.1	19.1	53.1 %	
Data Modul	61.29	0.9	10.3	8.9	11.5	9.9	18.0	16.1	13.0 %	
Delta to median		19.3 %	4.0 %	28.5 %	-4.6 %	-8.2 %	-10.4 %	-15.9 %	-75.6 %	

■ ...

Valuation

	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	1.3 x	1.3 x	1.8 x	2.2 x	2.6 x	2.3 x	2.0 x
Book value per share ex intangibles	10.95	12.70	15.82	18.47	21.53	25.02	28.88
EV / Sales	0.4 x	0.4 x	0.6 x	0.7 x	0.9 x	0.8 x	0.7 x
EV / EBITDA	7.7 x	4.6 x	6.5 x	8.3 x	10.3 x	8.9 x	7.8 x
EV / EBIT	10.6 x	5.4 x	8.0 x	9.5 x	11.5 x	9.9 x	8.7 x
EV / EBIT adj.*	10.6 x	5.4 x	6.7 x	9.5 x	11.5 x	9.9 x	8.7 x
P / FCF	20.6 x	5.7 x	25.4 x	76.2 x	93.4 x	31.2 x	25.9 x
P / E	16.8 x	8.5 x	13.1 x	15.1 x	18.0 x	16.1 x	14.7 x
P / E adj.*	16.8 x	8.5 x	13.1 x	15.1 x	18.0 x	16.1 x	14.7 x
Dividend Yield	3.8 %	0.6 %	0.4 %	0.3 %	0.2 %	0.2 %	0.2 %
Free Cash Flow Yield Potential	6.2 %	12.0 %	8.7 %	5.8 %	4.9 %	6.4 %	7.4 %

*Adjustments made for: -

Consolidated profit and loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	146.7	155.9	180.3	197.1	220.0	239.8	259.0
Change Sales yoy	4.6 %	6.3 %	15.6 %	9.3 %	11.6 %	9.0 %	8.0 %
COGS	115.7	117.9	135.8	151.3	168.7	183.7	198.4
Gross profit	31.0	38.0	44.5	45.7	51.3	56.1	60.6
<i>Gross margin</i>	<i>21.1 %</i>	<i>24.4 %</i>	<i>24.7 %</i>	<i>23.2 %</i>	<i>23.3 %</i>	<i>23.4 %</i>	<i>23.4 %</i>
Research and development	4.9	5.3	6.5	5.9	6.8	7.4	8.0
Sales and marketing	20.4	21.4	25.4	24.8	26.9	29.0	31.0
Administration expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.8	13.3	15.3	17.1	19.7	21.9	23.9
<i>Margin</i>	<i>5.3 %</i>	<i>8.5 %</i>	<i>8.5 %</i>	<i>8.7 %</i>	<i>8.9 %</i>	<i>9.1 %</i>	<i>9.2 %</i>
Depreciation of fixed assets	0.9	1.0	1.1	1.2	1.3	1.4	1.5
EBITA	6.9	12.3	14.2	15.8	18.4	20.5	22.4
Amortisation of intangible assets	1.3	0.9	1.7	0.8	0.8	0.8	0.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.7	11.4	12.6	15.0	17.6	19.7	21.6
<i>Margin</i>	<i>3.9 %</i>	<i>7.3 %</i>	<i>7.0 %</i>	<i>7.6 %</i>	<i>8.0 %</i>	<i>8.2 %</i>	<i>8.3 %</i>
EBIT adj.	5.7	11.4	15.0	15.0	17.6	19.7	21.6
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.3	0.3	0.2	0.1	0.1	0.1	0.1
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	5.4	11.1	12.4	15.0	17.5	19.6	21.5
<i>Margin</i>	<i>3.7 %</i>	<i>7.1 %</i>	<i>6.9 %</i>	<i>7.6 %</i>	<i>7.9 %</i>	<i>8.2 %</i>	<i>8.3 %</i>
Total taxes	2.2	3.6	4.0	4.7	5.5	6.2	6.8
Net income from continuing operations	3.2	7.6	8.4	10.2	12.0	13.5	14.7
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	3.2	7.6	8.4	10.2	12.0	13.5	14.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.2	7.6	8.4	10.2	12.0	13.5	14.7
<i>Margin</i>	<i>2.2 %</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>5.2 %</i>	<i>5.4 %</i>	<i>5.6 %</i>	<i>5.7 %</i>
Number of shares, average	3.4	3.4	3.5	3.5	3.5	3.5	3.5
EPS	0.95	2.23	2.41	2.90	3.40	3.81	4.18
EPS adj.	0.95	2.23	2.41	2.90	3.40	3.81	4.18

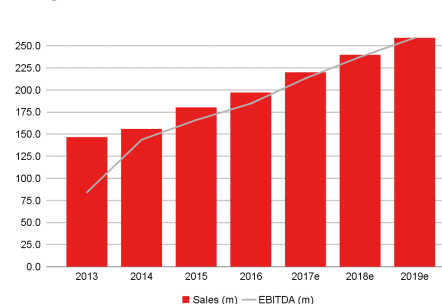
*Adjustments made for:

Guidance: 2017: sales: +3-14%, EBIT:+3-10%, order intake: +4-15%

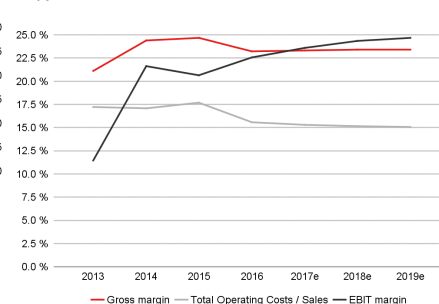
Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	17.2 %	17.1 %	17.7 %	15.6 %	15.3 %	15.2 %	15.1 %
Operating Leverage	-6.6 x	16.1 x	0.7 x	2.1 x	1.4 x	1.4 x	1.2 x
EBITDA / Interest expenses	24.0 x	45.1 x	82.9 x	193.9 x	223.4 x	249.0 x	271.6 x
Tax rate (EBT)	40.0 %	32.0 %	32.2 %	31.6 %	31.5 %	31.5 %	31.5 %
Dividend Payout Ratio	62.9 %	5.4 %	5.0 %	4.1 %	3.5 %	3.1 %	2.9 %
Sales per Employee	440,559	468,213	541,441	591,829	660,661	720,120	777,730

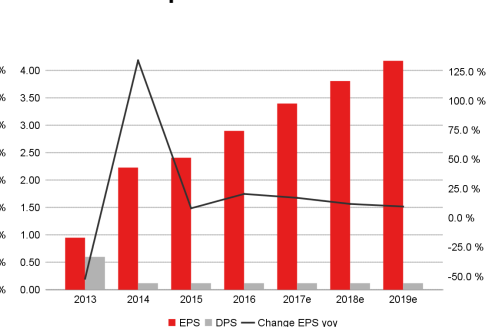
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

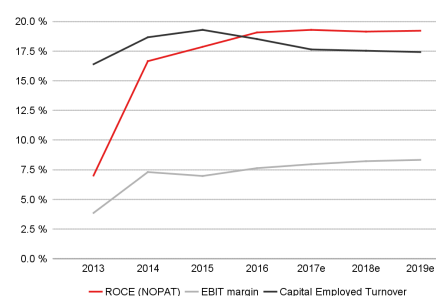
Consolidated balance sheet

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	5.0	4.9	4.4	4.9	5.9	6.6	7.3
thereof other intangible assets	0.5	0.6	0.5	1.2	1.9	2.6	3.3
thereof Goodwill	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Property, plant and equipment	9.0	9.6	10.0	11.6	13.3	13.8	14.2
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.3	0.2	0.1	0.0	0.0	0.0	0.0
Fixed assets	14.2	14.7	14.6	16.5	19.1	20.3	21.4
Inventories	29.8	28.9	37.0	44.0	47.8	52.1	56.3
Accounts receivable	22.4	18.3	17.8	23.0	25.7	28.0	30.3
Liquid assets	15.3	16.8	19.3	17.2	19.1	25.6	33.5
Other short-term assets	1.8	1.3	1.7	2.3	2.3	2.3	2.3
Current assets	69.2	65.4	75.8	86.6	94.9	108.0	122.4
Total Assets	83.5	80.1	90.4	103.0	114.0	128.3	143.8
Liabilities and shareholders' equity							
Subscribed capital	10.2	10.2	10.6	10.6	10.6	10.6	10.6
Capital reserve	22.4	22.4	24.1	24.1	24.1	24.1	24.1
Retained earnings	11.7	17.1	26.6	36.4	48.1	61.2	75.5
Other equity components	-2.2	-1.6	-1.1	-1.1	-1.1	-1.1	-1.1
Shareholders' equity	42.1	48.0	60.2	70.0	81.8	94.8	109.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	42.1	48.0	60.2	70.0	81.8	94.8	109.1
Provisions	4.8	6.7	5.5	5.7	5.8	5.9	6.0
thereof provisions for pensions and similar obligations	1.5	1.8	2.5	1.6	1.6	1.6	1.6
Financial liabilities (total)	19.9	12.1	7.0	3.0	3.0	3.0	3.0
thereof short-term financial liabilities	19.0	9.1	7.0	0.0	0.0	0.0	0.0
Accounts payable	10.9	7.7	10.1	14.2	13.3	14.5	15.6
Other liabilities	5.7	5.6	7.5	10.1	10.1	10.1	10.1
Liabilities	41.3	32.0	30.1	33.0	32.2	33.5	34.7
Total liabilities and shareholders' equity	83.5	80.1	90.4	103.0	114.0	128.3	143.8

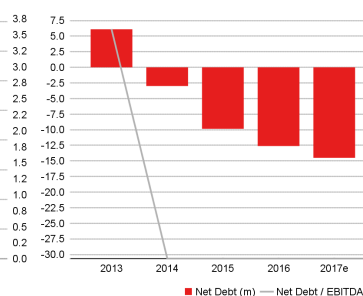
Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	2.9 x	3.2 x	3.3 x	3.1 x	3.0 x	3.0 x	3.0 x
Capital Employed Turnover	3.0 x	3.5 x	3.6 x	3.4 x	3.3 x	3.2 x	3.2 x
ROA	22.7 %	51.4 %	57.7 %	62.1 %	62.6 %	66.1 %	68.8 %
Return on Capital							
ROCE (NOPAT)	7.0 %	16.6 %	17.9 %	19.1 %	19.3 %	19.1 %	19.2 %
ROE	7.7 %	16.8 %	15.5 %	15.7 %	15.8 %	15.2 %	14.5 %
Adj. ROE	7.7 %	16.8 %	15.5 %	15.7 %	15.8 %	15.2 %	14.5 %
Balance sheet quality							
Net Debt	6.1	-3.0	-9.9	-12.6	-14.5	-21.0	-28.9
Net Financial Debt	4.6	-4.8	-12.3	-14.2	-16.1	-22.6	-30.5
Net Gearing	14.5 %	-6.2 %	-16.4 %	-18.0 %	-17.7 %	-22.2 %	-26.5 %
Net Fin. Debt / EBITDA	59.0 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	12.4	14.2	17.1	19.9	23.2	26.9	30.9
Book value per share ex intangibles	11.0	12.7	15.8	18.5	21.5	25.0	28.9

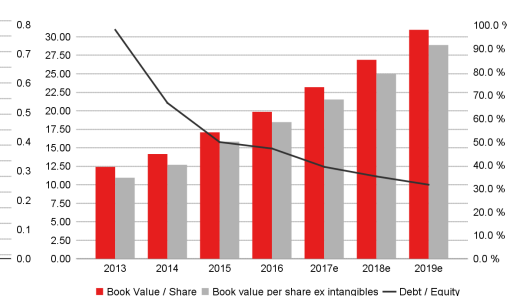
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

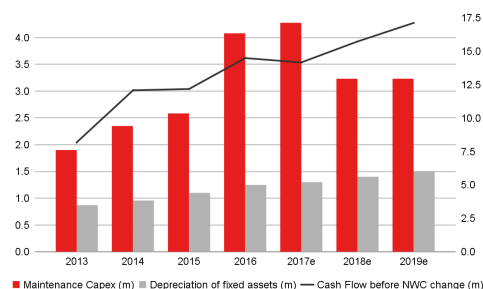
Source: Warburg Research

Consolidated cash flow statement

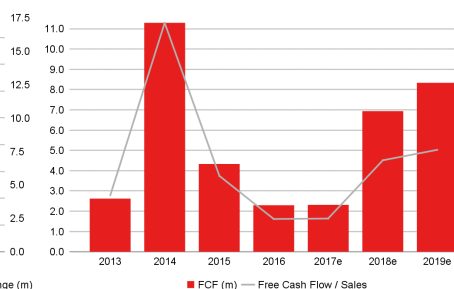
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	3.2	7.6	8.4	10.2	12.0	13.5	14.7
Depreciation of fixed assets	0.9	1.0	1.1	1.2	1.3	1.4	1.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.3	0.9	1.7	0.8	0.8	0.8	0.8
Increase/decrease in long-term provisions	-0.1	0.3	0.7	-0.9	0.0	0.0	0.0
Other non-cash income and expenses	2.9	2.4	0.3	3.1	0.1	0.1	0.1
Cash Flow before NWC change	8.2	12.1	12.2	14.5	14.2	15.7	17.1
Increase / decrease in inventory	0.6	0.9	-8.1	-7.0	-3.8	-4.3	-4.2
Increase / decrease in accounts receivable	-6.5	4.0	0.5	-5.2	-2.7	-2.3	-2.3
Increase / decrease in accounts payable	2.6	-3.2	2.4	4.1	-0.9	1.2	1.1
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-3.3	1.7	-5.1	-8.2	-7.3	-5.4	-5.4
Net cash provided by operating activities [1]	4.9	13.8	7.0	6.3	6.8	10.3	11.7
Investments in intangible assets	-0.8	-0.8	-1.2	-1.5	-1.5	-1.5	-1.5
Investments in property, plant and equipment	-1.4	-1.6	-1.5	-2.8	-3.0	-1.9	-1.9
Payments for acquisitions	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-2.2	-2.5	-2.7	-4.0	-4.5	-3.4	-3.4
Change in financial liabilities	5.1	-7.8	-5.1	-4.0	0.0	0.0	0.0
Dividends paid	-2.0	-2.0	-0.4	-0.4	-0.4	-0.4	-0.4
Purchase of own shares	0.0	0.0	3.6	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	3.1	-9.9	-1.8	-4.4	-0.4	-0.4	-0.4
Change in liquid funds [1]+[2]+[3]	5.7	1.4	2.5	-2.1	1.9	6.5	7.9
Effects of exchange-rate changes on cash	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	15.3	16.7	19.3	17.2	19.1	25.6	33.5

Financial Ratios

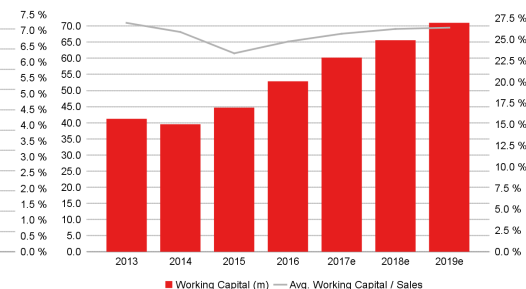
	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	2.6	11.3	4.3	2.3	2.3	6.9	8.3
Free Cash Flow / Sales	1.8 %	7.2 %	2.4 %	1.0 %	1.1 %	2.9 %	3.2 %
Free Cash Flow Potential	3.7	7.4	8.8	8.2	9.9	12.5	13.9
Free Cash Flow / Net Profit	81.2 %	149.2 %	51.5 %	19.9 %	19.3 %	51.6 %	56.5 %
Interest Received / Avg. Cash	0.4 %	0.1 %	0.1 %	0.1 %	0.1 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	1.9 %	1.8 %	1.9 %	1.8 %	2.9 %	2.9 %	2.9 %
Management of Funds							
Investment ratio	1.5 %	1.6 %	1.5 %	2.2 %	2.0 %	1.4 %	1.3 %
Maint. Capex / Sales	1.3 %	1.5 %	1.4 %	2.1 %	1.9 %	1.3 %	1.2 %
Capex / Dep	105.0 %	133.4 %	98.7 %	212.4 %	214.3 %	154.5 %	147.8 %
Avg. Working Capital / Sales	27.0 %	25.9 %	23.4 %	24.7 %	25.7 %	26.2 %	26.4 %
Trade Debtors / Trade Creditors	204.2 %	238.3 %	176.1 %	162.1 %	193.2 %	193.1 %	194.2 %
Inventory Turnover	3.9 x	4.1 x	3.7 x	3.4 x	3.5 x	3.5 x	3.5 x
Receivables collection period (days)	56	43	36	43	43	43	43
Payables payment period (days)	35	24	27	34	29	29	29
Cash conversion cycle (Days)	74	76	82	84	87	87	87

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

LEGAL DISCLAIMER

This research report (“investment recommendation” or “recommendation”) was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It contains selected information and does not purport to be complete. The report is based on publicly available information and data (“the information”) believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these analyses concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this document. Provided a research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This research report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this report are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §34B OF THE GERMAN SECURITIES TRADING ACT (WHPG), THE ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS (FINANV) AND MAR INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Potential, Peer Group Comparison or Sum of the Parts Model. The result of this fundamental valuation is modified to take into consideration the analyst’s assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company’s products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).

SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.
2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934.
3. Any recipient of the Report should effect transactions in the securities discussed in the Report only through J.P.P. Euro-Securities, Inc., Delaware.
4. J.P.P. Euro-Securities, Inc. does not accept or receive any compensation of any kind for the dissemination of the research reports from Warburg.

Reference in accordance with section 34b of the German Securities Trading Act (WpHG), the Ordinance on the Analysis of Financial Instruments (FinAnV), MAR and Commission Delegated Regulation (EU) regarding possible conflicts of interest with companies analysed:

- 1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.
- 2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.
- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6- Companies affiliated with Warburg Research **regularly trade** financial instruments of the analysed company or derivatives of these.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Data Modul	3, 5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005498901.htm

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

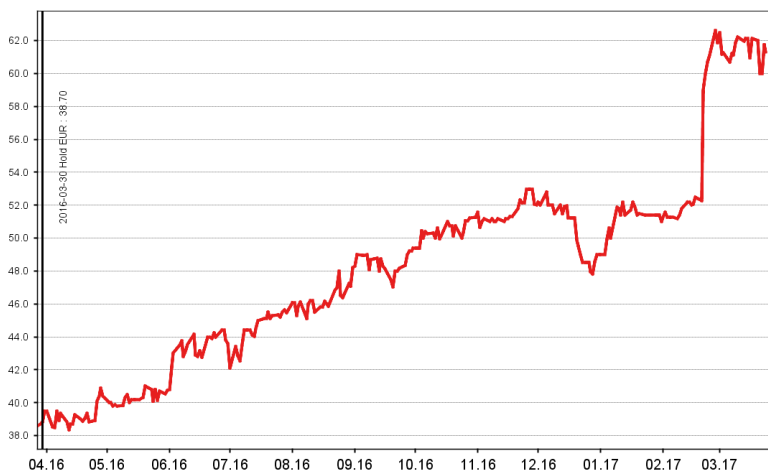
Rating	Number of stocks	% of Universe
Buy	122	62
Hold	65	33
Sell	9	5
Rating suspended	1	1
Total	197	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	27	71
Hold	8	21
Sell	2	5
Rating suspended	1	3
Total	38	100

PRICE AND RATING HISTORY DATA MODUL AS OF 27.03.2017



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemier +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marie-Thérèse Grübner +49 40 309537-240
Small Cap Research mgruebner@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Henrik Paganetty +49 40 309537-185
Telecommunications hpaganetty@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Björn Voss +49 40 309537-254
Steel, Car Suppliers bvoss@warburg-research.com

Alexander Wahl +49 40 309537-230
Car Suppliers, Construction awahl@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Döntenwill +49 40 3282-2666
USA, Poland, The Netherlands pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Simon Pallhuber +49 69 5050-7414
Switzerland, France spallhuber@mmwarburg.com

Angelika Flegler +49 69 5050-7417
Roadshow/Marketing aflegler@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3262-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3262-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
Bloomberg MMWA GO
FactSet www.factset.com

Thomson Reuters www.thomsonreuters.com
Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com