

Buy EUR 4.70 Price EUR 2.95 Upside 59.3 %	Value Indicators: EUR DCF: 4.70	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: 47.8 No. of shares (m): 16.2 EV: 45.7 Freefloat MC: 25.8 Ø Trad. Vol. (30d): 30.70 th	Shareholders: Freefloat: 54.0 % Bauerfeind AG: 25.0 % Dr. Bernd Wegener: 14.5 % Klaus Stuffer: 3.6 % Altoinvest: 3.1 %	Risk Profile (WRe): 2016e Beta: 1.9 Price / Book: 14.0 x Equity Ratio: 64 %

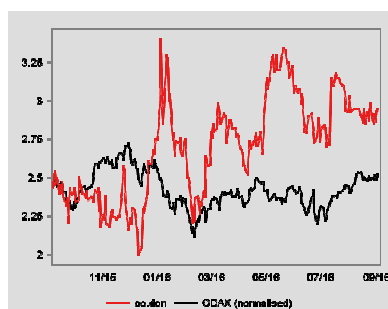
Focusing on rapid growth

Stated Figures 6M/2016: FY End: 31.12. in EUR m					Comment on Figures: <ul style="list-style-type: none"> Strong improvement in revenue (by almost 20% yoy), as sales activities were stepped up and the sales force strengthened. Results decreased as expected. Main cost driver was the altered company structure (second location in Berlin) as well as the approval process for the European-wide distribution of co.don chondrosphere. As personnel costs and other operating expenses came in below our assumptions, the released figures were better than assumed. For 2016e, no further costs for structural changes are expected. Therefore, the cost base should remain at least stable. EPS: After a capital increase in November 2015, number of shares increased from 13.7m to 16.22m in 2016. 																														
<table border="1"> <thead> <tr> <th></th> <th>6M</th> <th>6M</th> <th>6M</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>3.0</td> <td>2.9</td> <td>2.5</td> <td>20 %</td> </tr> <tr> <td>EBITDA</td> <td>-1.1</td> <td>-1.3</td> <td>-0.6</td> <td>n.a.</td> </tr> <tr> <td><i>Margin</i></td> <td><i>-36.6 %</i></td> <td><i>-45.7 %</i></td> <td><i>-25.5 %</i></td> <td></td> </tr> <tr> <td>EBIT</td> <td>-1.2</td> <td>-1.4</td> <td>-0.8</td> <td>n.a.</td> </tr> <tr> <td><i>Margin</i></td> <td><i>-40.5 %</i></td> <td><i>-49.8 %</i></td> <td><i>-30.9 %</i></td> <td></td> </tr> <tr> <td>EPS</td> <td>-0.08</td> <td>-0.09</td> <td>-0.06</td> <td>n.a.</td> </tr> </tbody> </table>		6M	6M	6M		yoy	Sales	3.0	2.9	2.5	20 %	EBITDA	-1.1	-1.3	-0.6	n.a.	<i>Margin</i>	<i>-36.6 %</i>	<i>-45.7 %</i>	<i>-25.5 %</i>		EBIT	-1.2	-1.4	-0.8	n.a.	<i>Margin</i>	<i>-40.5 %</i>	<i>-49.8 %</i>	<i>-30.9 %</i>		EPS	-0.08	-0.09	-0.06
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co.don released H1 figures 2016 and hosted a conference call. The picture is generally bright and figures were better than expected. Clearly, the strong sales increase, which proves the sound development at co.don, was the highlight of this data-point. During the conference call, management confirmed that the clinical trails and the approval process are proceeding well and in line with co.don's plans.

The existing approval in Germany allowed co.don to carry out more than 1,300 procedures in 2015 (WRe). It is expected that the number of units sold should grow at rates of 20% yoy in 2016e. As a result of this development, the company is expected to reach revenues of EUR 6m in the current fiscal year. With sales of more than EUR 3m after six months, the company is perceived to be well on track to achieve the annual targets. Taking the half-year EBIT into account (EUR -1.2m H1 2016), our estimates for the full year could be too cautious. However, costs for the approval process are difficult to predict.

Nevertheless, after adjusting for extraordinary expenses, the company is expected to be near operative break-even already. 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 strongly in the years to come. Even if strategic costs (e.g. approval process, clinical trials, pre-marketing, capacity expansion) lead to negative results until 2018e, our view remains unchanged. With a DCF-based PT of EUR 4.70, the Buy rating is confirmed.

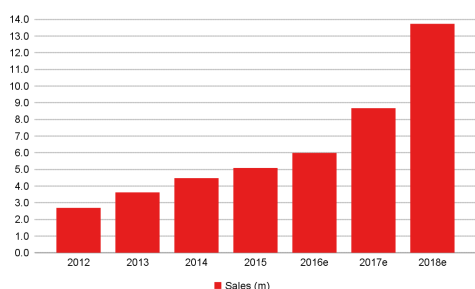


Rel. Performance vs CDAX:	
1 month:	-2.6 %
6 months:	-1.1 %
Year to date:	9.7 %
Trailing 12 months:	14.1 %

Company events:	

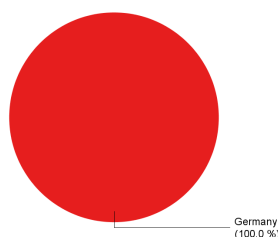
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
	39.2 %							
Sales		2.7	3.6	4.5	5.1	6.0	8.7	13.7
Change Sales yoy		16.3 %	34.5 %	23.6 %	13.6 %	17.7 %	44.8 %	58.4 %
Gross profit margin		49.2 %	62.7 %	85.4 %	87.6 %	70.0 %	85.0 %	85.0 %
EBITDA	-	-2.2	-2.5	-2.3	-2.6	-2.7	-1.6	-0.4
Margin		-83.1 %	-68.4 %	-50.6 %	-51.3 %	-45.0 %	-18.0 %	-3.0 %
EBIT	-	-2.4	-2.7	-2.5	-2.9	-3.0	-2.0	-1.1
Margin		-88.4 %	-73.5 %	-55.3 %	-56.2 %	-50.0 %	-23.0 %	-8.0 %
Net income	-	-2.4	-2.7	-2.5	-2.9	-3.0	-2.0	-1.1
EPS	-	-0.22	-0.24	-0.18	-0.18	-0.18	-0.12	-0.07
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.
FCFPS		-0.23	-0.19	-0.47	-0.26	-0.22	-0.13	-0.07
FCF / Market cap		-22.3 %	-20.5 %	-19.5 %	-10.5 %	-7.4 %	-4.5 %	-2.4 %
EV / Sales		3.0 x	2.5 x	6.5 x	6.9 x	7.6 x	4.9 x	3.1 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.
P / E		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Yield Potential		-28.2 %	-27.0 %	-23.4 %	-7.5 %	-5.9 %	-3.6 %	-1.0 %
Net Debt		-2.8	-1.2	-4.3	-5.7	-2.2	-5.0	-3.9
Guidance:	Positive development of revenue and annual result.							

Sales development
in EUR m



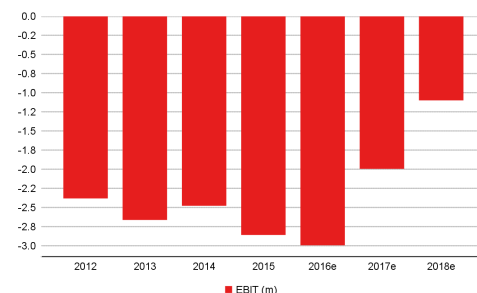
Source: Warburg Research

Sales by regions
2015; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

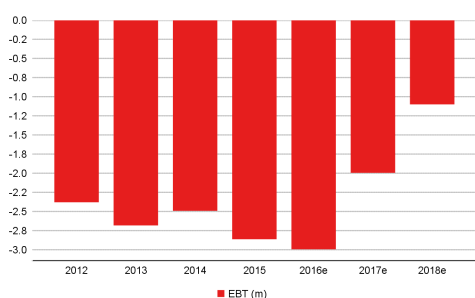
Company Background

- 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

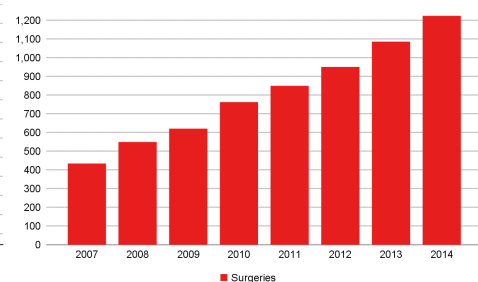
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive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



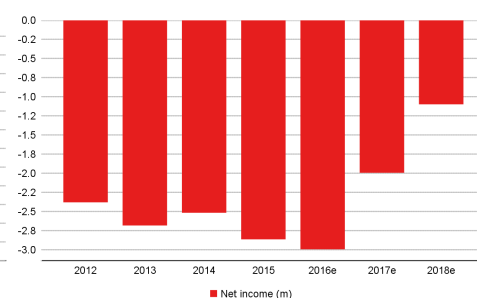
Source: Warburg Research

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
WACC	11.73 %	Beta	1.86

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
Equity Value	76	Value per share (EUR)	4.70

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 %	3.77	3.83	3.88	3.94	4.00	4.07	4.13	2.04	12.7 %	3.53	3.67	3.81	3.94	4.08	4.21	4.35
1.95	12.2 %	4.10	4.17	4.23	4.30	4.37	4.44	4.52	1.95	12.2 %	3.86	4.01	4.15	4.30	4.44	4.59	4.73
1.91	12.0 %	4.28	4.35	4.42	4.49	4.57	4.65	4.74	1.91	12.0 %	4.04	4.19	4.34	4.49	4.64	4.79	4.94
1.86	11.7 %	4.47	4.54	4.62	4.70	4.78	4.87	4.97	1.86	11.7 %	4.23	4.39	4.54	4.70	4.86	5.01	5.17
1.81	11.5 %	4.67	4.75	4.83	4.92	5.01	5.11	5.21	1.81	11.5 %	4.43	4.60	4.76	4.92	5.08	5.24	5.41
1.77	11.2 %	4.89	4.97	5.06	5.15	5.25	5.36	5.47	1.77	11.2 %	4.65	4.82	4.99	5.15	5.32	5.49	5.66
1.68	10.7 %	5.35	5.45	5.56	5.67	5.78	5.91	6.04	1.68	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.

Valuation							
	2012	2013	2014	2015	2016e	2017e	2018e
Price / Book	2.7 x	5.7 x	7.8 x	6.3 x	14.0 x	7.5 x	8.7 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	7.6 x	4.9 x	3.1 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 %	-5.9 %	-3.6 %	-1.0 %
*Adjustments made for: -							

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

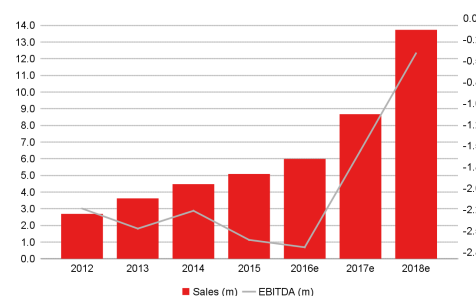
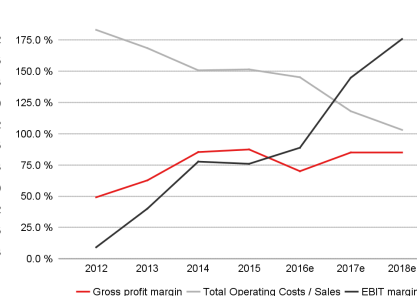
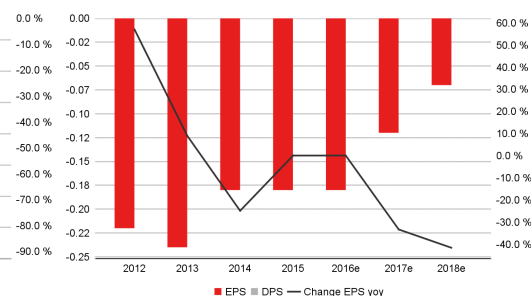
Consolidated profit & loss

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

*Adjustments made for:

Guidance: Positive development of revenue and annual result.
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

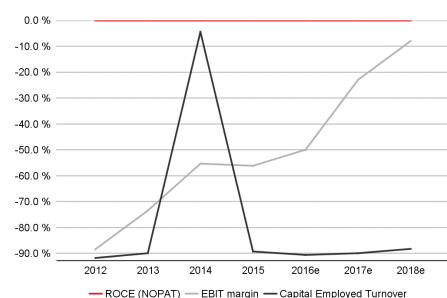
Consolidated balance sheet

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Assets							
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
Fixed assets	0.8	1.1	1.1	1.5	1.8	2.0	1.9
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
Current assets	4.4	2.3	5.0	6.6	3.4	6.7	6.5
Total Assets	5.2	3.4	6.1	8.1	5.3	8.8	8.5
Liabilities and shareholders' equity							
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
Total equity	4.0	1.8	4.3	6.4	3.4	6.4	5.3
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
Liabilities	1.2	1.6	1.8	1.7	1.8	2.3	3.1
Total liabilities and shareholders' equity	5.2	3.4	6.1	8.1	5.3	8.8	8.5

Financial Ratios

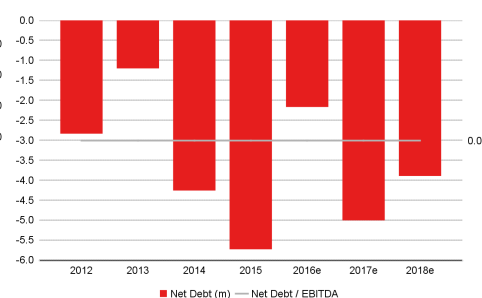
	2012	2013	2014	2015	2016e	2017e	2018e
Efficiency of Capital Employment							
Operating Assets Turnover	2.7 x	3.5 x	4.2 x	4.4 x	3.7 x	5.2 x	8.6 x
Capital Employed Turnover	2.3 x	5.9 x	184.4 x	7.5 x	4.8 x	6.1 x	9.6 x
ROA	-307.2 %	-233.7 %	-237.9 %	-185.2 %	-162.1 %	-99.0 %	-57.0 %
Return on Capital							
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 %
Balance sheet quality							
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



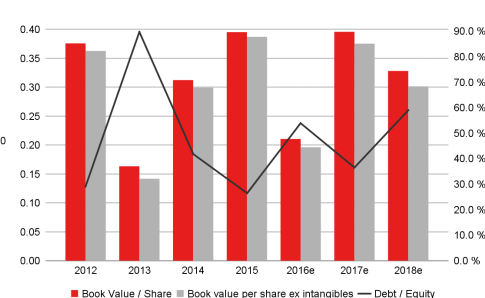
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



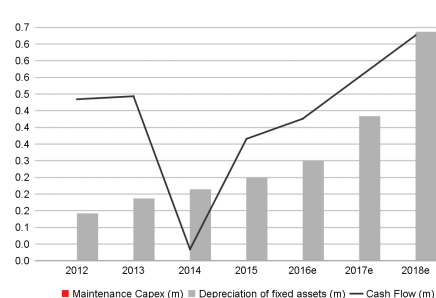
Source: Warburg Research

Consolidated cash flow statement

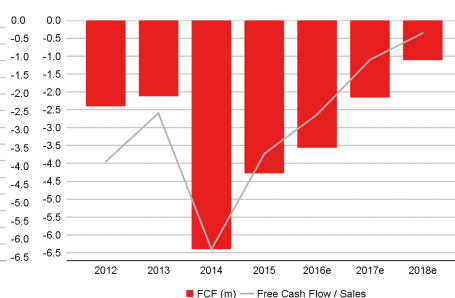
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	-2.4	-2.7	-7.0	-2.9	-3.0	-2.0	-1.1
Depreciation of fixed assets	0.1	0.2	0.2	0.2	0.3	0.4	0.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	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
Cash Flow	-2.2	-2.1	-6.3	-3.2	-2.7	-1.6	-0.4
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
Net cash provided by operating activities	-2.3	-1.6	-6.3	-3.0	-3.0	-1.6	-0.5
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
Net cash provided by investing activities	-0.1	-0.6	-0.1	-1.3	-0.6	-0.6	-0.6
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
Net cash provided by financing activities	3.9	0.5	5.0	5.8	0.0	5.0	0.0
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
Cash and cash equivalent at end of period	2.8	1.2	-0.2	5.7	2.2	5.0	3.9

Financial Ratios

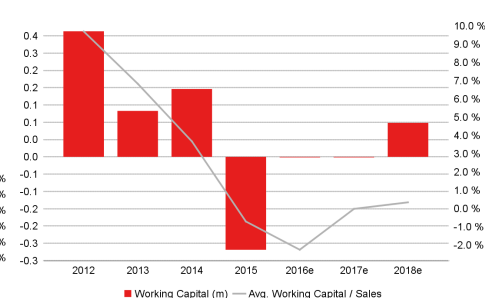
	2012	2013	2014	2015	2016e	2017e	2018e
Cash Flow							
FCF	-2.4	-2.1	-6.4	-4.3	-3.6	-2.2	-1.1
Free Cash Flow / Sales	-89.3 %	-58.6 %	-144.7 %	-84.2 %	-59.5 %	-24.9 %	-8.1 %
Free Cash Flow Potential	-2.2	-2.5	-6.8	-2.6	-2.7	-1.6	-0.4
Free Cash Flow / Sales	-89.3 %	-58.6 %	-144.7 %	-84.2 %	-59.5 %	-24.9 %	-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 %
Management of Funds							
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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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.

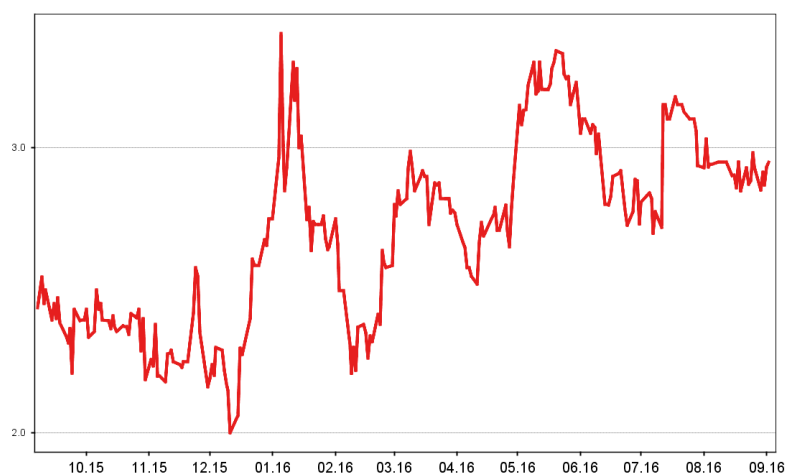
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	116	61
Hold	65	34
Sell	7	4
Rating suspended	1	1
Total	189	100

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

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

Rating	Number of stocks	% of Universe
Buy	26	72
Hold	9	25
Sell	1	3
Rating suspended	0	0
Total	36	100

PRICE AND RATING HISTORY CO.DON AS OF 05.09.2016


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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