

<b>Buy</b>  <b>EUR 4.40</b>  Price <b>EUR 2.80</b> <b>Upside 57.4 %</b>	<b>Value Indicators:</b> EUR DCF: 4.68	<b>Share data:</b> Bloomberg: CNWK GR Reuters: CNWKK ISIN: DE000A1K0227	<b>Description:</b> co.don develops, manufactures and distributes biopharmaceutical articular cartilage.
	<b>Market Snapshot:</b> EUR m Market cap: 38.4 No. of shares (m): 13.7 EV: 36.7 Freefloat MC: 16.9 Ø Trad. Vol. (30d): 12.25 th	<b>Shareholders:</b> Freefloat 44.0 % Dr. Bernd Wegener 19.3 % Osemifaro Investments 14.6 % Transnova Investments 14.6 % Klaus Stuffer 3.6 %	<b>Risk Profile (WRe):</b> 2015e Beta: 1.9 Price / Book: 14.1 x Equity Ratio: 57 %

## Final Q2 results confirm investment case

<b>Stated Figures Q2/2015:</b> in EUR m	<table border="1"> <thead> <tr> <th></th> <th>6M/15</th> <th>6M/15e</th> <th>6M/14</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td><b>Sales</b></td> <td><b>2.5</b></td> <td>2.5</td> <td>2.1</td> <td>18.1%</td> </tr> <tr> <td><b>EBITDA margin</b></td> <td><b>-0.6</b></td> <td>-0.7</td> <td>-1.1</td> <td>-38.9%</td> </tr> <tr> <td></td> <td>-25.5%</td> <td>-</td> <td>-49.3%</td> <td></td> </tr> <tr> <td><b>EBIT margin</b></td> <td><b>-0.8</b></td> <td>-0.8</td> <td>-1.2</td> <td>-32.9%</td> </tr> <tr> <td></td> <td>-30.9%</td> <td>-</td> <td>-54.4%</td> <td></td> </tr> <tr> <td><b>EPS in EUR</b></td> <td><b>-0.06</b></td> <td>-0.06</td> <td>-0.09</td> <td>-33.3%</td> </tr> </tbody> </table>		6M/15	6M/15e	6M/14	yoy	<b>Sales</b>	<b>2.5</b>	2.5	2.1	18.1%	<b>EBITDA margin</b>	<b>-0.6</b>	-0.7	-1.1	-38.9%		-25.5%	-	-49.3%		<b>EBIT margin</b>	<b>-0.8</b>	-0.8	-1.2	-32.9%		-30.9%	-	-54.4%		<b>EPS in EUR</b>	<b>-0.06</b>	-0.06	-0.09	-33.3%	<b>Comment on Figures:</b> <ul style="list-style-type: none"> <li>▪ Preliminary figures were released in the context of the AGM in July. Therefore, final figures were not expected to surprise. With sales of EUR 2.5m (+18.2% yoy), final figures matched the preliminary numbers.</li> <li>▪ The bottom line improved strongly by +32.8% yoy in H1/15. co.don has narrowed its loss to EUR -0.78m, despite intensive strategic investments to secure the EU-wide approval of co.don chondrosphere</li> <li>▪ More importantly, we assume the number of cultivated tissue transplants grew by more than 9% to a total of c. 7,800 (WRe).</li> </ul>
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Co.don released final figures on August 5, which were absolutely in line with preliminary reported figures and expectations.

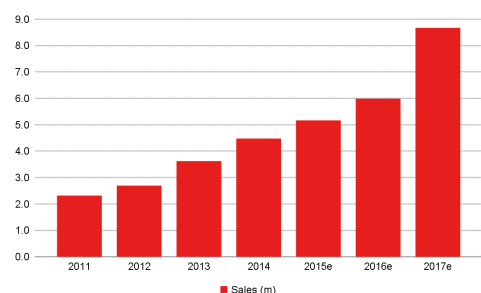
After H1 2015, the number of completed tissue transplantations is expected to total 7,800 - WRe: plus 600 biopharmaceutical tissue transplantations in the first six months of 2015 (+9% yoy). Therefore, co.don has amassed a deep knowledge of the effectiveness and security of its core product co.don chondrosphere. The company is currently conducting a clinical phase III study, which is expected to deliver the necessary results to secure final EU-wide approval by the EMA (European Medicines Agency). However, approval is not expected before H2 2017.

Sales in H1 clearly confirm the investment case, as management had aimed to improve revenues by a) selling higher volumes and b) by generating higher prices per unit. The company successfully increased the average price per unit by +8% yoy (WRe). This was also a main driver behind the company's improved profitability. While strategic costs of EUR 0.95m in connection with EMA approval are still weighing on co.don's H1 bottom line, the company has passed the break-even point on an operational basis. Operational EBIT stood at EUR +0.15m in H1 15 compared to a loss of EUR -0.10m in the same period last year.

co.don is perceived to be well on track to gain Europe-wide approval from the European Medicines Agency for its key product co.don chondrosphere in 2017 (WRe). Therefore, the overall investment case remains unchanged. Considering the potential of a European roll-out, the derived price target stands at EUR 4.40 (DCF-based). The recent decline in the share price is seen as a buying opportunity. Buy.

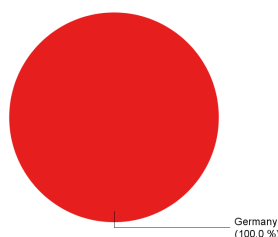
	FY End: 31.12. in EUR m	CAGR (14-17e)	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
	<b>Sales</b>	24.7 %	2.3	2.7	3.6	4.5	5.2	6.0	8.7
Change Sales yoy		8.0 %	16.3 %	34.5 %	23.6 %	15.3 %	16.0 %	44.8 %	
Gross profit margin		41.2 %	49.2 %	62.7 %	85.4 %	67.0 %	70.0 %	85.0 %	
<b>EBITDA</b>	-	-0.9	-2.2	-2.5	-2.3	-1.7	-0.7	0.9	
Margin		-37.1 %	-83.1 %	-68.4 %	-50.6 %	-33.0 %	-12.0 %	10.0 %	
<b>EBIT</b>	-	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4	
Margin		-43.9 %	-88.4 %	-73.5 %	-55.3 %	-38.0 %	-17.0 %	5.0 %	
<b>Net income</b>	-	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4	
<b>EPS</b>	-	-0.14	-0.22	-0.24	-0.18	-0.14	-0.07	0.03	
<b>DPS</b>	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dividend Yield		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	
<b>FCFPS</b>		-0.21	-0.23	-0.19	-0.14	-0.19	-0.07	0.04	
<b>FCF / Market cap</b>		-15.3 %	-22.3 %	-20.5 %	-5.9 %	-6.9 %	-2.4 %	1.3 %	
<b>EV / Sales</b>		3.6 x	3.0 x	2.5 x	6.6 x	7.1 x	6.3 x	4.3 x	
<b>EV / EBITDA</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	42.8 x	
<b>EV / EBIT</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	85.6 x	
<b>P / E</b>		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93.2 x	
<b>FCF Yield Potential</b>		-10.3 %	-28.2 %	-27.0 %	-7.7 %	-4.6 %	-1.9 %	2.2 %	
<b>Net Debt</b>		-1.3	-2.8	-1.2	-4.3	-1.6	-0.7	-1.2	
<b>Guidance:</b>		Positive revenue and yearly earnings development.							

**Sales development**  
in EUR m



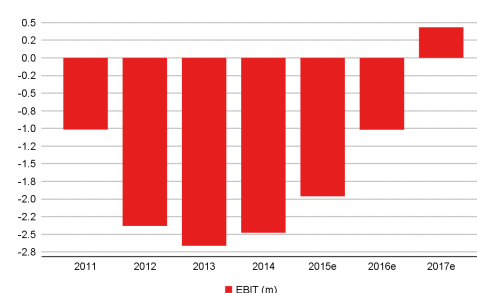
Source: Warburg Research

**Sales by regions**  
2014; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

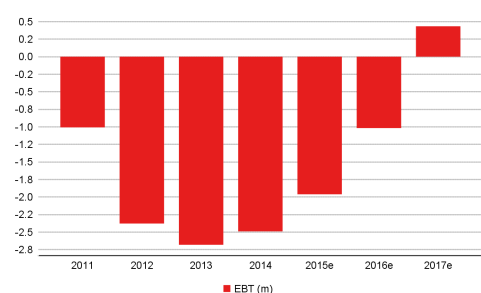
## Company Background

- co.don AG is a manufacturer of biopharmaceutical transplants. The company is specialised in the treatment of articular cartilage defects and spinal disc defects.
- A transplant is created from the patient's own cartilage and blood in the laboratory. This is then transplanted to the cartilage defect as autologous cells: an own-body, cell-based replacement for the defect.
- The authorisation process for the product co.don chondrosphere was necessary after the introduction of new EU regulations for the authorisation of medical products by the central European Medicines Agency.
- co.don chondrosphere was however already in distribution in 2004 and has since been used with around 7,200 patients. co.don chondrosphere is currently the most important co.don product to be on sale.
- The EMA authorisation would mean the product could be distributed in all EU countries. The authorisation is not expected until 2017.

## Competitive Quality

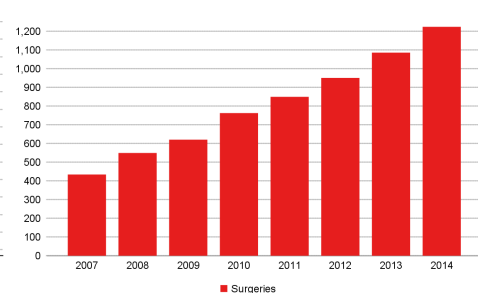
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive knee arthroscopy. Costs for both procedures are approximately comparable.
- Both procedures are covered by health insurance companies in Germany. The co.don procedure is currently being employed in more than 120 clinics (incl. Asklepios).
- As co.don chondrosphere is already being distributed, co.don has a clear competitive advantage over new entrants.
- In light of the 7,200 procedures that have already taken place and the now-confirmed effectiveness and safety of the procedure, the likelihood of a successful approval of the product is increased.

**EBT development**  
in EUR m



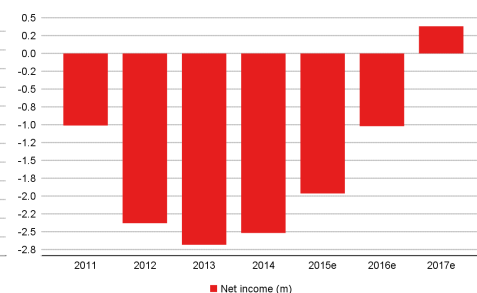
Source: Warburg Research

**Number of surgeries**  
in thousand



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
	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Sales	5.2	6.0	8.7	12.6	19.9	28.9	36.7	46.4	55.8	64.5	73.3	82.4	88.6	
Sales change	15.3 %	16.0 %	44.8 %	44.8 %	58.4 %	45.3 %	27.2 %	26.4 %	20.1 %	15.7 %	13.6 %	12.4 %	7.5 %	2.0 %
EBIT	-2.0	-1.0	0.4	0.5	1.8	4.2	5.9	9.1	13.8	16.1	18.3	20.6	22.2	
EBIT-margin	-38.0 %	-17.0 %	5.0 %	3.9 %	9.0 %	14.7 %	16.2 %	19.6 %	24.7 %	25.0 %	25.0 %	25.0 %	25.0 %	
Tax rate (EBT)	-0.1 %	-0.2 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	15.0 %	28.0 %	28.0 %	28.0 %	
NOPAT	-2.0	-1.0	0.4	0.4	1.6	3.7	5.2	8.0	12.1	13.7	13.2	14.8	16.0	
Depreciation	0.3	0.3	0.4	0.4	0.6	0.9	1.1	1.4	1.7	1.9	2.2	2.5	2.7	
in % of Sales	5.0 %	5.0 %	5.0 %	3.5 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Changes in provisions	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	
Change in Liquidity from														
- Working Capital	0.5	0.0	0.1	0.2	0.4	0.5	0.4	0.5	0.5	0.4	0.4	0.5	0.3	
- Capex	0.7	0.2	0.2	1.3	2.0	1.2	1.5	1.9	2.2	2.6	2.9	3.3	2.7	
Capex in % of Sales	13.6 %	3.3 %	2.3 %	10.0 %	10.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	3.0 %	
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)	-2.9	-0.9	0.5	-0.6	-0.2	3.0	4.5	7.1	11.1	12.6	12.0	13.6	15.6	16
PV of FCF	-2.7	-0.8	0.4	-0.4	-0.1	1.6	2.1	3.0	4.2	4.2	3.6	3.7	3.8	40
share of PVs	-4.87 %			40.86 %										64.01 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.90
Cost of debt (after tax)	4.2 %	Liquidity (share)	2.00
Market return	7.00 %	Cyclicality	1.80
Risk free rate	1.50 %	Transparency	1.60
		Others	2.00
<b>WACC</b>	<b>11.73 %</b>	<b>Beta</b>	<b>1.86</b>

**Valuation (m)**

Present values 2027e	23		
Terminal Value	40		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	13.7
<b>Equity Value</b>	<b>64</b>	<b>Value per share (EUR)</b>	<b>4.68</b>

**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
<b>2.04</b>	12.7 %	3.81	3.86	3.91	3.97	4.02	4.08	4.14	<b>2.04</b>	12.7 %	3.66	3.76	3.86	3.97	4.07	4.17	4.27
<b>1.95</b>	12.2 %	4.12	4.18	4.24	4.30	4.37	4.44	4.51	<b>1.95</b>	12.2 %	3.97	4.08	4.19	4.30	4.41	4.52	4.63
<b>1.91</b>	12.0 %	4.29	4.35	4.42	4.49	4.56	4.63	4.71	<b>1.91</b>	12.0 %	4.15	4.26	4.37	4.49	4.60	4.71	4.83
<b>1.86</b>	11.7 %	4.47	4.54	4.61	<b>4.68</b>	4.76	4.84	4.92	<b>1.86</b>	11.7 %	4.33	4.44	4.56	<b>4.68</b>	4.80	4.92	5.03
<b>1.81</b>	11.5 %	4.66	4.73	4.81	4.89	4.97	5.06	5.15	<b>1.81</b>	11.5 %	4.52	4.64	4.76	4.89	5.01	5.13	5.25
<b>1.77</b>	11.2 %	4.86	4.94	5.02	5.10	5.20	5.29	5.39	<b>1.77</b>	11.2 %	4.72	4.85	4.98	5.10	5.23	5.36	5.49
<b>1.68</b>	10.7 %	5.30	5.39	5.48	5.59	5.69	5.81	5.93	<b>1.68</b>	10.7 %	5.17	5.31	5.45	5.59	5.72	5.86	6.00

- Europe-wide authorisation is earliest expected in 2017.
- Upstream sales activities in 2016 are expected to lead to a significant revenue increase in 2017.
- Break-even is operationally expected on an EBITDA level (2015) but expenses for the authorisation still burden.
- After reduced expenses for the authorisation beyond 2017, total break-even is expected.

<b>Valuation</b>							
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
Price / Book	3.9 x	2.7 x	5.7 x	7.9 x	14.1 x	23.9 x	18.4 x
Book value per share ex intangibles	0.32	0.36	0.14	0.30	0.18	0.09	0.11
EV / Sales	3.6 x	3.0 x	2.5 x	6.6 x	7.1 x	6.3 x	4.3 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	42.8 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	85.6 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	85.6 x
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	74.5 x
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93.2 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93.2 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Free Cash Flow Yield Potential	-10.3 %	-28.2 %	-27.0 %	-7.7 %	-4.6 %	-1.9 %	2.2 %

\*Adjustments made for: -

<b>Company Specific Items</b>							
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015e</b>	<b>2016e</b>	<b>2017e</b>
Surgeries	849	950	1,085	1,223	1,291	1,497	2,000

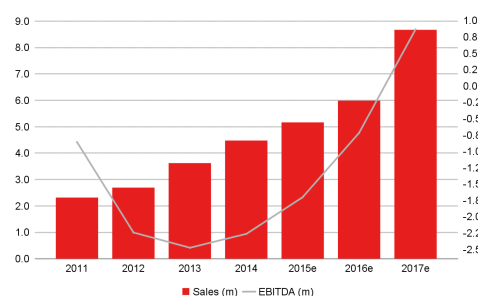
**Consolidated profit & loss**

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Sales</b>	<b>2.3</b>	<b>2.7</b>	<b>3.6</b>	<b>4.5</b>	<b>5.2</b>	<b>6.0</b>	<b>8.7</b>
Change Sales yoy	8.0 %	16.3 %	34.5 %	23.6 %	15.3 %	16.0 %	44.8 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Sales</b>	<b>2.3</b>	<b>2.7</b>	<b>3.6</b>	<b>4.5</b>	<b>5.2</b>	<b>6.0</b>	<b>8.7</b>
Material Expenses	1.4	1.4	1.4	0.7	1.7	1.8	1.3
<b>Gross profit</b>	<b>1.0</b>	<b>1.3</b>	<b>2.3</b>	<b>3.8</b>	<b>3.5</b>	<b>4.2</b>	<b>7.4</b>
<i>Gross profit margin</i>	<i>41.2 %</i>	<i>49.2 %</i>	<i>62.7 %</i>	<i>85.4 %</i>	<i>67.0 %</i>	<i>70.0 %</i>	<i>85.0 %</i>
Personnel expenses	1.8	2.1	2.8	3.6	3.0	3.4	4.7
Other operating income	1.4	1.0	0.5	0.5	0.8	0.9	0.9
Other operating expenses	1.4	2.5	2.4	2.9	2.9	2.5	2.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-0.9</b>	<b>-2.2</b>	<b>-2.5</b>	<b>-2.3</b>	<b>-1.7</b>	<b>-0.7</b>	<b>0.9</b>
<i>Margin</i>	<i>-37.1 %</i>	<i>-83.1 %</i>	<i>-68.4 %</i>	<i>-50.6 %</i>	<i>-33.0 %</i>	<i>-12.0 %</i>	<i>10.0 %</i>
Depreciation of fixed assets	0.2	0.1	0.2	0.2	0.3	0.3	0.4
<b>EBITA</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
<i>Margin</i>	<i>-43.9 %</i>	<i>-88.4 %</i>	<i>-73.5 %</i>	<i>-55.3 %</i>	<i>-38.0 %</i>	<i>-17.0 %</i>	<i>5.0 %</i>
<b>EBIT adj.</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
<i>Margin</i>	<i>-43.5 %</i>	<i>-88.3 %</i>	<i>-74.0 %</i>	<i>-55.6 %</i>	<i>-38.0 %</i>	<i>-17.0 %</i>	<i>5.0 %</i>
Total taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Net income from continuing operations</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</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>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-1.0</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>-1.0</b>	<b>0.4</b>
<i>Margin</i>	<i>-43.7 %</i>	<i>-88.4 %</i>	<i>-74.1 %</i>	<i>-56.3 %</i>	<i>-38.0 %</i>	<i>-17.0 %</i>	<i>4.4 %</i>
Number of shares, average	7.1	10.7	11.1	13.7	13.7	13.7	13.7
<b>EPS</b>	<b>-0.14</b>	<b>-0.22</b>	<b>-0.24</b>	<b>-0.18</b>	<b>-0.14</b>	<b>-0.07</b>	<b>0.03</b>
EPS adj.	-0.14	-0.22	-0.24	-0.18	-0.14	-0.07	0.03

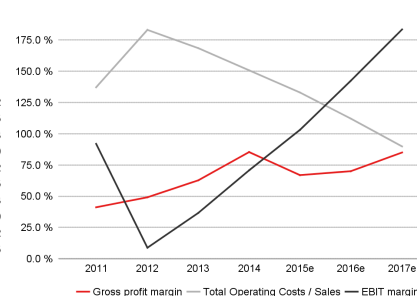
\*Adjustments made for:

**Guidance: Positive revenue and yearly earnings development.**
**Financial Ratios**

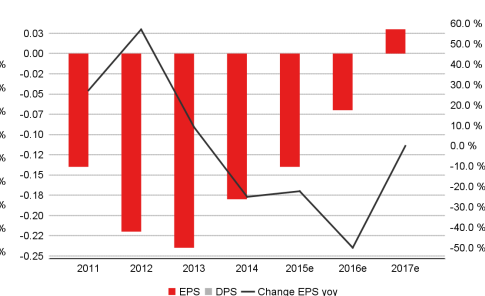
	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	137.1 %	183.1 %	168.4 %	150.6 %	133.0 %	112.0 %	90.0 %
Operating Leverage	-3.7 x	8.3 x	0.3 x	-0.3 x	-1.4 x	-3.0 x	n.a.
Tax rate (EBT)	-0.2 %	-0.1 %	-0.1 %	-1.1 %	-0.1 %	-0.2 %	12.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	59,385	62,628	72,443	75,864	87,506	101,483	144,500

**Sales, EBITDA**  
in EUR m


Source: Warburg Research

**Operating Performance**  
in %


Source: Warburg Research

**Performance per Share**


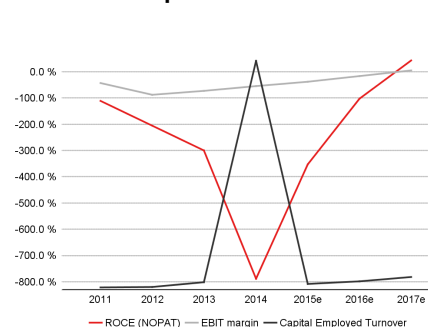
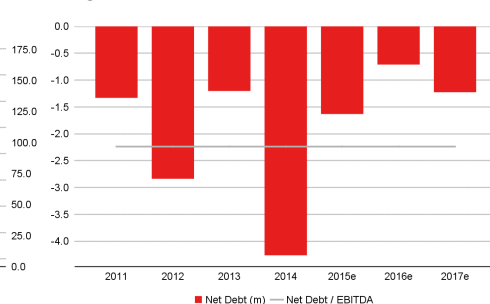
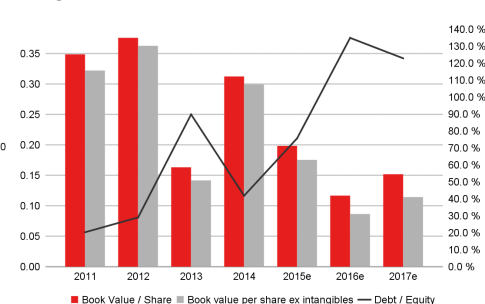
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
<b>Assets</b>							
Goodwill and other intangible assets	0.2	0.1	0.2	0.2	0.3	0.4	0.5
thereof other intangible assets	0.2	0.1	0.2	0.2	0.3	0.4	0.5
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.7	0.6	0.9	0.9	1.2	1.0	0.7
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>
Inventories	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Accounts receivable	0.2	0.6	0.5	0.0	0.7	0.8	1.2
Liquid assets	1.3	2.8	1.2	4.3	1.6	0.7	1.2
Other short-term assets	0.5	0.8	0.5	0.7	0.7	0.7	0.7
<b>Current assets</b>	<b>2.1</b>	<b>4.4</b>	<b>2.3</b>	<b>5.1</b>	<b>3.2</b>	<b>2.4</b>	<b>3.4</b>
<b>Total Assets</b>	<b>3.0</b>	<b>5.2</b>	<b>3.4</b>	<b>6.1</b>	<b>4.8</b>	<b>3.8</b>	<b>4.6</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	7.1	10.7	11.1	13.7	13.7	13.7	13.7
Capital reserve	0.0	0.4	0.4	2.8	2.8	2.8	2.8
Retained earnings	-4.6	-7.0	-9.7	-12.2	-14.2	-15.2	-14.8
Other equity components	0.0	0.0	0.0	0.0	0.4	0.3	0.4
Shareholders' equity	2.5	4.0	1.8	4.3	2.7	1.6	2.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>2.5</b>	<b>4.0</b>	<b>1.8</b>	<b>4.3</b>	<b>2.7</b>	<b>1.6</b>	<b>2.1</b>
Provisions	0.3	0.7	1.0	1.2	1.2	1.2	1.2
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.2	0.4	0.4	0.3	0.6	0.7	1.1
Other liabilities	0.1	0.1	0.2	0.3	0.3	0.3	0.3
<b>Liabilities</b>	<b>0.5</b>	<b>1.2</b>	<b>1.6</b>	<b>1.8</b>	<b>2.1</b>	<b>2.2</b>	<b>2.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>3.0</b>	<b>5.2</b>	<b>3.4</b>	<b>6.1</b>	<b>4.8</b>	<b>3.8</b>	<b>4.6</b>

**Financial Ratios**

	2011	2012	2013	2014	2015e	2016e	2017e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	2.8 x	2.7 x	3.5 x	6.9 x	3.4 x	4.5 x	8.0 x
Capital Employed Turnover	2.0 x	2.3 x	5.9 x	184.4 x	4.7 x	6.7 x	10.1 x
ROA	-119.5 %	-307.2 %	-233.7 %	-237.9 %	-127.9 %	-71.0 %	31.7 %
<b>Return on Capital</b>							
ROCE (NOPAT)	-111.6 %	-205.7 %	-299.3 %	-788.6 %	-352.2 %	-102.9 %	43.6 %
ROE	-41.3 %	-73.4 %	-92.2 %	-82.6 %	-56.0 %	-47.2 %	20.7 %
Adj. ROE	-41.3 %	-73.4 %	-92.2 %	-82.6 %	-56.0 %	-47.2 %	20.7 %
<b>Balance sheet quality</b>							
Net Debt	-1.3	-2.8	-1.2	-4.3	-1.6	-0.7	-1.2
Net Financial Debt	-1.3	-2.8	-1.2	-4.3	-1.6	-0.7	-1.2
Net Gearing	-53.7 %	-70.8 %	-66.3 %	-99.4 %	-59.9 %	-44.4 %	-58.8 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	0.3	0.4	0.2	0.3	0.2	0.1	0.2
Book value per share ex intangibles	0.3	0.4	0.1	0.3	0.2	0.1	0.1

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

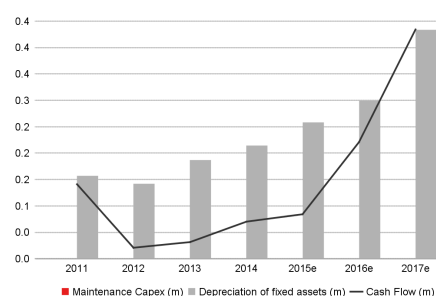
Source: Warburg Research

**Consolidated cash flow statement**

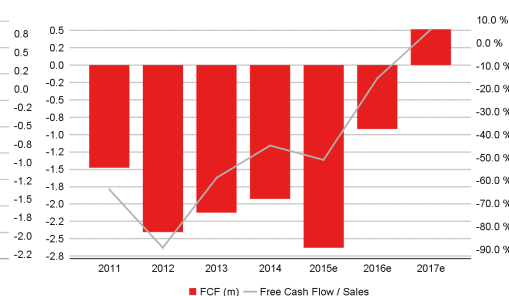
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
Depreciation of fixed assets	0.2	0.1	0.2	0.2	0.3	0.3	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-0.1	0.4	0.1	0.2	0.0	0.0	0.0
Other non-cash income and expenses	-0.3	-0.4	0.3	0.3	0.0	0.0	0.0
<b>Cash Flow</b>	<b>-1.3</b>	<b>-2.2</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.7</b>	<b>-0.7</b>	<b>0.8</b>
Increase / decrease in inventory	-0.1	-0.4	0.2	0.0	-0.1	0.0	-0.1
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	-0.7	-0.1	-0.4
Increase / decrease in accounts payable	0.0	0.2	0.3	0.0	0.3	0.1	0.4
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Increase / decrease in working capital (total)	-0.1	-0.2	0.5	0.0	-0.2	0.0	-0.1
<b>Net cash provided by operating activities</b>	<b>-1.4</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-1.8</b>	<b>-1.9</b>	<b>-0.7</b>	<b>0.7</b>
Investments in intangible assets	0.0	0.0	-0.3	-0.1	-0.1	-0.1	-0.1
Investments in property, plant and equipment	0.0	0.0	-0.3	-0.1	-0.6	-0.1	-0.1
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</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.2</b>
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	5.0	0.0	0.0	0.0
Other	1.1	3.9	0.5	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>1.1</b>	<b>3.9</b>	<b>0.5</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Change in liquid funds	-0.4	1.5	-1.6	3.0	-2.6	-0.9	0.5
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>1.3</b>	<b>2.8</b>	<b>1.2</b>	<b>4.2</b>	<b>1.6</b>	<b>0.7</b>	<b>1.2</b>

**Financial Ratios**

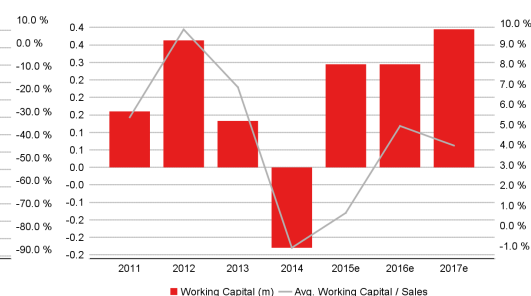
	2011	2012	2013	2014	2015e	2016e	2017e
<b>Cash Flow</b>							
FCF	-1.5	-2.4	-2.1	-1.9	-2.6	-0.9	0.5
Free Cash Flow / Sales	-63.8 %	-89.3 %	-58.6 %	-44.7 %	-50.9 %	-15.4 %	5.9 %
Free Cash Flow Potential	-0.9	-2.2	-2.5	-2.3	-1.7	-0.7	0.8
Free Cash Flow / Sales	-63.8 %	-89.3 %	-58.6 %	-44.7 %	-50.9 %	-15.4 %	5.9 %
Free Cash Flow / Net Profit	146.2 %	101.0 %	79.1 %	79.5 %	133.9 %	90.3 %	135.0 %
Interest Received / Avg. Cash	0.5 %	0.1 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	557.5 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	3.5 %	2.6 %	15.5 %	4.5 %	13.6 %	3.3 %	2.3 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	51.6 %	49.3 %	299.8 %	93.3 %	271.2 %	66.8 %	46.1 %
Avg. Working Capital / Sales	5.4 %	9.7 %	6.8 %	-1.1 %	0.6 %	4.9 %	4.0 %
Trade Debtors / Trade Creditors	155.6 %	182.7 %	111.6 %	0.0 %	116.7 %	114.3 %	109.1 %
Inventory Turnover	16.4 x	18.0 x	15.4 x	6.2 x	8.5 x	9.0 x	4.3 x
Receivables collection period (days)	39	87	48	0	49	49	51
Payables payment period (days)	43	94	116	184	129	142	309
Cash conversion cycle (Days)	-21	-70	-91	-128	-81	-97	-214

**CAPEX and Cash Flow**  
in EUR m


Source: Warburg Research

**Free Cash Flow Generation**


Source: Warburg Research

**Working Capital**


Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
co.don	5	<a href="http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1K0227.htm">http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1K0227.htm</a>

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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-	<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.

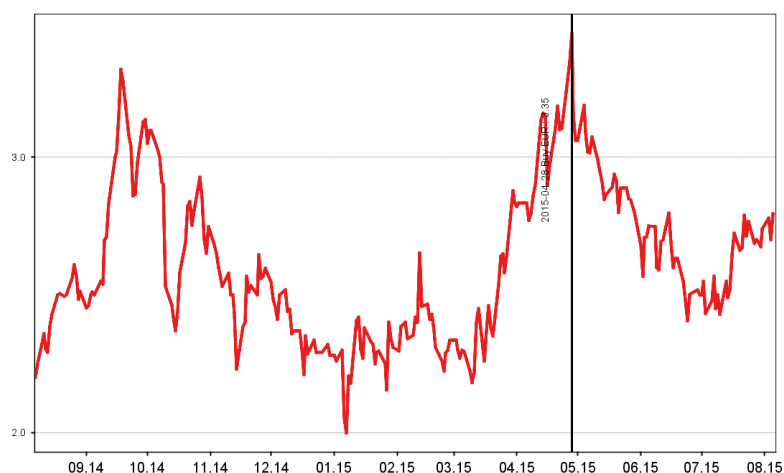
**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	110	59
Hold	66	36
Sell	6	3
Rating suspended	3	2
<b>Total</b>	<b>185</b>	<b>100</b>

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

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	93	64
Hold	47	32
Sell	3	2
Rating suspended	2	1
<b>Total</b>	<b>145</b>	<b>100</b>

**PRICE AND RATING HISTORY CO.DON AS OF 06.08.2015**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents 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**

**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

**Harald Hof** +49 40 309537-125  
Medtech hhof@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

**Frank Laser** +49 40 309537-235  
Construction, Industrials flaser@warburg-research.com

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

**Malte Räther** +49 40 309537-185  
Technology, Telco, Internet mraether@warburg-research.com

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

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

**Arash Roshan Zamir** +49 40 309537-155  
Engineering, Logistics 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

**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

**Christian Alisch** +49 40 3282-2667  
Scandinavia, Spain calisch@mmwarburg.com

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

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

**Marie-Therese Grübner** +49 40 3282-2630  
France, Switzerland mgruebner@mmwarburg.com

**Ömer Güven** +49 40 3282-2633  
USA, Germany ogueven@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

**Philipp Stumpfegger** +49 40 3282-2635  
Australia, United Kingdom pstumpfegger@mmwarburg.com

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

**SALES TRADING**

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

**Thekla Struve** +49 40 3282-2668  
Dep. Head of Sales Trading tstruve@mmwarburg.com

**Gudrun Bolsen** +49 40 3282-2679  
Sales Trading gbolsen@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

**Matthias Thiel** +49 40 3282-2401  
Macro Research mthiel@mmwarburg.com

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

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**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