

<b>Hold</b> <b>EUR 74.00</b>  Price <b>EUR 75.00</b> <b>Downside -1.3 %</b>	<b>Value Indicators:</b> EUR DCF: 73.99	<b>Share data:</b> Bloomberg: DAM GR Reuters: DAMG ISIN: DE0005498901	<b>Description:</b> Producer and Distributor of displays for special applications in the industry.
	<b>Market Snapshot:</b> EUR m Market cap: 264.5 No. of shares (m): 3.5 EV: 245.5 Freefloat MC: 81.5 Ø Trad. Vol. (30d): 17.53 th	<b>Shareholders:</b> Freefloat 30.8 % Arrow Electronics 69.2 %	<b>Risk Profile (WRe):</b> 2018e Beta: 1.2 Price / Book: 2.9 x Equity Ratio: 74 %

## Top-line growth remains strong but FX headwinds continue to burden profitability

<b>Stated Figures Q4/2017:</b>							<b>Comment on Figures:</b>	
Figures in EUR m	Q4/17	Q4/16	yoy	2017	2016	yoy	<ul style="list-style-type: none"> <li>Sales were up by 10.7% yoy driven by both segments (Displays: +9.4% yoy; Systems: +4.6% yoy)</li> <li>Profitability was somehow burdened by negative FX effects and one-off issues</li> </ul>	
<b>Sales</b>	53.7	48.8	10.1%	218.3	197.1	10.7%		
Displays	30.4	26.5	14.9%	122.6	112.1	9.4%		
Systems	23.3	22.3	4.6%	95.7	85.0	12.5%		
<b>EBIT</b>	3.5	4.0	-12.6%	15.9	15.0	5.8%		
margin	6.5%	8.2%		7.3%	7.6%			
<b>EPS</b>	0.64	0.72	-11.1%	3.01	2.90	3.8%		

Data Modul released final results for FY 2017 last Thursday (March 22). Group revenues grew by 10.7% yoy supported by positive development in both segments. Growth in EBIT (+5.8% yoy) and EPS (+3.8% yoy), however was comparatively weaker as a result of negative transaction effects arising from persistent headwind on the FX front as well as warranty issues that weighed on profitability in 2017.

**Top-line outlook remains strong but margin outlook falls short of our expectations.** Data Modul is guiding for 2018 sales growth of 5-15% and EBIT growth of 4-16%, which translates into an expected EBIT margin in the range of 7.2-7.4% for FY 2018. This range falls short of our former 2018 EBIT margin expectation of >8%, primarily as a result of ongoing uncertainty regarding FX development and some additional costs to streamline operations which will lay the foundation for further profitable growth. Having spoken to CEO Dr. Florian Pesahl, we gained the impression that revenue growth in 2018 might be backend-loaded with more or less flat revenue development in Q1/18 and accelerating growth in Q2/18.

**Valuation and rating:** We derive an unchanged price target of EUR 74 per share, as positive model roll-over effects are largely offset by lower earnings estimates as we see a somewhat slower margin expansion than hitherto assumed. The Hold rating is being confirmed.

<b>Changes in Estimates:</b>							<b>Comment on Changes:</b>	
FY End: 31.12. in EUR m	2018e (old)	+ / -	2019e (old)	+ / -	2020e (old)	+ / -	<ul style="list-style-type: none"> <li>Fine-tuning of estimates.</li> </ul>	
<b>Sales</b>	239.8	0.2 %	260.2	0.2 %	n.a.	n.m.		
<b>EBIT</b>	20.1	-12.0 %	22.9	-10.8 %	n.a.	n.m.		
<b>EPS</b>	3.90	-10.3 %	4.44	-9.0 %	n.a.	n.m.		

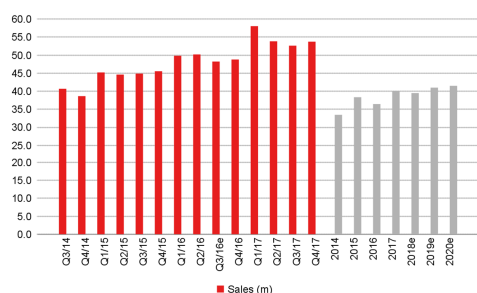


<b>Rel. Performance vs CDAX:</b>	
1 month:	4.2 %
6 months:	-9.6 %
Year to date:	14.2 %
Trailing 12 months:	22.3 %

<b>Company events:</b>	
08.05.18	Q1
08.05.18	AGM
10.08.18	Q2
09.11.18	Q3

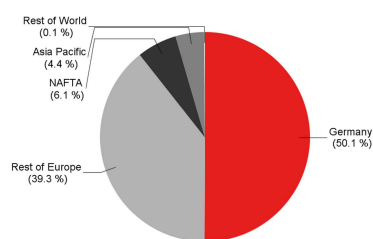
FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
<b>Sales</b>	8.9 %	155.9	180.3	197.1	218.3	240.3	260.7	281.6
Change Sales yoy		6.3 %	15.6 %	9.3 %	10.7 %	10.1 %	8.5 %	8.0 %
Gross profit margin		24.4 %	24.7 %	23.2 %	21.8 %	22.4 %	22.5 %	22.5 %
<b>EBITDA</b>	10.9 %	13.3	15.3	17.1	18.3	20.0	22.9	25.0
Margin		8.5 %	8.5 %	8.7 %	8.4 %	8.3 %	8.8 %	8.9 %
<b>EBIT</b>	12.3 %	11.4	12.6	15.0	15.9	17.7	20.5	22.6
Margin		7.3 %	7.0 %	7.6 %	7.3 %	7.4 %	7.8 %	8.0 %
<b>Net income</b>	13.9 %	7.6	8.4	10.2	10.6	12.3	14.3	15.7
<b>EPS</b>	14.0 %	2.23	2.41	2.90	3.01	3.50	4.04	4.46
<b>EPS adj.</b>	14.0 %	2.23	2.41	2.90	3.01	3.50	4.04	4.46
<b>DPS</b>	0.0 %	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Dividend Yield		0.6 %	0.4 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
<b>FCFPS</b>		3.33	1.24	0.65	0.64	1.42	2.27	2.66
<b>FCF / Market cap</b>		17.5 %	3.9 %	1.3 %	0.9 %	1.9 %	3.0 %	3.5 %
<b>EV / Sales</b>		0.4 x	0.6 x	0.7 x	1.1 x	1.0 x	0.9 x	0.8 x
<b>EV / EBITDA</b>		4.6 x	6.5 x	8.3 x	13.2 x	12.3 x	10.4 x	9.2 x
<b>EV / EBIT</b>		5.4 x	8.0 x	9.5 x	15.2 x	13.8 x	11.6 x	10.1 x
<b>P / E</b>		8.5 x	13.1 x	15.1 x	24.1 x	21.4 x	18.6 x	16.8 x
<b>P / E adj.</b>		8.5 x	13.1 x	15.1 x	24.1 x	21.4 x	18.6 x	16.8 x
<b>FCF Potential Yield</b>		12.0 %	8.7 %	5.8 %	3.7 %	4.7 %	5.7 %	6.6 %
<b>Net Debt</b>		-3.0	-9.9	-12.6	-14.4	-19.0	-26.6	-35.5
<b>ROCE (NOPAT)</b>		16.6 %	17.9 %	19.1 %	17.4 %	18.0 %	18.9 %	19.2 %
<b>Guidance:</b>	2018: sales: +5-15%, EBIT:+4-16%, order intake: +6-15%							

**Sales development**  
in EUR m



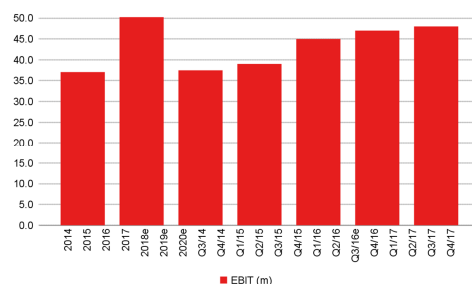
Source: Warburg Research

**Sales by regions**  
2017; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

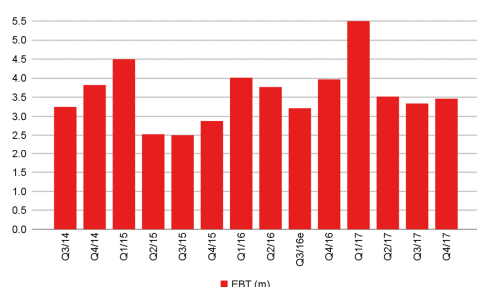
## Company Background

- 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

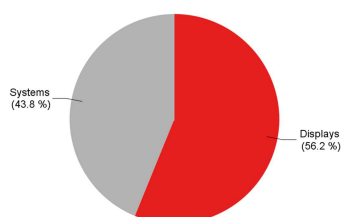
- Europe's largest display distributor.
- Focus on niche markets that are too small to be directly served by large display manufacturers which leads to comparatively low competitive intensity.
- Strong customer loyalty with in-house design (Design-In) of customers' products.
- Earlier access to new technologies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

**EBT development**  
in EUR m



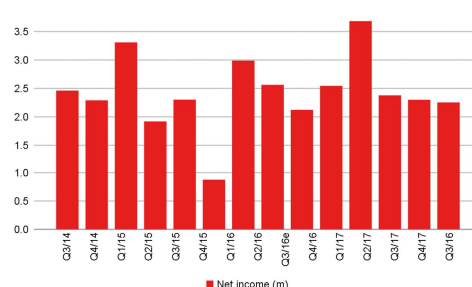
Source: Warburg Research

**Sales by segments**  
2017; 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
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Sales	237.9	258.1	278.8	298.3	317.9	337.6	357.2	376.7	396.0	415.1	433.9	452.3	470.4	2.0 %
Sales change	9.0 %	8.5 %	8.0 %	7.0 %	6.6 %	6.2 %	5.8 %	5.5 %	5.1 %	4.8 %	4.5 %	4.3 %	4.0 %	
EBIT	17.7	20.5	22.6	24.1	25.7	27.2	28.8	30.3	31.8	33.3	34.8	36.3	37.7	8.0 %
EBIT-margin	7.5 %	7.9 %	8.1 %	8.1 %	8.1 %	8.1 %	8.1 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	
Tax rate (EBT)	30.0 %	30.0 %	30.0 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	31.5 %	24
NOPAT	12.4	14.3	15.8	16.5	17.6	18.7	19.7	20.8	21.8	22.8	23.8	24.8	25.8	
Depreciation	2.3	2.4	2.4	2.7	3.0	3.4	3.8	4.2	4.6	5.1	5.6	6.1	6.7	151
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	1.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	59.64 %
Change in Liquidity from														
- Working Capital	6.3	5.3	5.4	1.4	4.9	4.9	4.9	4.9	4.8	4.8	4.7	4.6	4.5	32.72 %
- Capex	3.4	3.4	3.4	4.5	4.8	5.1	5.4	5.6	5.9	6.2	6.5	6.8	7.1	
Capex in % of Sales	1.4 %	1.3 %	1.2 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	7.64 %
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)	5.0	8.0	9.4	15.0	11.1	12.2	13.4	14.6	15.8	17.0	18.3	19.7	21.0	32.72 %
PV of FCF	4.7	7.0	7.6	11.3	7.7	7.9	8.0	8.0	8.1	8.1	8.0	8.0	7.9	
share of PVs	7.64 %			32.72 %										59.64 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	2.18 %	Financial Strength	1.00
Cost of debt (after tax)	1.7 %	Liquidity (share)	1.40
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.50
		Others	1.00
<b>WACC</b>	<b>7.96 %</b>	<b>Beta</b>	<b>1.20</b>

**Valuation (m)**

Present values 2030e	102		
Terminal Value	151		
Financial liabilities	4		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	13	No. of shares (m)	3.5
<b>Equity Value</b>	<b>261</b>	<b>Value per share (EUR)</b>	<b>73.99</b>

**Sensitivity Value per Share (EUR)**

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.39	9.0 %	58.80	59.79	60.84	61.97	63.19	64.50	65.92	1.39	9.0 %	47.76	52.50	57.24	61.97	66.71	71.45	76.18
1.29	8.5 %	63.62	64.82	66.11	67.49	69.00	70.62	72.39	1.29	8.5 %	52.10	57.23	62.36	67.49	72.62	77.75	82.88
1.25	8.2 %	66.30	67.63	69.06	70.60	72.28	74.10	76.09	1.25	8.2 %	54.55	59.90	65.25	70.60	75.95	81.31	86.66
1.20	8.0 %	69.19	70.67	72.26	73.99	75.86	77.91	80.16	1.20	8.0 %	57.21	62.80	68.40	73.99	79.58	85.17	90.76
1.15	7.7 %	72.32	73.96	75.74	77.68	79.79	82.10	84.64	1.15	7.7 %	60.12	65.97	71.82	77.68	83.53	89.38	95.23
1.11	7.5 %	75.72	77.55	79.54	81.72	84.10	86.72	89.62	1.11	7.5 %	63.31	69.44	75.58	81.72	87.85	93.99	100.13
1.01	7.0 %	83.45	85.76	88.28	91.07	94.15	97.57	101.40	1.01	7.0 %	70.68	77.48	84.27	91.07	97.86	104.66	111.45

- Revenue is expected to grow based on the continuous expansion in the use of display technology.

Valuation	2014	2015	2016	2017	2018e	2019e	2020e
Price / Book	1.3 x	1.8 x	2.2 x	3.2 x	2.9 x	2.5 x	2.2 x
Book value per share ex intangibles	12.70	15.82	18.47	21.01	24.23	27.98	32.15
EV / Sales	0.4 x	0.6 x	0.7 x	1.1 x	1.0 x	0.9 x	0.8 x
EV / EBITDA	4.6 x	6.5 x	8.3 x	13.2 x	12.3 x	10.4 x	9.2 x
EV / EBIT	5.4 x	8.0 x	9.5 x	15.2 x	13.8 x	11.6 x	10.1 x
EV / EBIT adj.*	5.4 x	6.7 x	9.5 x	15.2 x	13.8 x	11.6 x	10.1 x
P / FCF	5.7 x	25.4 x	76.2 x	115.1 x	53.0 x	33.0 x	28.2 x
P / E	8.5 x	13.1 x	15.1 x	24.1 x	21.4 x	18.6 x	16.8 x
P / E adj.*	8.5 x	13.1 x	15.1 x	24.1 x	21.4 x	18.6 x	16.8 x
Dividend Yield	0.6 %	0.4 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %
FCF Potential Yield (on market EV)	12.0 %	8.7 %	5.8 %	3.7 %	4.7 %	5.7 %	6.6 %
*Adjustments made for: -							

## Consolidated profit and loss

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
<b>Sales</b>	<b>155.9</b>	<b>180.3</b>	<b>197.1</b>	<b>218.3</b>	<b>240.3</b>	<b>260.7</b>	<b>281.6</b>
Change Sales yoy	6.3 %	15.6 %	9.3 %	10.7 %	10.1 %	8.5 %	8.0 %
COGS	117.9	135.8	151.3	170.7	186.5	202.1	218.2
<b>Gross profit</b>	<b>38.0</b>	<b>44.5</b>	<b>45.7</b>	<b>47.6</b>	<b>53.8</b>	<b>58.7</b>	<b>63.4</b>
<i>Gross margin</i>	<i>24.4 %</i>	<i>24.7 %</i>	<i>23.2 %</i>	<i>21.8 %</i>	<i>22.4 %</i>	<i>22.5 %</i>	<i>22.5 %</i>
Research and development	5.3	6.5	5.9	5.4	7.5	8.2	8.8
Sales and marketing	21.4	25.4	24.8	26.3	28.6	30.0	32.0
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
<b>EBITDA</b>	<b>13.3</b>	<b>15.3</b>	<b>17.1</b>	<b>18.3</b>	<b>20.0</b>	<b>22.9</b>	<b>25.0</b>
<i>Margin</i>	<i>8.5 %</i>	<i>8.5 %</i>	<i>8.7 %</i>	<i>8.4 %</i>	<i>8.3 %</i>	<i>8.8 %</i>	<i>8.9 %</i>
Depreciation of fixed assets	1.0	1.1	1.2	1.5	1.4	1.5	1.5
<b>EBITA</b>	<b>12.3</b>	<b>14.2</b>	<b>15.8</b>	<b>16.8</b>	<b>18.6</b>	<b>21.4</b>	<b>23.5</b>
Amortisation of intangible assets	0.9	1.7	0.8	0.9	0.9	0.9	0.9
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>11.4</b>	<b>12.6</b>	<b>15.0</b>	<b>15.9</b>	<b>17.7</b>	<b>20.5</b>	<b>22.6</b>
<i>Margin</i>	<i>7.3 %</i>	<i>7.0 %</i>	<i>7.6 %</i>	<i>7.3 %</i>	<i>7.4 %</i>	<i>7.8 %</i>	<i>8.0 %</i>
<b>EBIT adj.</b>	<b>11.4</b>	<b>15.0</b>	<b>15.0</b>	<b>15.9</b>	<b>17.7</b>	<b>20.5</b>	<b>22.6</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.3	0.2	0.1	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
<b>EBT</b>	<b>11.1</b>	<b>12.4</b>	<b>15.0</b>	<b>15.8</b>	<b>17.6</b>	<b>20.4</b>	<b>22.5</b>
<i>Margin</i>	<i>7.1 %</i>	<i>6.9 %</i>	<i>7.6 %</i>	<i>7.2 %</i>	<i>7.3 %</i>	<i>7.8 %</i>	<i>8.0 %</i>
Total taxes	3.6	4.0	4.7	5.2	5.3	6.1	6.7
<b>Net income from continuing operations</b>	<b>7.6</b>	<b>8.4</b>	<b>10.2</b>	<b>10.6</b>	<b>12.3</b>	<b>14.3</b>	<b>15.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>7.6</b>	<b>8.4</b>	<b>10.2</b>	<b>10.6</b>	<b>12.3</b>	<b>14.3</b>	<b>15.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>7.6</b>	<b>8.4</b>	<b>10.2</b>	<b>10.6</b>	<b>12.3</b>	<b>14.3</b>	<b>15.7</b>
<i>Margin</i>	<i>4.9 %</i>	<i>4.7 %</i>	<i>5.2 %</i>	<i>4.9 %</i>	<i>5.1 %</i>	<i>5.5 %</i>	<i>5.6 %</i>
Number of shares, average	3.4	3.5	3.5	3.5	3.5	3.5	3.5
<b>EPS</b>	<b>2.23</b>	<b>2.41</b>	<b>2.90</b>	<b>3.01</b>	<b>3.50</b>	<b>4.04</b>	<b>4.46</b>
EPS adj.	2.23	2.41	2.90	3.01	3.50	4.04	4.46

\*Adjustments made for:

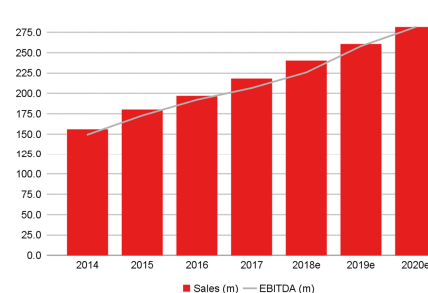
**Guidance: 2018: sales: +5-15%, EBIT:+4-16%, order intake: +6-15%**

## Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Total Operating Costs / Sales	17.1 %	17.7 %	15.6 %	14.5 %	15.0 %	14.7 %	14.5 %
Operating Leverage	16.1 x	0.7 x	2.1 x	0.5 x	1.1 x	1.8 x	1.3 x
EBITDA / Interest expenses	45.1 x	82.9 x	193.9 x	152.7 x	167.0 x	190.6 x	208.1 x
Tax rate (EBT)	32.0 %	32.2 %	31.6 %	32.8 %	30.0 %	30.0 %	30.0 %
Dividend Payout Ratio	5.4 %	5.0 %	4.1 %	4.0 %	3.4 %	3.0 %	2.7 %
Sales per Employee	468,213	541,441	591,829	655,423	721,622	782,959	845,596

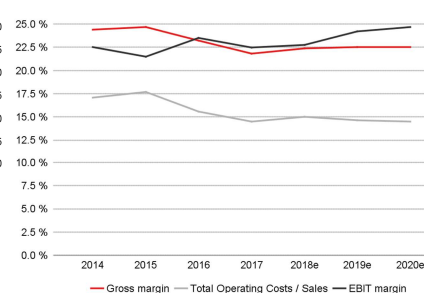
### Sales, EBITDA

in EUR m

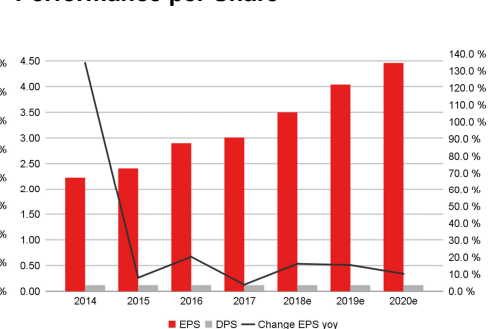


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

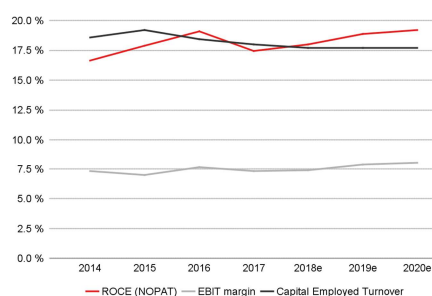
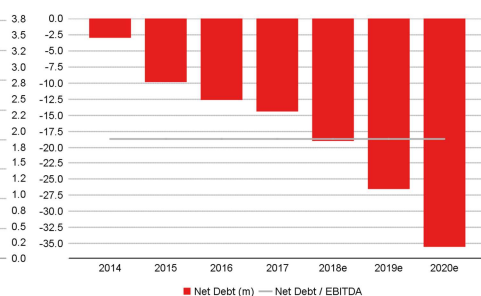
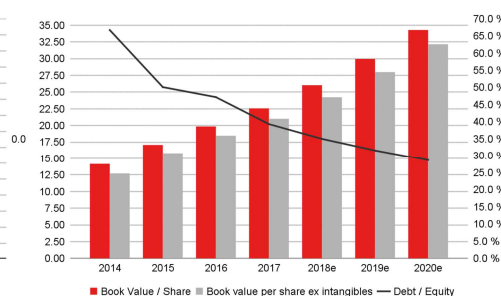
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
<b>Assets</b>							
Goodwill and other intangible assets	4.9	4.4	4.9	5.5	6.4	6.9	7.5
thereof other intangible assets	0.6	0.5	1.2	1.8	2.4	2.9	3.5
thereof Goodwill	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Property, plant and equipment	9.6	10.0	11.6	13.0	13.5	13.9	14.3
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.2	0.1	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>14.7</b>	<b>14.6</b>	<b>16.5</b>	<b>18.5</b>	<b>19.8</b>	<b>20.8</b>	<b>21.8</b>
Inventories	28.9	37.0	44.0	42.8	47.1	51.1	55.2
Accounts receivable	18.3	17.8	23.0	27.1	29.9	32.4	35.0
Liquid assets	16.8	19.3	17.2	20.2	24.8	32.4	41.3
Other short-term assets	1.3	1.7	2.3	2.3	2.3	2.3	2.3
<b>Current assets</b>	<b>65.4</b>	<b>75.8</b>	<b>86.6</b>	<b>92.4</b>	<b>104.1</b>	<b>118.1</b>	<b>133.8</b>
<b>Total Assets</b>	<b>80.1</b>	<b>90.4</b>	<b>103.0</b>	<b>110.9</b>	<b>123.9</b>	<b>139.0</b>	<b>155.6</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	10.2	10.6	10.6	10.6	10.6	10.6	10.6
Capital reserve	22.4	24.1	24.1	24.1	24.1	24.1	24.1
Retained earnings	17.1	26.6	36.4	46.5	58.7	72.6	87.9
Other equity components	-1.6	-1.1	-1.1	-1.7	-1.7	-1.7	-1.7
Shareholders' equity	48.0	60.2	70.0	79.6	91.8	105.6	120.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>48.0</b>	<b>60.2</b>	<b>70.0</b>	<b>79.6</b>	<b>91.8</b>	<b>105.6</b>	<b>120.9</b>
Provisions	6.7	5.5	5.7	4.9	5.0	5.0	5.1
thereof provisions for pensions and similar obligations	1.8	2.5	1.6	1.6	1.6	1.6	1.6
Financial liabilities (total)	12.1	7.0	3.0	4.2	4.2	4.2	4.2
thereof short-term financial liabilities	9.1	7.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	7.7	10.1	14.2	13.7	14.5	15.7	17.0
Other liabilities	5.6	7.5	10.1	8.4	8.4	8.4	8.4
<b>Liabilities</b>	<b>32.0</b>	<b>30.1</b>	<b>33.0</b>	<b>31.3</b>	<b>32.1</b>	<b>33.4</b>	<b>34.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>80.1</b>	<b>90.4</b>	<b>103.0</b>	<b>110.9</b>	<b>123.9</b>	<b>139.0</b>	<b>155.6</b>

**Financial Ratios**

	2014	2015	2016	2017	2018e	2019e	2020e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.2 x	3.3 x	3.1 x	3.2 x	3.2 x	3.2 x	3.2 x
Capital Employed Turnover	3.5 x	3.6 x	3.4 x	3.3 x	3.3 x	3.3 x	3.3 x
ROA	51.4 %	57.7 %	62.1 %	57.5 %	62.2 %	68.4 %	72.0 %
<b>Return on Capital</b>							
ROCE (NOPAT)	16.6 %	17.9 %	19.1 %	17.4 %	18.0 %	18.9 %	19.2 %
ROE	16.8 %	15.5 %	15.7 %	14.2 %	14.4 %	14.4 %	13.9 %
Adj. ROE	16.8 %	15.5 %	15.7 %	14.2 %	14.4 %	14.4 %	13.9 %
<b>Balance sheet quality</b>							
Net Debt	-3.0	-9.9	-12.6	-14.4	-19.0	-26.6	-35.5
Net Financial Debt	-4.8	-12.3	-14.2	-16.0	-20.6	-28.2	-37.1
Net Gearing	-6.2 %	-16.4 %	-18.0 %	-18.1 %	-20.7 %	-25.1 %	-29.4 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	14.2	17.1	19.9	22.6	26.0	30.0	34.3
Book value per share ex intangibles	12.7	15.8	18.5	21.0	24.2	28.0	32.2

**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**

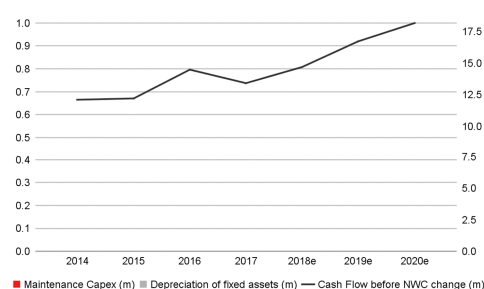
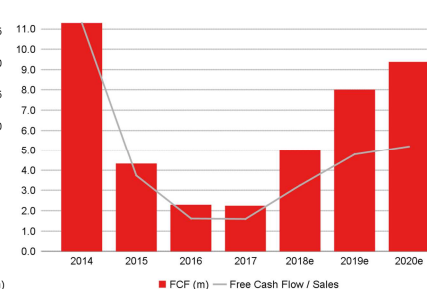
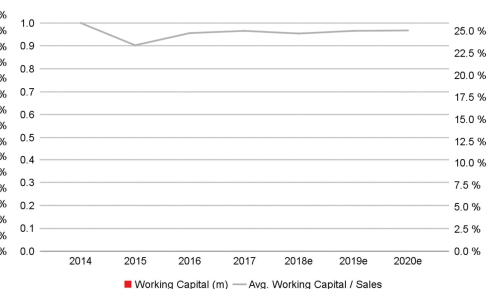
In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	7.6	8.4	10.2	10.6	12.3	14.3	15.7
Depreciation of fixed assets	1.0	1.1	1.2	1.5	1.4	1.5	1.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.9	1.7	0.8	0.9	0.9	0.9	0.9
Increase/decrease in long-term provisions	0.3	0.7	-0.9	0.0	0.0	0.0	0.0
Other non-cash income and expenses	2.4	0.3	3.1	0.3	0.1	0.1	0.1
<b>Cash Flow before NWC change</b>	<b>12.1</b>	<b>12.2</b>	<b>14.5</b>	<b>13.4</b>	<b>14.7</b>	<b>16.7</b>	<b>18.2</b>
Increase / decrease in inventory	0.9	-8.1	-7.0	1.3	-4.3	-4.0	-4.1
Increase / decrease in accounts receivable	4.0	0.5	-5.2	-4.1	-2.8	-2.5	-2.6
Increase / decrease in accounts payable	-3.2	2.4	4.1	-0.5	0.8	1.2	1.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	-3.4	0.0	0.0	0.0
Increase / decrease in working capital (total)	1.7	-5.1	-8.2	-6.7	-6.3	-5.3	-5.4
<b>Net cash provided by operating activities [1]</b>	<b>13.8</b>	<b>7.0</b>	<b>6.3</b>	<b>6.7</b>	<b>8.4</b>	<b>11.4</b>	<b>12.8</b>
Investments in intangible assets	-0.8	-1.2	-1.5	-1.5	-1.5	-1.5	-1.5
Investments in property, plant and equipment	-1.6	-1.5	-2.8	-2.9	-1.9	-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
<b>Net cash provided by investing activities [2]</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-4.4</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-3.4</b>
Change in financial liabilities	-7.8	-5.1	-4.0	1.2	0.0	0.0	0.0
Dividends paid	-2.0	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Purchase of own shares	0.0	3.6	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
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>-9.9</b>	<b>-1.8</b>	<b>-4.4</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>1.4</b>	<b>2.5</b>	<b>-2.1</b>	<b>3.0</b>	<b>4.6</b>	<b>7.6</b>	<b>9.0</b>
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>16.7</b>	<b>19.3</b>	<b>17.2</b>	<b>20.2</b>	<b>24.8</b>	<b>32.4</b>	<b>41.3</b>

**Financial Ratios**

	2014	2015	2016	2017	2018e	2019e	2020e
<b>Cash Flow</b>							
FCF	11.3	4.3	2.3	2.2	5.0	8.0	9.4
Free Cash Flow / Sales	7.2 %	2.4 %	1.0 %	1.0 %	2.1 %	3.1 %	3.3 %
Free Cash Flow Potential	7.4	8.8	8.2	8.9	11.5	13.5	15.0
Free Cash Flow / Net Profit	149.2 %	51.5 %	19.9 %	21.0 %	40.5 %	56.2 %	59.7 %
Interest Received / Avg. Cash	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.0 %
Interest Paid / Avg. Debt	1.8 %	1.9 %	1.8 %	3.3 %	2.9 %	2.9 %	2.9 %
<b>Management of Funds</b>							
Investment ratio	1.6 %	1.5 %	2.2 %	2.0 %	1.4 %	1.3 %	1.2 %
Maint. Capex / Sales	1.5 %	1.4 %	2.1 %	1.9 %	1.3 %	1.2 %	1.1 %
Capex / Dep	133.4 %	98.7 %	212.4 %	184.4 %	147.2 %	141.1 %	141.1 %
Avg. Working Capital / Sales	25.9 %	23.4 %	24.7 %	25.0 %	24.7 %	25.0 %	25.0 %
Trade Debtors / Trade Creditors	238.3 %	176.1 %	162.1 %	198.1 %	206.2 %	206.4 %	205.9 %
Inventory Turnover	4.1 x	3.7 x	3.4 x	4.0 x	4.0 x	4.0 x	4.0 x
Receivables collection period (days)	43	36	43	45	45	45	45
Payables payment period (days)	24	27	34	29	28	28	28
Cash conversion cycle (Days)	76	82	84	74	75	75	75

**CAPEX and Cash Flow**

in EUR m


**Free Cash Flow Generation**

**Working Capital**


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research



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

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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	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	110	53
Hold	92	44
Sell	5	2
Rating suspended	0	0
<b>Total</b>	<b>207</b>	<b>100</b>

**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	30	73
Hold	11	27
Sell	0	0
Rating suspended	0	0
<b>Total</b>	<b>41</b>	<b>100</b>

**PRICE AND RATING HISTORY DATA MODUL AS OF 26.03.2018**

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.

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