

Buy EUR 4.40 Price EUR 2.75 Upside 60.0 %	Value Indicators: EUR DCF: 4.64	Share data: Bloomberg: CNWK GR Reuters: CNWKK ISIN: DE000A1K0227	Description: co.don develops, manufactures and distributes biopharmaceutical articular cartilage.
	Market Snapshot: EUR m Market cap: 44.6 No. of shares (m): 16.2 EV: 38.9 Freefloat MC: 21.9 Ø Trad. Vol. (30d): 28.02 th	Shareholders: Freefloat 49.0 % Osemifaro Investments 14.6 % Transnova Investments 14.6 % Dr. Bernd Wegener 14.5 % Klaus Stuffer 3.6 %	Risk Profile (WRe): 2015e Beta: 1.9 Price / Book: 5.8 x Equity Ratio: 79 %

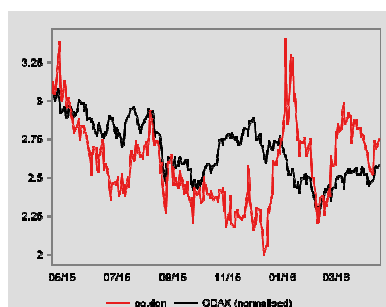
Performance picks up speed: Q1 sales increase by 23% yoy

The company has released preliminary sales figures for Q1 2016, which clearly exceeded expectations. Revenues grew to EUR 1.635m from EUR 1.326m last year. This represented a growth-rate of 23% yoy (WRe +16%), well above company expectations and WRe.

co.don improved the top line by undertaking several marketing initiatives and especially by strengthening its own sales force in H2 2015. Greater presence at existing users resulted in a pick-up in order volumes as well as finished transplantations. Currently co.don has access to over 200 German-based clinics, which are approved and filed in co.don's database. More than 100 of them are active customers. The remainder of the approved clinics are not yet using the company's products. The enhanced sales force is expected to turn prospective clinics into active users in the next months and years.

EBITDA for Q1 has not yet been reported. However in 2015, FY EBITDA before costs for the approval process for co.don chondrosphere had already reached break-even, which represented the achievement of a significant milestone in the last fiscal year. The current development in Q1 2016 clearly confirmed the positive trend at co.don. Higher sales volumes are also expected to drive economies of scale and should lead to a further improvement in operating profitability. However, the Q1 growth-rate cannot be applied on a full-year basis due to the seasonality of order behaviour. Hence, our assumptions remain unchanged for the moment.

Nevertheless, against the backdrop of the general positive development, our assumptions are confirmed. As a result of improving figures, the investment case is perceived to be fully intact. Considering the potential of a European roll-out of the core product, chondrosphere (EMA approval expected in H2 2017), the derived price target remains EUR 4.40 (DCF-based). Buy.

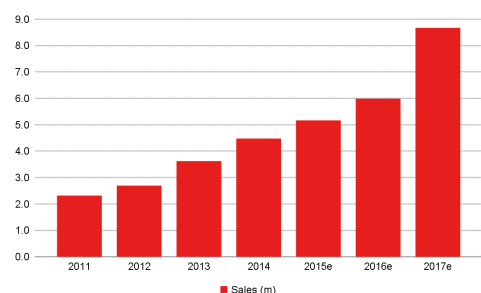


Rel. Performance vs CDAX:	
1 month:	-0.7 %
6 months:	16.3 %
Year to date:	n/a
Trailing 12 months:	8.3 %

Company events:	
29.04.16	FY 15
14.07.16	AGM
31.08.16	Q2

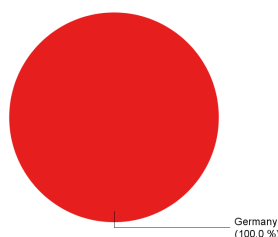
FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
Sales	24.7 %	2.3	2.7	3.6	4.5	5.2	6.0	8.7
Change Sales yoy		8.0 %	16.3 %	34.5 %	23.6 %	15.3 %	16.0 %	44.8 %
Gross profit margin		41.2 %	49.2 %	62.7 %	85.4 %	67.0 %	70.0 %	85.0 %
EBITDA	-	-0.9	-2.2	-2.5	-2.3	-1.7	-0.7	0.9
Margin		-37.1 %	-83.1 %	-68.4 %	-50.6 %	-33.0 %	-12.0 %	10.0 %
EBIT	-	-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 %
Net income	-	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
EPS	-	-0.14	-0.22	-0.24	-0.18	-0.12	-0.06	0.02
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF/PS		-0.21	-0.23	-0.19	-0.14	-0.16	-0.06	0.03
FCF / Market cap		-15.3 %	-22.3 %	-20.5 %	-6.0 %	-5.9 %	-2.1 %	1.2 %
EV / Sales		3.6 x	3.0 x	2.5 x	6.5 x	7.4 x	6.5 x	4.4 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44.3 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	88.5 x
P / E		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	137.5 x
FCF Yield Potential		-10.3 %	-28.2 %	-27.0 %	-7.9 %	-4.5 %	-1.9 %	2.1 %
Net Debt		-1.3	-2.8	-1.2	-4.3	-6.6	-5.7	-6.2
Guidance:		Positive revenue and yearly earnings development.						

Sales development
in EUR m



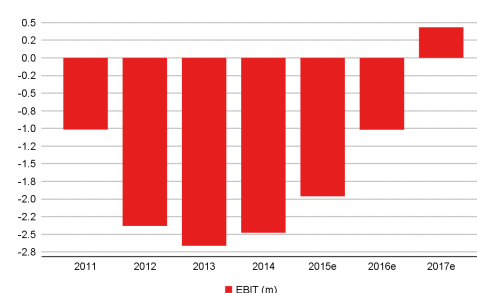
Source: Warburg Research

Sales by regions
2014; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

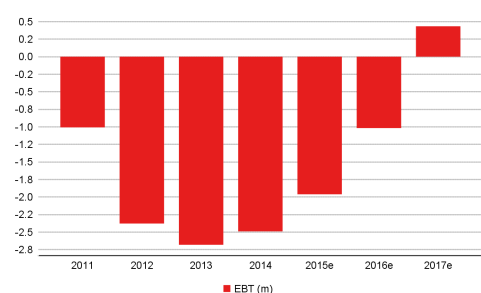
Company Background

- 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 more than 8,500 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

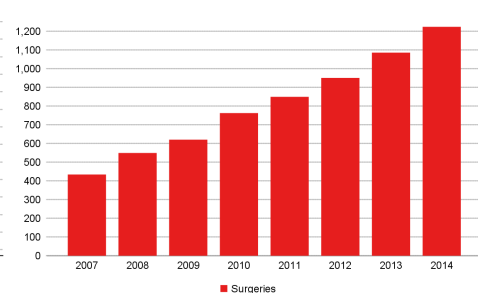
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive 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 more than 8,500 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



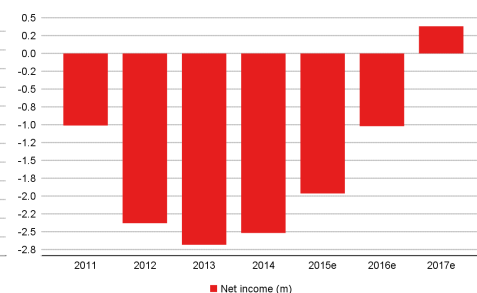
Source: Warburg Research

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	-2.9	-0.8	0.4	-0.4	-0.1	1.7	2.3	3.3	4.6	4.7	4.0	4.0	4.1	44
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
WACC	11.73 %	Beta	1.86

Valuation (m)

Present values 2027e	25		
Terminal Value	44		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	7	No. of shares (m)	16.2
Equity Value	75	Value per share (EUR)	4.64

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
2.04	12.7 %	3.86	3.91	3.96	4.01	4.06	4.11	4.17	2.04	12.7 %	3.72	3.81	3.91	4.01	4.10	4.20	4.29
1.95	12.2 %	4.14	4.19	4.25	4.31	4.37	4.43	4.50	1.95	12.2 %	4.00	4.10	4.20	4.31	4.41	4.51	4.61
1.91	12.0 %	4.29	4.35	4.41	4.47	4.54	4.61	4.68	1.91	12.0 %	4.15	4.26	4.36	4.47	4.58	4.68	4.79
1.86	11.7 %	4.45	4.51	4.57	4.64	4.71	4.79	4.87	1.86	11.7 %	4.31	4.42	4.53	4.64	4.75	4.86	4.97
1.81	11.5 %	4.62	4.68	4.75	4.83	4.90	4.98	5.07	1.81	11.5 %	4.49	4.60	4.71	4.83	4.94	5.05	5.16
1.77	11.2 %	4.79	4.86	4.94	5.02	5.10	5.19	5.29	1.77	11.2 %	4.67	4.78	4.90	5.02	5.14	5.25	5.37
1.68	10.7 %	5.18	5.26	5.35	5.44	5.54	5.65	5.76	1.68	10.7 %	5.07	5.19	5.32	5.44	5.57	5.70	5.82

- 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.

Valuation							
	2011	2012	2013	2014	2015e	2016e	2017e
Price / Book	3.9 x	2.7 x	5.7 x	7.8 x	5.8 x	6.8 x	6.3 x
Book value per share ex intangibles	0.32	0.36	0.14	0.30	0.46	0.38	0.40
EV / Sales	3.6 x	3.0 x	2.5 x	6.5 x	7.4 x	6.5 x	4.4 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44.3 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	88.5 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	88.5 x
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	86.6 x
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	137.5 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	137.5 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free Cash Flow Yield Potential	-10.3 %	-28.2 %	-27.0 %	-7.9 %	-4.5 %	-1.9 %	2.1 %

*Adjustments made for: -

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

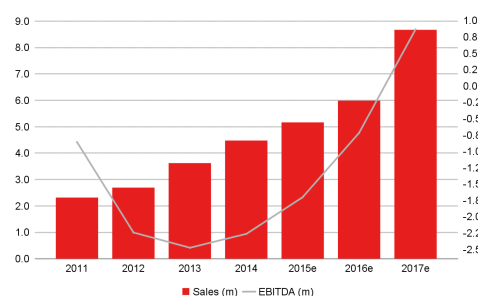
Consolidated profit & loss

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Sales	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 %
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
Total Sales	2.3	2.7	3.6	4.5	5.2	6.0	8.7
Material Expenses	1.4	1.4	1.4	0.7	1.7	1.8	1.3
Gross profit	1.0	1.3	2.3	3.8	3.5	4.2	7.4
<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
EBITDA	-0.9	-2.2	-2.5	-2.3	-1.7	-0.7	0.9
<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
EBITA	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
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
EBIT	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
<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>
EBIT adj.	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
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
EBT	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
<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
Net income from continuing operations	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
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	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.0	-2.4	-2.7	-2.5	-2.0	-1.0	0.4
<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	16.2	16.2	16.2
EPS	-0.14	-0.22	-0.24	-0.18	-0.12	-0.06	0.02
EPS adj.	-0.14	-0.22	-0.24	-0.18	-0.12	-0.06	0.02

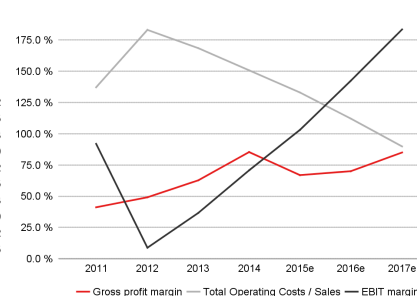
*Adjustments made for:

Guidance: Positive revenue and yearly earnings development.
Financial Ratios

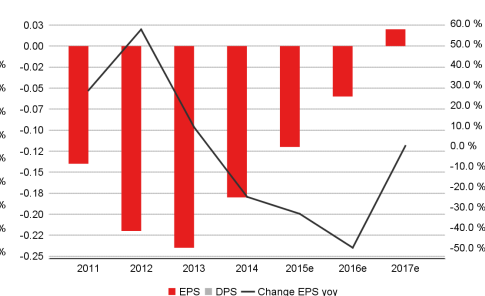
	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	137.1 %	183.1 %	168.4 %	150.6 %	133.0 %	112.0 %	90.0 %
Operating Leverage	-3.7 x	8.3 x	0.3 x	-0.3 x	-1.4 x	-3.0 x	n.a.
Tax rate (EBT)	-0.2 %	-0.1 %	-0.1 %	-1.1 %	-0.1 %	-0.2 %	12.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	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

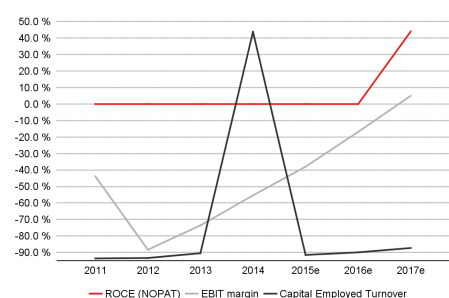
Consolidated balance sheet

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Assets							
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
Fixed assets	0.8	0.8	1.1	1.1	1.5	1.4	1.2
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	6.6	5.7	6.2
Other short-term assets	0.5	0.8	0.5	0.7	0.7	0.7	0.7
Current assets	2.1	4.4	2.3	5.1	8.2	7.4	8.4
Total Assets	3.0	5.2	3.4	6.1	9.8	8.8	9.6
Liabilities and shareholders' equity							
Subscribed capital	7.1	10.7	11.1	13.7	16.2	16.2	16.2
Capital reserve	0.0	0.4	0.4	2.8	5.2	5.2	5.2
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	7.7	6.6	7.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	2.5	4.0	1.8	4.3	7.7	6.6	7.1
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
Liabilities	0.5	1.2	1.6	1.8	2.1	2.2	2.6
Total liabilities and shareholders' equity	3.0	5.2	3.4	6.1	9.8	8.8	9.6

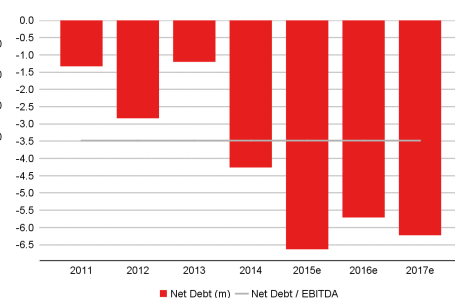
Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Efficiency of Capital Employment							
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	4.8 x	6.8 x	10.2 x
ROA	-119.5 %	-307.2 %	-233.7 %	-237.9 %	-127.9 %	-71.0 %	31.7 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44.1 %
ROE	-41.3 %	-73.4 %	-92.2 %	-82.6 %	-32.7 %	-14.3 %	5.6 %
Adj. ROE	-41.3 %	-73.4 %	-92.2 %	-82.6 %	-32.7 %	-14.3 %	5.6 %
Balance sheet quality							
Net Debt	-1.3	-2.8	-1.2	-4.3	-6.6	-5.7	-6.2
Net Financial Debt	-1.3	-2.8	-1.2	-4.3	-6.6	-5.7	-6.2
Net Gearing	-53.7 %	-70.8 %	-66.3 %	-99.4 %	-86.0 %	-86.6 %	-88.0 %
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	0.5	0.4	0.4
Book value per share ex intangibles	0.3	0.4	0.1	0.3	0.5	0.4	0.4

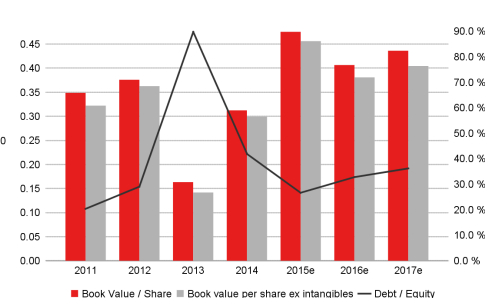
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

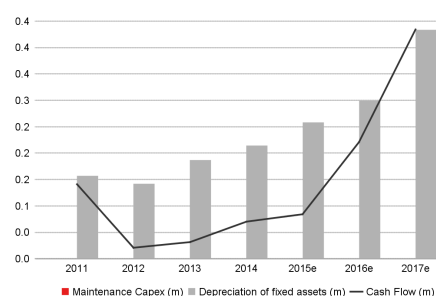
Consolidated cash flow statement

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
Cash Flow	-1.3	-2.2	-2.1	-1.8	-1.7	-0.7	0.8
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
Net cash provided by operating activities	-1.4	-2.3	-1.6	-1.8	-1.9	-0.7	0.7
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
Net cash provided by investing activities	-0.1	-0.1	-0.6	-0.1	-0.7	-0.2	-0.2
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	5.0	0.0	0.0
Other	1.1	3.9	0.5	0.0	0.0	0.0	0.0
Net cash provided by financing activities	1.1	3.9	0.5	5.0	5.0	0.0	0.0
Change in liquid funds	-0.4	1.5	-1.6	3.0	2.4	-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
Cash and cash equivalent at end of period	1.3	2.8	1.2	4.2	6.6	5.7	6.2

Financial Ratios

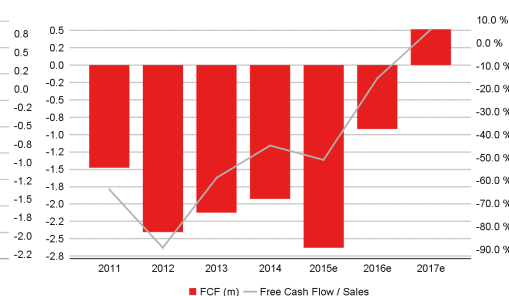
	2011	2012	2013	2014	2015e	2016e	2017e
Cash Flow							
FCF	-1.5	-2.4	-2.1	-1.9	-2.6	-0.9	0.5
Free Cash Flow / Sales	-63.8 %	-89.3 %	-58.6 %	-44.7 %	-50.9 %	-15.4 %	5.9 %
Free Cash Flow Potential	-0.9	-2.2	-2.5	-2.3	-1.7	-0.7	0.8
Free Cash Flow / Sales	-63.8 %	-89.3 %	-58.6 %	-44.7 %	-50.9 %	-15.4 %	5.9 %
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 %
Management of Funds							
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



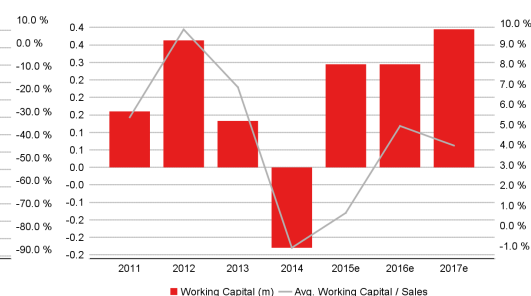
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

LEGAL DISCLAIMER

This research report 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 does examine the information to be accurate and complete, 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 (1) OF THE GERMAN SECURITIES TRADING ACT (WHPG) AND THE ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS (FINANV)

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.

In accordance with § 5 (4) of the Ordinance on the Analysis of Financial Instruments (FinAnV) Warburg Research GmbH has implemented additional internal and organisational arrangements to prevent or to deal with conflicts of interest. 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 financial analysis 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.

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) and the Ordinance on the Analysis of Financial Instruments (FinAnV) regarding possible conflicts of interest with the analysed company:

- 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 financial analysis.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the financial analysis, in a market based on the provision of buy or sell contracts
- 4- Warburg Research, or an affiliated company, were in the last twelve months bound by a service agreement with the issuers, who are themselves or their financial instruments are, subject of the financial analysis, in connection with **investment banking business** for which a service or a promise of a service emanated.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the financial analysis** with the analysed company.
- 6- Companies affiliated with Warburg Research **regularly trade** financial instruments of the analysed company or derivatives of these.
- 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.

This report has been made accessible to the company analysed.

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

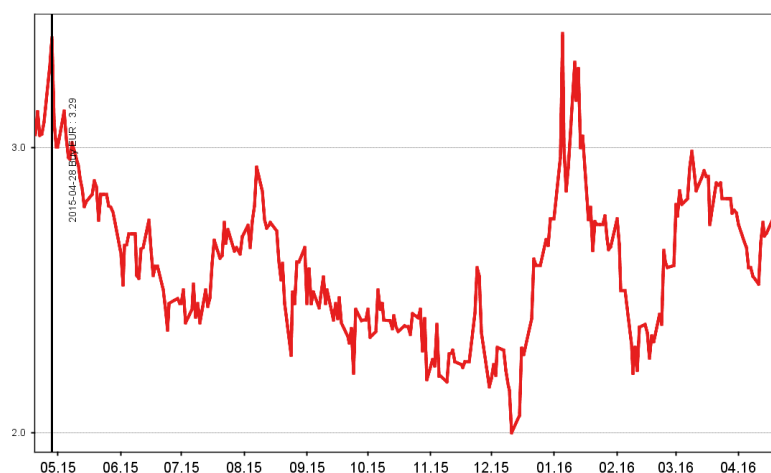
WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	120	63
Hold	62	33
Sell	5	3
Rating suspended	3	2
Total	190	100

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

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

Rating	Number of stocks	% of Universe
Buy	23	72
Hold	8	25
Sell	0	0
Rating suspended	1	3
Total	32	100

PRICE AND RATING HISTORY CO.DON AS OF 19.04.2016


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

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

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschemeyer@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

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
Other 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 Dontenwill +49 40 3282-2666
USA pdontenwill@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

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

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

Fabian Roggemann +49 40 3282-2667
USA froggemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@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 omerkel@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 www.thomson.com
Reuters www.knowledge.reuters.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