

Data Modul AG

Date: 01/29/2015

Recommendation	Buy		
before:	Hold	as of	11/14/14
Target price (EUR)	27.50		
Price (Xetra) (EUR)	27.53		
01/28/15 5:36 PM			
Share price potential	0%		

Company data	
Sector	Industrial
Market segment	Prime Standard
ISIN	DE0005498901
Reuters	DAMG.DE
Bloomberg	DAM

Share data	
Shares (m)	3.526
Free float	57.0%
Market cap. (EURm)	97.0
∅ trading volume	3,887
52W High	01/28/15 EUR28.40
52W Low	10/14/14 EUR15.80

Events	
Q4 figures	03/17/2015
Annual Press Conference	03/18/2015

Performance		
	absolute	related to:
		DAX
1 month	37.1%	29.6%
3 months	56.7%	39.1%
6 months	42.9%	32.3%
12 months	44.7%	30.3%

Index weighting	
Prime All Share	0.005%
Prime Technolgy	0.352%

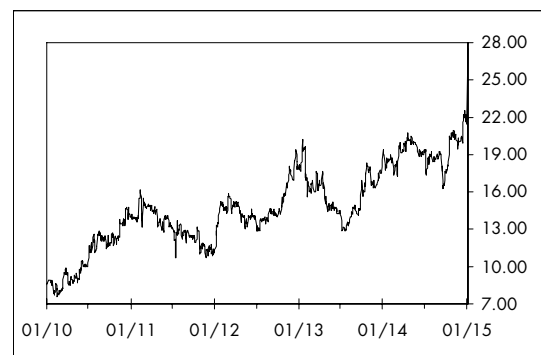
Arrow Electronics publishes takeover bid

- ⇒ The distributor of electronics components Arrow Electronics (USA; market cap: USD5.4bn; net profit 2014E: USD586m) has made a takeover bid for Data Modul yesterday. Arrow thus follows the backward integration of Avnet (takeover of MSC Gleichmann in 2013). We had pointed out that Data Modul might become the target of a takeover in our initial coverage study published on May 14, 2014, already.
- ⇒ Arrow bids EUR27.50 per share in cash. This means a premium of 36% on the weighted three-month price. The bid was made under the condition of a minimum acceptance rate of 75%. Family Hecktor (stake: 14.2%) and Varitronix (20.0%) will tender their shares. With other shareholders, 37.4% of the shares are thus irrevocably tendered.
- ⇒ We recommend to accept the bid. The takeover price is 11% below our original price target but we think the premium is attractive. We expect a high acceptance rate. We thus now recommend to Hold (before: Buy) the share with a new price target of EUR27.50 (before: 30.50).

	2011	2012	2013	2014E	2015E	2016E
Sales	140.9	140.2	146.7	160.1	171.1	181.1
Sales growth	18.3%	-0.4%	4.6%	9.1%	6.9%	5.9%
EBIT	10.1	8.4	5.7	10.0	11.2	13.2
EBIT margin	7.2%	6.0%	3.9%	6.3%	6.5%	7.3%
Net income	7.6	7.1	3.2	6.8	7.7	9.1
Net margin	5.4%	5.1%	2.2%	4.3%	4.5%	5.0%
EPS	2.16	2.05	0.95	2.01	2.25	2.67
DPS	0.60	0.60	0.60	0.60	1.00	1.15
Net financial debt/EBITDA	0.4	0.5	0.8	0.4	0.2	0.1
Net Gearing	0.1	0.2	0.1	0.1	0.0	0.0
Free cash flow (FCF)	4.7	0.8	2.6	4.2	3.9	5.4
FCF per share	1.32	0.24	0.77	1.23	1.16	1.61
EV / sales	0.4	0.4	0.4	0.4	0.6	0.6
EV / EBITDA	4.2	5.5	7.7	5.8	7.8	6.8
EV / EBIT	5.0	6.7	10.6	6.8	9.1	7.7
EV / FCF	10.8	67.9	22.8	16.3	25.8	18.6
P/E ratio	6.2	7.0	16.7	9.4	12.2	10.3
P/B ratio	1.2	1.2	1.3	1.4	1.8	1.7
Dividend yield	4.5%	4.2%	3.8%	3.2%	3.6%	4.2%

Figures in EURm except EPS, DPS and FCF per share (EUR), PERs based on average share prices

Source: Independent Research, Data Modul AG



Source: Data Modul AG, Bloomberg

Contact

 Independent Research GmbH

Friedrich-Ebert-Anlage 36
60325 Frankfurt am Main

Telephone: +49 (69) 971490-0
Telefax: +49 (69) 971490-90
Internet: www.irffm.de

Authors: M. Engelmayr; S. Röhle (analysts)
E-Mail: mengelmayer@irffm.de; sroehle@irffm.de

Please take note of the information concerning the preparation of this document, the information concerning potential conflicts of interest, the compulsory information required by Section 34b WpHG (Wertpapierhandelsgesetz - German Securities Trading Act), and the liability statement at the end of this document. This financial analysis in the meaning of Section 34b WpHG shall only be distributed to professional clients or eligible counterparties according to Section 31a WpHG.

Income statement

	Unit: EURm	2011	2012	2013	2014E	2015E	2016E
Financial year:	Dec. 31						
Accounting standard:	IFRS						
Sales		140.9	140.2	146.7	160.1	171.1	181.1
Production costs		-107.8	-108.3	-115.7	-122.9	-131.2	-138.6
Gross profit		33.1	31.9	31.0	37.2	39.9	42.6
R&D expenses		-2.9	-3.1	-4.9	-5.4	-5.5	-5.5
Distribution -and administration costs		-20.0	-20.4	-20.4	-21.8	-23.2	-23.9
EBIT		10.1	8.4	5.7	10.0	11.2	13.2
Financial results		-0.6	-0.4	-0.3	-0.3	-0.3	-0.2
EBT		9.5	8.0	5.4	9.8	10.9	12.9
Income taxes		-1.9	-0.9	-2.2	-2.9	-3.3	-3.9
Net income		7.6	7.1	3.2	6.8	7.7	9.1
Weighted average number of shares (m)		3.526	3.461	3.394	3.394	3.394	3.394
Earnings per share (EUR)		2.16	2.05	0.95	2.01	2.25	2.67
Dividend per share (EUR)		0.60	0.60	0.60	0.60	1.00	1.15
Depreciation and amortisation		-1.9	-1.8	-2.1	-1.8	-1.8	-1.9
EBITDA		12.1	10.2	7.8	11.8	13.0	15.0

Source: Independent Research; Data Modul AG

Income statement (as percentage of sales)

	Unit: in %	2011	2012	2013	2014E	2015E	2016E
Financial year:	Dec. 31						
Accounting standard:	IFRS						
Sales		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Production costs		-76.5%	-77.2%	-78.9%	-76.8%	-76.7%	-76.5%
Gross profit		23.5%	22.8%	21.1%	23.3%	23.3%	23.5%
R&D expenses		-2.1%	-2.2%	-3.3%	-3.4%	-3.2%	-3.0%
Distribution -and administration costs		-14.2%	-14.5%	-13.9%	-13.6%	-13.5%	-13.2%
EBIT		7.2%	6.0%	3.9%	6.3%	6.5%	7.3%
Financial results		-0.4%	-0.3%	-0.2%	-0.2%	-0.2%	-0.1%
EBT		6.8%	5.7%	3.7%	6.1%	6.4%	7.1%
Income taxes		-1.4%	-0.6%	-1.5%	-1.8%	-1.9%	-2.1%
Net income		5.4%	5.1%	2.2%	4.3%	4.5%	5.0%
Depreciation and amortisation		-1.4%	-1.3%	-1.4%	-1.1%	-1.1%	-1.0%
EBITDA		8.6%	7.3%	5.3%	7.4%	7.6%	8.3%

Source: Independent Research; Data Modul AG

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Balance sheet

Unit: EURm							
Financial year: Dec. 31		2011	2012	2013	2014E	2015E	2016E
Accounting standard: IFRS							
Intangible assets		4.8	5.4	5.0	4.7	4.6	4.6
Property, plant & equipment		7.8	8.4	9.0	9.9	10.5	11.0
Recognised financial assets according to equity method		0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets		1.5	1.4	0.3	0.3	0.3	0.4
Deferred taxes		1.7	0.9	0.5	0.5	0.5	0.6
Total non-current assets		15.8	16.1	14.7	15.5	16.0	16.6
Inventories		27.1	30.4	29.8	33.7	35.9	38.0
Trade account receivables		17.7	15.8	22.4	20.6	23.4	26.3
Claim for reimbursements of income tax		0.0	0.0	0.0	0.0	0.0	0.0
Other assets		0.9	2.4	1.8	1.6	1.7	1.8
Liquid assets		8.4	9.5	15.3	11.5	11.5	11.5
Assets available for sale		0.0	0.0	0.0	0.0	0.0	0.0
Total current assets		54.1	58.2	69.2	67.4	72.6	77.5
Total assets		69.9	74.3	83.9	82.9	88.6	94.1
Capital stock		10.6	10.2	10.1	10.1	10.1	10.1
Capital reserve		22.4	22.4	22.4	22.4	22.4	22.4
Retained earnings		7.4	10.6	11.7	16.5	22.2	27.8
Other reserves		-1.5	-1.5	-1.7	-1.7	-1.7	-1.7
Total equity		38.9	41.8	42.6	47.4	53.0	58.7
Long-term financial liabilities		4.3	4.8	0.9	3.2	3.2	3.2
Pension provisions		1.1	1.3	1.4	1.7	1.8	1.8
Other provisions		0.8	0.3	0.6	0.7	0.7	0.7
Deferred taxes		1.6	0.8	0.0	0.0	0.0	0.0
Total non-current liabilities		7.9	7.1	2.9	5.5	5.6	5.7
Short-term financial liabilities		6.2	10.0	19.0	10.8	8.9	6.8
Other provisions		1.1	2.1	0.9	1.0	1.1	1.1
Trade account payables		9.0	8.4	10.9	10.1	11.5	12.9
Advanced payments received		0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities		6.0	4.5	5.6	6.0	6.3	6.6
Tax liabilities		0.9	0.5	1.9	2.0	2.1	2.2
Total current liabilities		23.1	25.4	38.4	30.0	29.9	29.7
Total liabilities		69.9	74.3	83.9	82.9	88.6	94.1

Source: Independent Research; Data Modul AG

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Balance sheet (as percentage of balance sheet total)							
Unit: Financial year: Accounting standard:	in % Dec. 31 IFRS	2011	2012	2013	2014E	2015E	2016E
Intangible assets		6.8%	7.3%	5.9%	5.7%	5.2%	4.9%
Property, plant & equipment		11.2%	11.3%	10.7%	11.9%	11.8%	11.7%
Recognised financial assets according to equity method		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other long-term assets		2.2%	1.9%	0.4%	0.4%	0.4%	0.4%
Deferred taxes		2.4%	1.2%	0.6%	0.6%	0.6%	0.6%
Total non-current assets		22.6%	21.7%	17.5%	18.7%	18.1%	17.6%
Inventories		38.8%	40.9%	35.5%	40.6%	40.6%	40.3%
Trade account receivables		25.3%	21.3%	26.6%	24.9%	26.4%	27.9%
Claim for reimbursements of income tax		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other assets		1.2%	3.2%	2.1%	1.9%	1.9%	1.9%
Liquid assets		12.0%	12.8%	18.2%	13.9%	13.0%	12.2%
Assets available for sale		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total current assets		77.4%	78.3%	82.5%	81.3%	81.9%	82.4%
Total assets		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital stock		15.1%	13.7%	12.0%	12.2%	11.4%	10.7%
Capital reserve		32.1%	30.2%	26.7%	27.1%	25.3%	23.9%
Retained earnings		10.6%	14.3%	14.0%	19.9%	25.0%	29.6%
Other reserves		-2.1%	-2.0%	-2.0%	-2.0%	-1.9%	-1.8%
Total equity		55.6%	56.2%	50.8%	57.2%	59.8%	62.4%
Long-term financial liabilities		6.2%	6.4%	1.0%	3.8%	3.6%	3.3%
Pension provisions		1.6%	1.8%	1.7%	2.0%	2.0%	2.0%
Other provisions		1.1%	0.4%	0.8%	0.8%	0.8%	0.8%
Deferred taxes		2.3%	1.0%	0.0%	0.0%	0.0%	0.0%
Total non-current liabilities		11.3%	9.6%	3.4%	6.6%	6.4%	6.1%
Short-term financial liabilities		8.8%	13.4%	22.7%	13.1%	10.1%	7.3%
Other provisions		1.5%	2.8%	1.1%	1.2%	1.2%	1.2%
Trade account payables		12.9%	11.3%	13.0%	12.2%	13.0%	13.7%
Advanced payments received		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities		8.6%	6.0%	6.7%	7.2%	7.1%	7.0%
Tax liabilities		1.2%	0.7%	2.3%	2.5%	2.4%	2.4%
Total current liabilities		33.1%	34.2%	45.8%	36.2%	33.8%	31.5%
Total liabilities		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Independent Research; Data Modul AG

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Cash flow statement

Unit Financial year: Accounting standard:	EURm Dec. 31 IFRS	2011	2012	2013	2014E	2015E	2016E
Net income		7.6	6.9	3.2	6.8	7.7	9.1
Depreciation and amortisation (development costs/PP&E)		1.9	1.8	2.1	1.8	1.8	1.9
Interest result		0.6	0.4	0.3	0.3	0.3	0.2
Interest received		0.0	0.1	0.0	0.1	0.1	0.1
Interest paid		-0.4	-0.4	-0.3	-0.3	-0.3	-0.3
Deferred taxes		-0.6	-0.1	-0.4	0.0	0.0	0.0
Income taxes		2.6	1.0	2.5	2.9	3.3	3.9
Paid income taxes		-2.1	-2.5	-1.4	-2.9	-3.3	-3.9
Allowance of receivables		0.0	-0.3	0.9	0.0	0.0	0.0
Result of disposal of assets		0.0	0.0	0.0	0.0	0.0	0.0
Changes in long-term provisions		0.1	0.5	0.7	0.3	0.1	0.1
Changes in short-term provisions		-0.6	0.2	-1.5	0.1	0.1	0.0
Other assets and liabilities		0.6	-5.4	0.5	0.7	0.3	0.3
Other non-cash income and expenses		1.1	3.4	2.4	0.0	0.0	0.0
Cash earnings		10.7	5.6	9.0	9.7	9.9	11.3
Trade account receivables		0.8	2.1	-7.3	1.7	-2.8	-2.9
Inventories		-4.3	-3.3	0.6	-3.9	-2.3	-2.0
Trade account payables and advanced payments		-0.9	-0.6	2.6	-0.8	1.4	1.4
Cash flow from operating activities		6.3	3.9	4.9	6.7	6.2	7.8
Proceeds from the disposal of assets		0.0	0.0	0.0	0.0	0.0	0.0
Payments for investments in capitalised development costs		-0.8	-1.4	-0.8	-0.6	-0.5	-0.5
Investments in other intangible assets and tangible assets		-0.9	-1.7	-1.4	-2.0	-1.8	-1.9
Proceeds from divestment of affiliate		0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities		-1.7	-3.0	-2.2	-2.6	-2.3	-2.4
Capital increase		0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of own shares		0.0	-1.9	0.0	0.0	0.0	0.0
Dividend payment		-1.4	-2.1	-2.0	-2.0	-2.0	-3.4
Repayments of/ proceeds from financial liabilities		-1.3	4.3	5.1	-5.9	-1.9	-2.1
Cash flow from financing activities		-2.7	0.3	3.1	-7.9	-3.9	-5.5
Change in financial position		1.9	1.1	5.7	-3.8	0.0	0.0
Changes attributable to exchange rates		0.0	0.0	0.1	0.0	0.0	0.0
Financial position - start of period		6.5	8.4	9.5	15.3	11.5	11.5
Financial position - end of period		8.4	9.5	15.3	11.5	11.5	11.5

Source: Independent Research; Data Modul AG

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

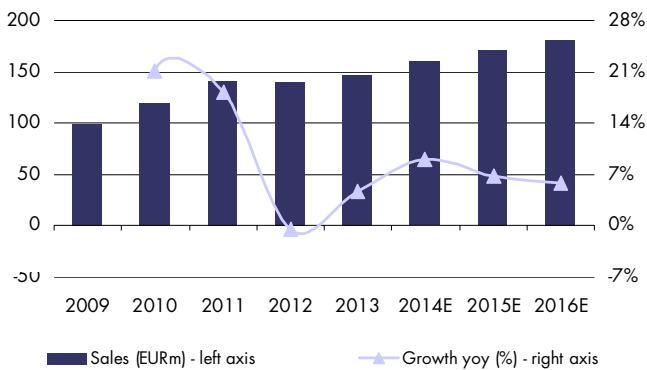
Key figures

Financial year: Accounting standard:	Dec. 31 IFRS	2011	2012	2013	2014E	2015E	2016E
Growth rates							
Sales growth		18.3%	-0.4%	4.6%	9.1%	6.9%	5.9%
EBITDA growth		39.3%	-15.7%	-23.4%	52.0%	10.0%	15.3%
EBIT growth		54.0%	-17.2%	-32.4%	76.6%	11.7%	17.5%
EBT growth		60.1%	-16.3%	-32.3%	80.8%	12.1%	18.4%
EPS growth		94.9%	-5.0%	-53.4%	111.1%	12.1%	18.4%
Margin analysis							
EBITDA margin		8.6%	7.3%	5.3%	7.4%	7.6%	8.3%
EBIT margin		7.2%	6.0%	3.9%	6.3%	6.5%	7.3%
EBT margin		6.8%	5.7%	3.7%	6.1%	6.4%	7.1%
Net margin		5.4%	5.1%	2.2%	4.3%	4.5%	5.0%
Yield analysis							
ROI		11.3%	9.8%	4.1%	8.2%	8.9%	9.9%
ROCE		16.5%	14.1%	6.2%	12.1%	12.7%	14.0%
ROE before taxes		26.7%	19.8%	12.8%	21.7%	21.8%	23.2%
ROE after taxes		21.3%	17.6%	7.7%	15.2%	15.2%	16.2%
ROIC		16.8%	13.8%	5.6%	11.1%	12.1%	13.4%
Balance sheet analysis							
Equity ratio		55.6%	56.2%	50.8%	57.2%	59.8%	62.4%
Equity/ non-current assets ratio		2.5	2.6	2.9	3.1	3.3	3.5
Equity + non-current debt/ non-current assets ratio		3.0	3.0	3.1	3.4	3.7	3.9
Asset intensity		22.6%	21.7%	17.5%	18.7%	18.1%	17.6%
Inventory turnover		5.6	4.9	4.9	5.0	4.9	4.9
Receivables turnover		7.8	8.4	7.7	7.5	7.8	7.3
Days of sales outstanding		46.9	43.7	47.5	49.0	47.0	50.1
Working capital / sales ratio		23.8%	26.3%	27.0%	26.7%	26.9%	27.4%
Days of payables outstanding		32.3	29.3	30.5	31.3	30.0	32.1
Debt ratios							
Net financial debt		3.2	6.6	6.0	4.1	2.3	0.3
Net financial debt / EBITDA		0.4	0.5	0.8	0.4	0.2	0.1
Net gearing		0.1	0.2	0.1	0.1	0.0	0.0
EBITDA interest coverage		18.6	22.9	24.0	35.0	40.0	54.4
EBIT interest coverage		15.6	18.9	17.5	29.6	34.4	47.7
Cash flow analysis							
Free cash flow (FCF)		4.7	0.8	2.6	4.2	3.9	5.4
FCF / sales		3.3%	0.6%	1.8%	2.6%	2.3%	3.0%
FCF / net income		61.2%	11.6%	81.2%	61.2%	51.5%	60.2%
FCF per share (EUR)		1.32	0.24	0.77	1.23	1.16	1.61
FCF yield		9.9%	1.7%	4.9%	6.5%	4.2%	5.8%
Capex		1.7	3.0	2.2	2.6	2.3	2.4
Capex / depreciation and amortisation		87.7%	169.3%	105.0%	140.2%	125.9%	129.2%
Capex / sales		1.2%	2.2%	1.5%	1.6%	1.3%	1.3%
Valuation multiples							
EV / sales		0.4	0.4	0.4	0.4	0.6	0.6
EV / EBITDA		4.2	5.5	7.7	5.8	7.8	6.8
EV / EBIT		5.0	6.7	10.6	6.8	9.1	7.7
EV / FCF		10.8	67.9	22.8	16.3	25.8	18.6
P / E ratio		6.2	7.0	16.7	9.4	12.2	10.3
P / B ratio		1.2	1.2	1.3	1.4	1.8	1.7
P / CF ratio		7.4	12.8	11.1	9.5	15.5	12.4
P / S ratio		0.3	0.4	0.4	0.4	0.6	0.5
Dividend yield		4.5%	4.2%	3.8%	3.2%	3.6%	4.2%

Source: Independent Research; Data Modul AG

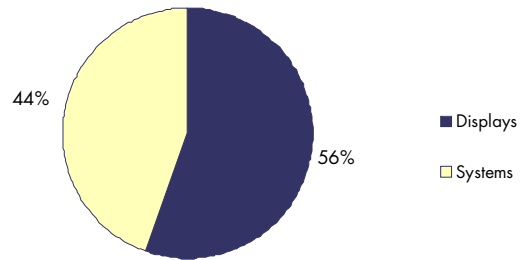
Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Trend of sales



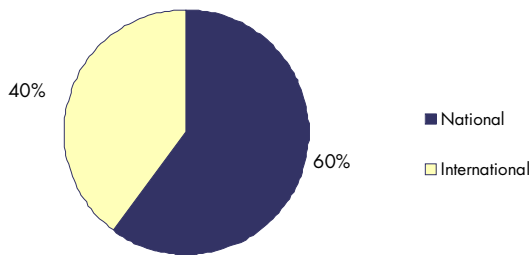
- ⇒ Strong rebound after the cyclical sales slump in 2009 (-26%)
- ⇒ Reorientation led to a slow sales growth in the past years
- ⇒ Internationalisation, proprietary products and system business as drivers

Sales by segment (2013)



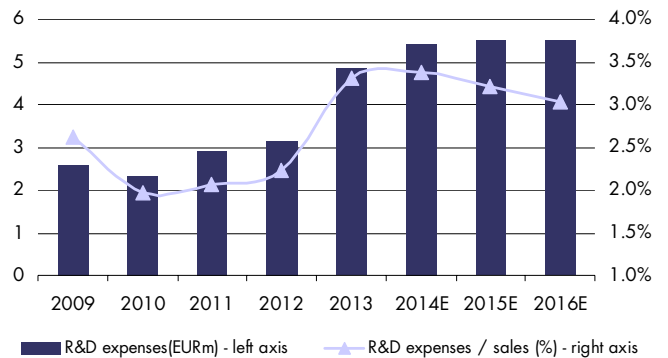
- ⇒ Share of sales of the Displays segment has decreased in the last years
- ⇒ In our view, the Systems segment should become more important because of internationalisation (USA,China) and concentration on key accounts

Sales by region (2013)



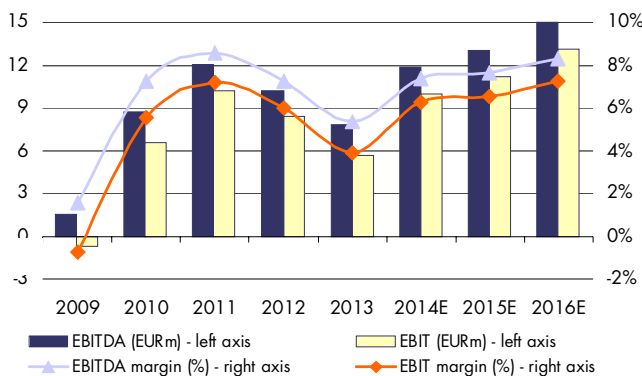
- ⇒ The business of Data Modul depends strongly on the domestic market (especially the Displays segment with about 65%; Systems segment with about 50% of international sales)
- ⇒ Strategy of internationalisation especially in the US and China

Development of R&D expenses



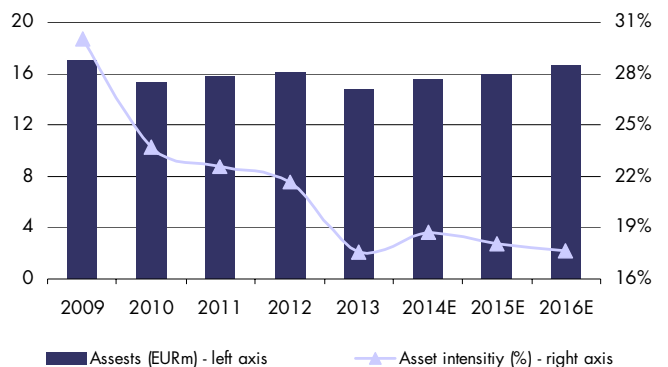
- ⇒ R&D expenses have risen strongly in 2013 because of the development of proprietary technologies - in particular optical bonding and embedded systems
- ⇒ Differentiation from the mass market due to customised products

Growth of EBITDA and EBIT



- ⇒ 2013 is characterised by one-off expenses and high R&D costs
- ⇒ Increasing margins are expected: system business becomes more important, proprietary technologies, economies of scale (higher capacity utilisation) etc.

Assets and asset intensity

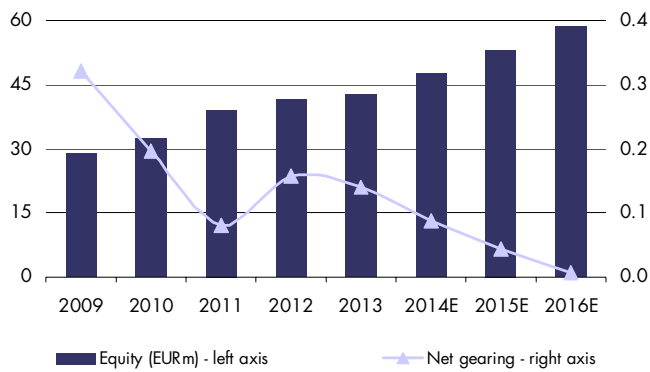


- ⇒ Low asset intensity is reflecting a business model which is focused on the upgrading of displays and - with declining share of sales - the distribution business

Source: Independent Research; Data Modul AG

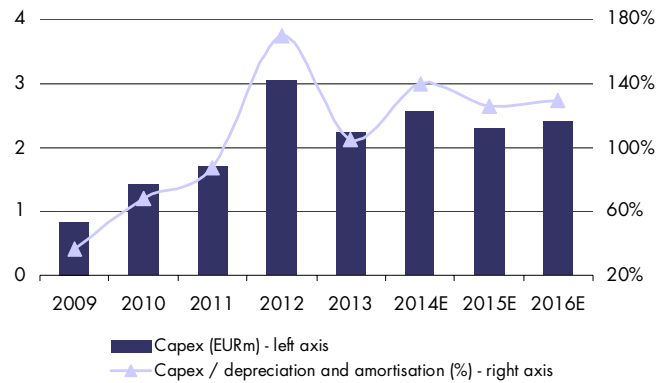
Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Equity and net gearing



- ⇒ Above-average solid equity base
- ⇒ Net gearing has decreased in the last years both absolute and relative to equity - net gearing is low

Development of capex



- ⇒ High capex in 2012 and 2013 among others because of shifting of production and logistics from Munich to Weikersheim
- ⇒ More investments among others in own products and internationalisation

Source: Independent Research; Data Modul AG

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Disclaimer

Recommendations concerning particular shares (starting December 18, 2009)

- Buy: According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
- Hold: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline in absolute terms within a 6-month period.

Recommendations concerning particular shares (until December 17, 2009)

- Buy: According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
- Accumulate: According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
- Reduce: According to our assessment, the stock will decline by between 0% and 15% in absolute terms within a 6-month period.
- Sell: According to our assessment, the stock will decline by least 15% in absolute terms within a 6-month period.

Compulsory information required under Section 34b of the German Securities Trading Act (WpHG) and the Financial Analysis Regulation

Key sources of information

Key sources of information used in the preparation of this document are publications in foreign and domestic media such as information services (e.g. Reuters, VWD, Bloomberg, DPA-AFX etc.), the financial press (e.g. Börsenzeitung, Handelsblatt, FAZ, FTI, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies and publications of the issuers under coverage.

Summary of the valuation principles used:

Analyses of shares:

In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer-Group Analysis) are applied. Under the DCF Method the net value of the issuer is calculated, which represents the sum of the discounted company results, i.e. the net present value of the issuer's future net cash flows. The net value is therefore determined with reference to the company's anticipated future results and the discount rate applied. Under the Peer-Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of valuation multiples (e.g. price/earnings ratio, price/book value, enterprise value/sales, enterprise value/EBITDA, enterprise value/EBIT). Comparability of the valuation multiples is primarily determined by business activity and economic prospects.

Sensitivity of the valuation parameters:

The figures taken from the income statement, the cash flow statement and the balance sheet, upon which the valuation of companies is based, are numerical estimates and therefore subject to risks. These may change at any time without prior notice.

Quite apart from the valuation method applied, there is a very real risk that the share price target may not be reached in the anticipated period of time. Risks include unforeseen changes in competitive pressure or in demand for the issuer's products. Such fluctuations in demand may arise as a result of changes of a technological nature, the overall level of economic activity or in some cases as a result of changes in moral concepts. Changes in tax law, in exchange rates and, in certain business segments, in regulations are other factors which can influence valuations. The above discussion of valuation methods and risk factors makes no claim to be exhaustive.

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Timing conditions of planned updates:**Analyses of shares:**

Independent Research GmbH maintains a list of issuers for whom company-based financial analyses („Coverage list of share analyses“) are published. The criterion for the inclusion or removal of an issuer from this list is governed primarily by the company's inclusion in an index (DAX®, EuroStoxx 50SM, and Stoxx Europe 50SM). In addition, selected issuers from the mid and small cap segment or from the US markets are included. In such cases the inclusion or removal of these issuers from the coverage list is at the sole discretion of Independent Research GmbH. If deemed appropriate by the analysts, Independent Research GmbH will release a short expert commentary or studies concerning the companies on the coverage list. As a rule, such research products will be published following the release of financial figures of a company under coverage. Moreover, every day company-specific events such as ad hoc announcements or important news relating to individual companies on the coverage list are evaluated. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH. Moreover, fundamental analyses are prepared for the issuers included on the coverage list. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH.

It may occur at any time that, in fulfilment of the provisions of the German Securities Trading Act, the publication of financial analyses of individual issuers included in the coverage list is restricted without any prior warning.

Internal organisational measures to deal with the prevention or handling of conflicts of interest:

Employees of Independent Research GmbH who are involved in the preparation and/or the offering of financial analyses are subject to the company's internal compliance regulations which classify them as employees in an environment requiring confidentiality. The company's internal compliance regulations are in accordance with Sections 33 and 33b of the German Securities Trading Act (WpHG).

Possible conflicts of interest – as at: 01/29/2015 –

There are potential conflicts of interest with the following issuers mentioned in this research report:

Emittent	Conflicts of interest
Data Modul AG	5, 6

Independent Research GmbH and/or its affiliated companies:

- 1) own at least 1% of the issuer's share capital.
- 2) have been involved in the management of a consortium issuing financial instruments of the issuer by way of a public offer within the last twelve months.
- 3) look after financial instruments of the issuer in a market through the placement of buying or selling orders.
- 4) have concluded an agreement with issuers within the last twelve months, which are either themselves or through their financial instruments the object of a financial analysis, covering services related to investment banking transactions or have received a service or a promise of services in such an agreement.
- 5) made this financial analysis available to the issuer prior to publication without the Valuation/Forecasts section and subsequently amended it.
- 6) have concluded an agreement with the issuers which are either themselves or through their financial instruments the object of the financial analysis regarding the preparation of the financial analysis.

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Liability statement

This document is for information purposes only. It has been prepared by Independent Research GmbH and shall be distributed in Germany only. This document is not directed to persons or companies domiciled and/or maintaining branch-offices outside Germany, particularly in the United States of America, Canada, United Kingdom, and Japan. This document shall only be distributed according to the applicable laws of the respective country. Any persons receiving this document, i.e. this information and material, shall be obliged to inform themselves about the applicable laws of the respective country and to act accordingly.

This document constitutes neither an offer nor an invitation to subscribe to or to purchase a security. Especially with preparation of this document Independent Research GmbH shall neither act as an investment consultant nor act on the basis of some asset management duty or obligation. Any investment decision regarding any security or other financial instruments must be based on individual, professional advice and/or on the prospectus or information memorandum.

This document constitutes an independent assessment of the respective issuer and/or the negotiable securities by Independent Research GmbH. All and any herein contained assessments, opinions and statements are those of the author of this document and do not necessarily reflect the opinion of the issuer or third parties.

All and any information this document is based on has been taken from resources considered as reliable but has not necessarily been verified by Independent Research. Therefore, Independent Research GmbH does not warrant the accuracy, completeness and correctness of the information and opinions contained herein.

Independent Research GmbH assumes no responsibility or liability for direct or indirect damage arising from the use or distribution of this document or of the information contained therein or which otherwise may arise from it.

The information, opinions and statements represent the status quo of the day of the preparation of the document. Future developments may render them out of date without any changes made to this document. Price movements experienced in the past, simulations or forecasts are no reliable indicators for future price movements of securities. The tax treatment of financial instruments depends on the individual circumstances of the respective investor and may be subject to future changes, which may be retroactive.

Although Independent Research GmbH may provide hyperlinks to websites of companies mentioned in this study, the inclusion of a given hyperlink shall not mean that Independent Research GmbH confirms, recommends or authorises all and any data on the respective website or data that can be accessed from the website. Independent Research GmbH assumes no liability for such data nor for any consequences arising from the use of same.

As at: 01/29/2015

**Independent Research GmbH
Friedrich-Ebert-Anlage 36
60325 Frankfurt am Main
Germany**

Responsible supervisory authority:
Federal Financial Supervisory Authority
(Bundesanstalt für Finanzdienstleistungsaufsicht)
Graurheindorfer Str. 108, 53117 Bonn
and
Marie-Curie-Straße 24-28, 60439 Frankfurt

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document