

<b>Buy</b> <b>EUR 4.70</b> (EUR 4.40) Price EUR 3.14 <b>Upside 49.5 %</b>	<b>Value Indicators:</b> EUR DCF: 4.70	<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: 51.0 No. of shares (m): 16.2 EV: 48.8 Freefloat MC: 25.0 Ø Trad. Vol. (30d): 77.09 th	<b>Shareholders:</b> Freefloat 49.0 % Osemifaro Investments 14.6 % Transnova Investments 14.6 % Dr. Bernd Wegener 14.5 % Klaus Stuffer 3.6 %	<b>Risk Profile (WRe):</b> 2016e Beta: 1.9 Price / Book: 14.9 x Equity Ratio: 64 %

## Feedback company visit: Equity Story and growth potential confirmed

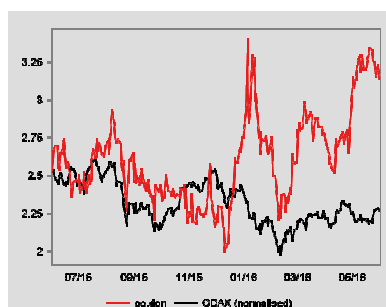
co.don AG is a fast-growing biopharmaceutical manufacturer of tissue transplants with a focus on tissue engineering. The company's work involves the individual cultivation of tissue in the laboratory. The tissue manufacture begins with the patient's own body cells. co.don is specialised in the manufacture of joint cartilage and intervertebral disc cartilage which can be used for the regeneration of joints. co.don can offer patients an alternative to traditional joint replacements (e.g. metal implants) which can present considerable risks (e.g. infections, allergies). Chondrosphere has already been cultivated more than 10,000 times and is mainly (c. 95%) used for defects in the knee joint.

**Promising prospects for knee indication:** The clinical Phase-III trial on the effectiveness and safety of co.don's core product co.don chondrosphere is necessary for the achievement of EU-wide approval. Successful authorisation by the EMA (European Medicines Agency) is expected for end of 2017. This would open the whole European market for chondrosphere and puts co.don in the position to market and distribute its core product throughout Europe. co.don chondrosphere was already approved for national distribution by the Paul Ehrlich Institut (PEI) at the end of 2013.

**Operating in an oligopoly:** Besides co.don, only two other manufacturers have obtained valid sales approval for the German market. However, one competitor is not active in Germany due to an outdated and overpriced product. co.don alone is marketing a product from the third generation and hence, the company offers clinical and economic advantages over direct competitors. For this reason, co.don holds 45% market share in Germany.

**Valuation:** The existing approval in Germany allowed co.don to carry out more than 1,300 procedures in 2015 (WRe). As a result of this authorisation, the company is already in a position to reach revenues of some EUR 5.1m. This clearly represents a risk reduction for investors. After adjusting for extraordinary expenses, the company is expected to be near operative break-even already. However, against the backdrop of strategic costs (e.g. approval process, clinical trials, pre-marketing, capacity expansion), negative results are expected on a full-year basis until 2018e, while break-even on group level is assumed in 2019e. The growing sales of co.don chondrosphere prove the company's long-term potential and ability to gain a significant share of the European market. In a well-protected and oligopolistic market with high barriers to entry, co.don's procedures are assumed to increase fourfold by 2020e. This leads to expected sales of more than EUR 31m and an EBIT margin of 12%. After a model update and the introduction of 2018 estimates, a new PT of EUR 4.70 is derived by DCF valuation. Hence, the Buy rating is confirmed.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2016e (old)	+ / -	2017e (old)	+ / -	2018e (old)	+ / -	
Sales	6.0	0.0 %	8.7	0.0 %	n.a.	n.m.	<ul style="list-style-type: none"> <li>Estimates 2018e are being introduced.</li> <li>Roll-over effect leads to slight increase in price targets.</li> </ul>
EBITDA	-0.7	n.m.	0.9	n.m.	n.a.	n.m.	
EBIT	-1.0	n.m.	0.4	n.m.	n.a.	n.m.	

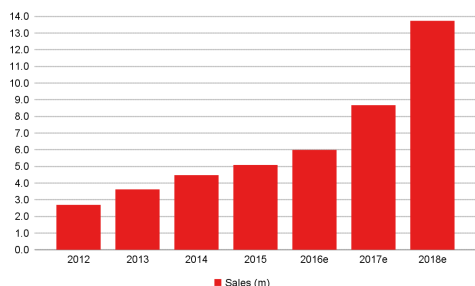


Rel. Performance vs CDAX:	
1 month:	7.6 %
6 months:	53.3 %
Year to date:	20.3 %
Trailing 12 months:	30.3 %

Company events:	
14.07.16	AGM
31.08.16	Q2

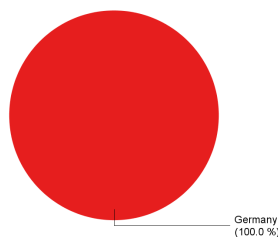
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
Sales	39.2 %	2.7	3.6	4.5	5.1	6.0	8.7	13.7
Change Sales yoy		16.3 %	34.5 %	23.6 %	13.6 %	17.7 %	44.8 %	58.4 %
Gross profit margin		49.2 %	62.7 %	85.4 %	87.6 %	70.0 %	85.0 %	85.0 %
EBITDA		-	-2.2	-2.5	-2.3	-2.6	-1.6	-0.4
Margin			-83.1 %	-68.4 %	-50.6 %	-45.0 %	-18.0 %	-3.0 %
EBIT			-2.4	-2.7	-2.5	-2.9	-2.0	-1.1
Margin			-88.4 %	-73.5 %	-55.3 %	-56.2 %	-23.0 %	-8.0 %
Net income			-2.4	-2.7	-2.5	-2.9	-2.0	-1.1
EPS			-0.22	-0.24	-0.18	-0.18	-0.12	-0.07
DPS			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.
FCFPS			-0.23	-0.19	-0.47	-0.26	-0.13	-0.07
FCF / Market cap			-22.3 %	-20.5 %	-19.5 %	-10.5 %	-4.2 %	-2.2 %
EV / Sales			3.0 x	2.5 x	6.5 x	6.9 x	5.3 x	3.4 x
EV / EBITDA			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Yield Potential			-28.2 %	-27.0 %	-23.4 %	-7.5 %	-3.4 %	-0.9 %
Net Debt			-2.8	-1.2	-4.3	-5.7	-2.2	-3.9
Guidance:			Positive revenue and yearly earnings development.					

**Sales development**  
in EUR m



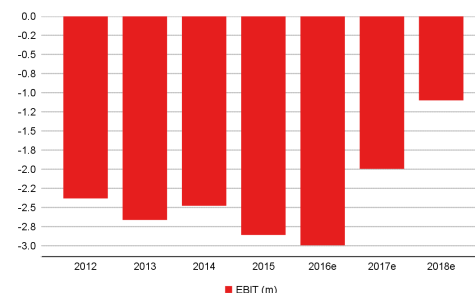
Source: Warburg Research

**Sales by regions**  
2015; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

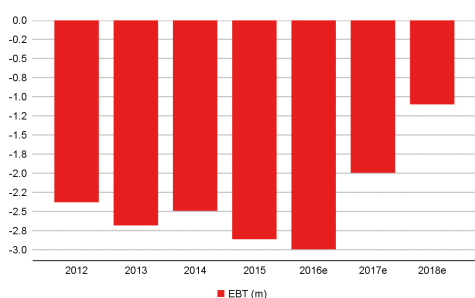
## Company Background

- 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 10,000 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

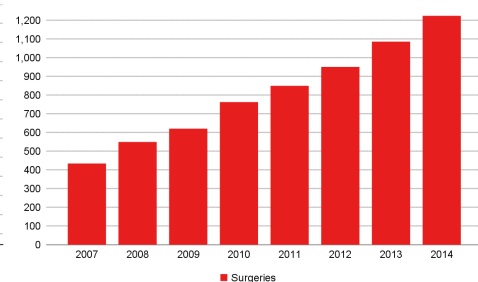
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive 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 10,000 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



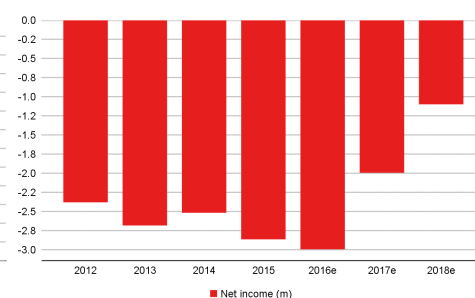
Source: Warburg Research

**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
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	6.0	8.7	13.7	19.9	31.5	45.8	58.2	73.5	88.3	102.2	116.1	130.5	140.3	
Sales change	17.7 %	44.8 %	58.4 %	44.8 %	58.4 %	45.3 %	27.2 %	26.4 %	20.1 %	15.7 %	13.6 %	12.4 %	7.5 %	2.0 %
EBIT	-3.0	-2.0	-1.1	0.3	2.1	5.6	8.1	12.8	17.9	21.0	23.8	26.8	28.8	
EBIT-margin	-50.0 %	-23.0 %	-8.0 %	1.4 %	6.6 %	12.3 %	13.9 %	17.4 %	20.3 %	20.5 %	20.5 %	20.5 %	20.5 %	
Tax rate (EBT)	-0.1 %	0.0 %	0.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %	15.0 %	28.0 %	28.0 %	28.0 %	
NOPAT	-3.0	-2.0	-1.1	0.2	1.8	5.0	7.1	11.2	15.8	17.8	17.2	19.3	20.7	
Depreciation	0.3	0.4	0.7	0.7	0.9	1.4	1.7	2.2	2.7	3.1	3.5	3.9	4.2	
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	0.3	0.0	0.1	0.9	0.6	0.7	0.6	0.8	0.7	0.7	0.7	0.7	0.5	
- Capex	0.6	0.6	0.6	2.0	3.1	2.7	3.5	4.4	5.3	6.1	7.0	3.9	4.2	
Capex in % of Sales	10.0 %	6.9 %	4.4 %	10.0 %	10.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	6.0 %	3.0 %	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)	-3.6	-2.2	-1.1	-1.9	-1.0	2.9	4.7	8.3	12.4	14.1	13.0	18.6	20.3	21
PV of FCF	-3.2	-1.7	-0.8	-1.3	-0.6	1.5	2.2	3.4	4.6	4.7	3.9	5.0	4.8	52
share of PVs	-7.79 %			38.18 %										69.61 %

**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 2028e	23		
Terminal Value	52		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	16.2
<b>Equity Value</b>	<b>76</b>	<b>Value per share (EUR)</b>	<b>4.70</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 %	3.77	3.83	3.88	3.94	4.00	4.07	4.13	<b>2.04</b>	12.7 %	3.53	3.67	3.81	3.94	4.08	4.21	4.35
<b>1.95</b>	12.2 %	4.10	4.17	4.23	4.30	4.37	4.44	4.52	<b>1.95</b>	12.2 %	3.86	4.01	4.15	4.30	4.44	4.59	4.73
<b>1.91</b>	12.0 %	4.28	4.35	4.42	4.49	4.57	4.65	4.74	<b>1.91</b>	12.0 %	4.04	4.19	4.34	4.49	4.64	4.79	4.94
<b>1.86</b>	11.7 %	4.47	4.54	4.62	<b>4.70</b>	4.78	4.87	4.97	<b>1.86</b>	11.7 %	4.23	4.39	4.54	<b>4.70</b>	4.86	5.01	5.17
<b>1.81</b>	11.5 %	4.67	4.75	4.83	4.92	5.01	5.11	5.21	<b>1.81</b>	11.5 %	4.43	4.60	4.76	4.92	5.08	5.24	5.41
<b>1.77</b>	11.2 %	4.89	4.97	5.06	5.15	5.25	5.36	5.47	<b>1.77</b>	11.2 %	4.65	4.82	4.99	5.15	5.32	5.49	5.66
<b>1.68</b>	10.7 %	5.35	5.45	5.56	5.67	5.78	5.91	6.04	<b>1.68</b>	10.7 %	5.12	5.30	5.49	5.67	5.85	6.03	6.21

- 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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Price / Book	2.7 x	5.7 x	7.8 x	6.3 x	14.9 x	7.9 x	9.6 x
Book value per share ex intangibles	0.36	0.14	0.30	0.39	0.20	0.38	0.30
EV / Sales	3.0 x	2.5 x	6.5 x	6.9 x	8.2 x	5.3 x	3.4 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free Cash Flow Yield Potential	-28.2 %	-27.0 %	-23.4 %	-7.5 %	-5.5 %	-3.4 %	-0.9 %
*Adjustments made for: -							

<b>Company Specific Items</b>							
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Surgeries	950	1,085	1,223	1,291	1,497	2,000	636

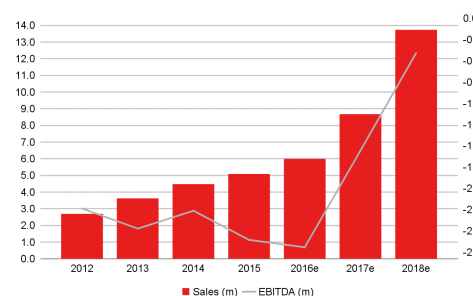
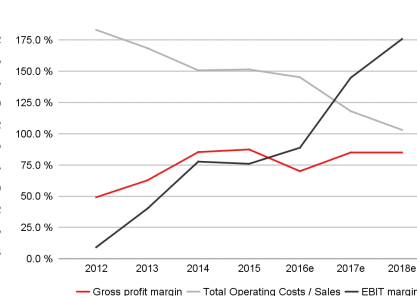
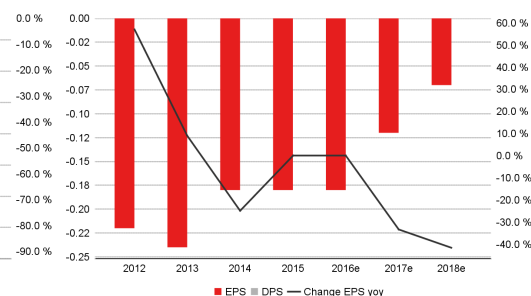
**Consolidated profit & loss**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Sales</b>	<b>2.7</b>	<b>3.6</b>	<b>4.5</b>	<b>5.1</b>	<b>6.0</b>	<b>8.7</b>	<b>13.7</b>
Change Sales yoy	16.3 %	34.5 %	23.6 %	13.6 %	17.7 %	44.8 %	58.4 %
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>2.7</b>	<b>3.6</b>	<b>4.5</b>	<b>5.1</b>	<b>6.0</b>	<b>8.7</b>	<b>13.7</b>
Material Expenses	1.4	1.4	0.7	0.6	1.8	1.3	2.1
<b>Gross profit</b>	<b>1.3</b>	<b>2.3</b>	<b>3.8</b>	<b>4.5</b>	<b>4.2</b>	<b>7.4</b>	<b>11.7</b>
<b>Gross profit margin</b>	<b>49.2 %</b>	<b>62.7 %</b>	<b>85.4 %</b>	<b>87.6 %</b>	<b>70.0 %</b>	<b>85.0 %</b>	<b>85.0 %</b>
Personnel expenses	2.1	2.8	3.6	3.7	4.2	5.6	8.2
Other operating income	1.0	0.5	0.5	0.2	0.6	0.4	0.7
Other operating expenses	2.5	2.4	2.9	3.6	3.3	3.7	4.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-2.2</b>	<b>-2.5</b>	<b>-2.3</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-1.6</b>	<b>-0.4</b>
<b>Margin</b>	<b>-83.1 %</b>	<b>-68.4 %</b>	<b>-50.6 %</b>	<b>-51.3 %</b>	<b>-45.0 %</b>	<b>-18.0 %</b>	<b>-3.0 %</b>
Depreciation of fixed assets	0.1	0.2	0.2	0.2	0.3	0.4	0.7
<b>EBITA</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</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>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</b>
<b>Margin</b>	<b>-88.4 %</b>	<b>-73.5 %</b>	<b>-55.3 %</b>	<b>-56.2 %</b>	<b>-50.0 %</b>	<b>-23.0 %</b>	<b>-8.0 %</b>
<b>EBIT adj.</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</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>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</b>
<b>Margin</b>	<b>-88.3 %</b>	<b>-74.0 %</b>	<b>-55.6 %</b>	<b>-56.3 %</b>	<b>-50.0 %</b>	<b>-23.0 %</b>	<b>-8.0 %</b>
Total taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income from continuing operations</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</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>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-2.4</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.0</b>	<b>-2.0</b>	<b>-1.1</b>
<b>Margin</b>	<b>-88.4 %</b>	<b>-74.1 %</b>	<b>-56.3 %</b>	<b>-56.3 %</b>	<b>-50.0 %</b>	<b>-23.0 %</b>	<b>-8.0 %</b>
Number of shares, average	10.7	11.1	13.7	16.2	16.2	16.2	16.2
<b>EPS</b>	<b>-0.22</b>	<b>-0.24</b>	<b>-0.18</b>	<b>-0.18</b>	<b>-0.18</b>	<b>-0.12</b>	<b>-0.07</b>
EPS adj.	-0.22	-0.24	-0.18	-0.18	-0.18	-0.12	-0.07

\*Adjustments made for:

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

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	183.1 %	168.4 %	150.6 %	151.3 %	145.0 %	118.0 %	103.0 %
Operating Leverage	8.3 x	0.3 x	-0.3 x	1.1 x	0.3 x	-0.7 x	-0.8 x
Tax rate (EBT)	-0.1 %	-0.1 %	-1.1 %	-0.1 %	-0.1 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	62,628	72,443	75,864	86,207	101,483	144,500	228,888

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

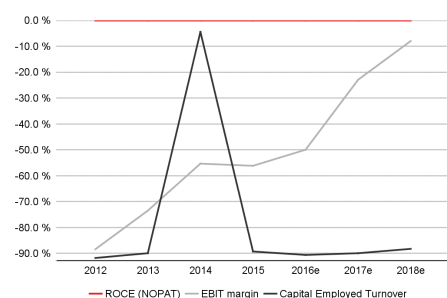
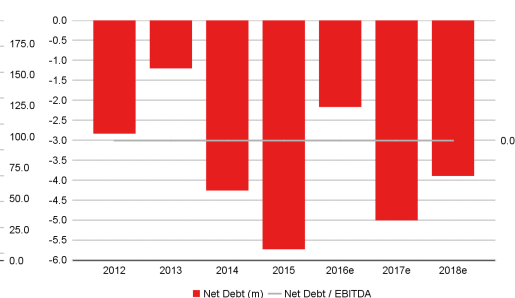
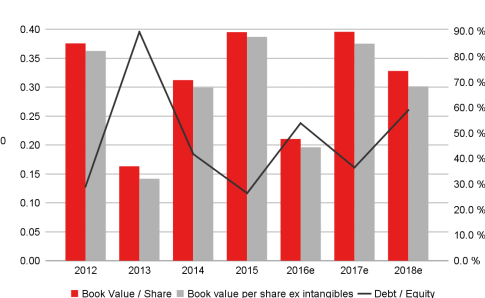
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Assets</b>							
Goodwill and other intangible assets	0.1	0.2	0.2	0.1	0.2	0.3	0.4
thereof other intangible assets	0.1	0.2	0.2	0.1	0.2	0.3	0.4
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.6	0.9	0.9	1.4	1.6	1.7	1.5
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>1.1</b>	<b>1.1</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>
Inventories	0.1	0.1	0.1	0.1	0.2	0.3	0.5
Accounts receivable	0.6	0.5	0.4	0.4	0.8	1.2	1.9
Liquid assets	2.8	1.2	4.3	5.7	2.2	5.0	3.9
Other short-term assets	0.8	0.5	0.2	0.2	0.2	0.2	0.2
<b>Current assets</b>	<b>4.4</b>	<b>2.3</b>	<b>5.0</b>	<b>6.6</b>	<b>3.4</b>	<b>6.7</b>	<b>6.5</b>
<b>Total Assets</b>	<b>5.2</b>	<b>3.4</b>	<b>6.1</b>	<b>8.1</b>	<b>5.3</b>	<b>8.8</b>	<b>8.5</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	10.7	11.1	13.7	16.2	16.2	16.2	16.2
Capital reserve	0.4	0.4	2.8	5.2	5.2	5.2	5.2
Retained earnings	-7.0	-9.7	-12.2	-15.1	-18.0	-20.0	-21.1
Other equity components	0.0	0.0	0.0	0.0	0.0	5.0	5.0
Shareholders' equity	4.0	1.8	4.3	6.4	3.4	6.4	5.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>4.0</b>	<b>1.8</b>	<b>4.3</b>	<b>6.4</b>	<b>3.4</b>	<b>6.4</b>	<b>5.3</b>
Provisions	0.7	1.0	1.2	0.6	0.6	0.6	0.6
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	0.4	0.4	0.3	0.9	1.0	1.5	2.3
Other liabilities	0.1	0.2	0.3	0.2	0.2	0.2	0.2
<b>Liabilities</b>	<b>1.2</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>2.3</b>	<b>3.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>5.2</b>	<b>3.4</b>	<b>6.1</b>	<b>8.1</b>	<b>5.3</b>	<b>8.8</b>	<b>8.5</b>

**Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	2.7 x	3.5 x	4.2 x	4.4 x	3.7 x	5.2 x	8.6 x
Capital Employed Turnover	2.3 x	5.9 x	184.4 x	7.5 x	4.8 x	6.1 x	9.6 x
ROA	-307.2 %	-233.7 %	-237.9 %	-185.2 %	-162.1 %	-99.0 %	-57.0 %
<b>Return on Capital</b>							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	-73.4 %	-92.2 %	-82.6 %	-53.6 %	-61.0 %	-40.5 %	-18.7 %
Adj. ROE	-73.4 %	-92.2 %	-82.6 %	-53.6 %	-61.0 %	-40.5 %	-18.7 %
<b>Balance sheet quality</b>							
Net Debt	-2.8	-1.2	-4.3	-5.7	-2.2	-5.0	-3.9
Net Financial Debt	-2.8	-1.2	-4.3	-5.7	-2.2	-5.0	-3.9
Net Gearing	-70.8 %	-66.3 %	-99.4 %	-89.4 %	-63.5 %	-78.0 %	-73.2 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	0.4	0.2	0.3	0.4	0.2	0.4	0.3
Book value per share ex intangibles	0.4	0.1	0.3	0.4	0.2	0.4	0.3

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

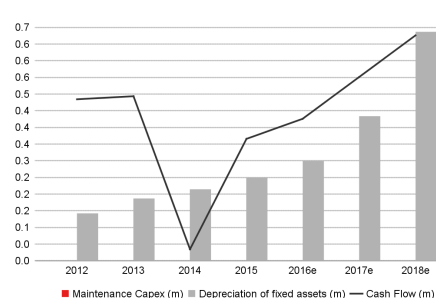
Source: Warburg Research

**Consolidated cash flow statement**

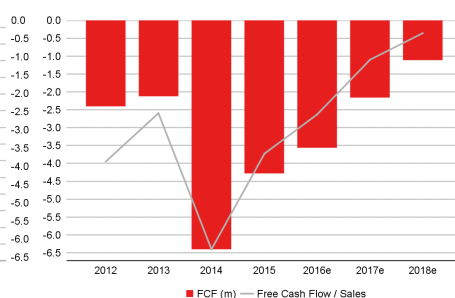
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	-2.4	-2.7	-7.0	-2.9	-3.0	-2.0	-1.1
Depreciation of fixed assets	0.1	0.2	0.2	0.2	0.3	0.4	0.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	0.4	0.1	0.2	-0.6	0.0	0.0	0.0
Other non-cash income and expenses	-0.4	0.3	0.3	0.0	0.0	0.0	0.0
<b>Cash Flow</b>	<b>-2.2</b>	<b>-2.1</b>	<b>-6.3</b>	<b>-3.2</b>	<b>-2.7</b>	<b>-1.6</b>	<b>-0.4</b>
Increase / decrease in inventory	-0.4	0.2	0.0	0.0	-0.1	-0.1	-0.2
Increase / decrease in accounts receivable	0.0	0.0	0.0	-0.2	-0.4	-0.4	-0.7
Increase / decrease in accounts payable	0.2	0.3	0.0	0.5	0.1	0.5	0.8
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.2	0.5	0.0	0.3	-0.3	0.0	-0.1
<b>Net cash provided by operating activities</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-6.3</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-1.6</b>	<b>-0.5</b>
Investments in intangible assets	0.0	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1
Investments in property, plant and equipment	0.0	-0.3	-0.1	-1.2	-0.5	-0.5	-0.5
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>-0.6</b>	<b>-0.1</b>	<b>-1.3</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</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	5.0	5.0	0.0	5.0	0.0
Other	3.9	0.5	0.0	0.8	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>3.9</b>	<b>0.5</b>	<b>5.0</b>	<b>5.8</b>	<b>0.0</b>	<b>5.0</b>	<b>0.0</b>
Change in liquid funds	1.5	-1.6	-1.4	1.5	-3.6	2.8	-1.1
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>2.8</b>	<b>1.2</b>	<b>-0.2</b>	<b>5.7</b>	<b>2.2</b>	<b>5.0</b>	<b>3.9</b>

**Financial Ratios**

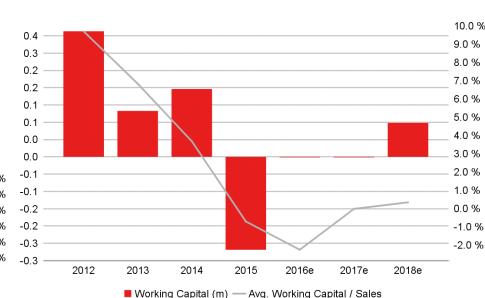
	2012	2013	2014	2015	2016e	2017e	2018e
<b>Cash Flow</b>							
FCF	-2.4	-2.1	-6.4	-4.3	-3.6	-2.2	-1.1
Free Cash Flow / Sales	-89.3 %	-58.6 %	-144.7 %	-84.2 %	-59.5 %	-24.9 %	-8.1 %
Free Cash Flow Potential	-2.2	-2.5	-6.8	-2.6	-2.7	-1.6	-0.4
Free Cash Flow / Sales	-89.3 %	-58.6 %	-144.7 %	-84.2 %	-59.5 %	-24.9 %	-8.1 %
Free Cash Flow / Net Profit	101.0 %	79.1 %	257.3 %	149.4 %	118.9 %	108.3 %	101.2 %
Interest Received / Avg. Cash	0.1 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	n.a.	557.5 %	87.9 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	2.6 %	15.5 %	4.5 %	25.7 %	10.0 %	6.9 %	4.4 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	49.3 %	299.8 %	93.3 %	524.1 %	200.4 %	138.4 %	87.4 %
Avg. Working Capital / Sales	9.7 %	6.8 %	3.7 %	-0.7 %	-2.3 %	0.0 %	0.4 %
Trade Debtors / Trade Creditors	182.7 %	111.6 %	129.1 %	52.4 %	80.0 %	80.0 %	82.6 %
Inventory Turnover	18.0 x	15.4 x	6.2 x	4.5 x	9.0 x	4.3 x	4.1 x
Receivables collection period (days)	87	48	35	32	49	51	50
Payables payment period (days)	94	116	184	495	203	421	408
Cash conversion cycle (Days)	-70	-91	-122	-407	-157	-326	-307

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

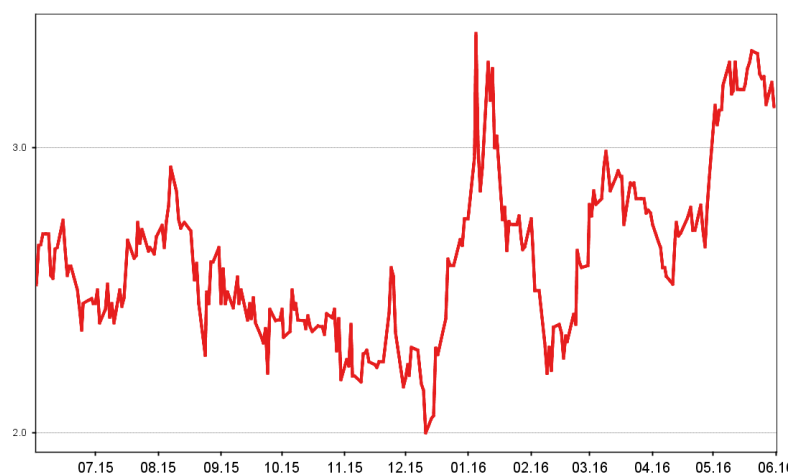
**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	118	64
Hold	63	34
Sell	3	2
Rating suspended	1	1
<b>Total</b>	<b>185</b>	<b>100</b>

**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	77
Hold	7	23
Sell	0	0
Rating suspended	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

**PRICE AND RATING HISTORY CO.DON AS OF 01.06.2016**


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.

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