

<b>Buy</b> <b>EUR 6.65</b> (EUR 4.70)  Price <b>EUR 5.72</b> Upside <b>16.3 %</b>	<b>Value Indicators:</b> EUR DCF: 6.66	<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: 101.1 No. of shares (m): 17.7 EV: 97.3 Freefloat MC: 53.1 Ø Trad. Vol. (30d): 473.25 th	<b>Shareholders:</b> Freefloat: 52.5 % Bauerfeind AG: 26.8 % Dr. Bernd Wegener: 14.5 % Klaus Stuffer: 3.1 % Altoinvest: 3.1 %	<b>Risk Profile (WRe):</b> 2017e Beta: 1.4 Price / Book: 20.2 x Equity Ratio: 76 %

## Model and valuation update following final 2016 numbers

FY 2016									
In Mio. €	H2 16	H2 16e	H2 15	yoy	2016	2016e	2015	yoy	
Sales	2.6	3.0	2.6	-0.1%	5.6	6.0	5.1	10.1%	
EBITDA	-2.3	-1.6	-2.0	n.m.	-3.4	-2.7	-2.6	n.m.	
Margin	n.m.	n.m.	n.m.		-60.9%	-45.0%	-51.3%		
EBIT	-2.4	-1.8	-2.1	n.m.	-3.6	-3.0	-2.9	n.m.	
Margin	n.m.	n.m.	n.m.		-65.2%	-56.2%	-56.2%		
EPS	-0.15	-0.10	-0.12	n.m.	-0.23	-0.18	-0.18	n.m.	

### Comment on Figures:

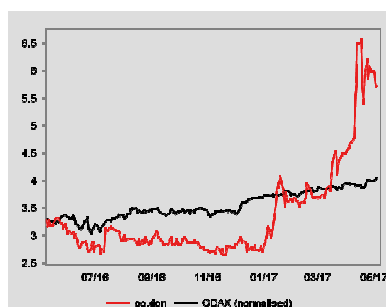
- FY 2016 revenues were up 10.1% yoy and flat in H2, behind company expectations owing to distribution issues, which have since been addressed.
- EBITDA of EUR -3.4m is EUR 400k short of expectations owing to higher personnel costs (higher headcount of 77 employees at year-end vs. 59 expected) and higher costs associated with EU-wide licensing process

The company is expecting to receive EU approval in H2 2017 from the European Medicines Agency (EMA) for the marketing of its main product, CO.DON chondrosphere®, a minimal invasive cartilage defects repair therapy. In this regard, the company is running two clinical studies, currently in an advanced post-observation phase. **P&L figures for 2016 and 2017 are therefore strongly affected by preparation for the EU roll-out.**

In January 2017, the company conducted a capital increase, which raised approximately EUR 5.0m and was placed with existing shareholders. This cash injection comes on top of a net cash position of close to EUR 2.0m at year-end 2016 and **ensures funding, according to our model, until at least year-end 2017.** EBITDA breakeven is expected in 2019e according to our model.

**Buy, new PT EUR 6.65 (4.70) based on DCF.** While estimates for 2017 and 2018 are cut to better reflect ramp-up times and costs, the DCF is overhauled in light of the increased financial strength following the successful capital hike and the higher visibility of an EU-wide roll-out. The beta is cut from 1.9 to 1.5, and the WACC from 11.73% to 9.09%. Revenue estimates are trimmed and, so far, are mostly related to the knee application. The EBIT margin is raised slightly from 20.5% to 22%. Our model does not include the potential from additional applications for the co.don cartilage defects repair therapy such as intervertebral disc repair or US market entry further down the road. However in an upcoming meeting with the CEO, Mr. Hessel, we should gain a better understanding of that additional potential and be in a better position to quantify it. co.don gained a **strategic shareholder in 2016, Bauerfeind AG (approx. 27% stake)** a leading orthopedic accessories specialist with EUR 123m in revenues as of 2015, which **further validates the co.don case and adds a takeover theme to the equity story.**

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -	
Sales	8.7	-28.3 %	13.7	-38.9 %	n.a.	n.m.	Revenue estimates cut by 28% for 2017 and 39% for 2018 as previous estimates were too optimistic. New estimates are a better reflection of ramp-up times in new markets once EU approval is granted.
EBITDA	-1.6	n.m.	-0.4	n.m.	n.a.	n.m.	2017 and 2018 EBITDA is reduced as we model higher costs associated with the EU-wide roll-out.
EBIT	-2.0	n.m.	-1.1	n.m.	n.a.	n.m.	2019 shown for the first time.

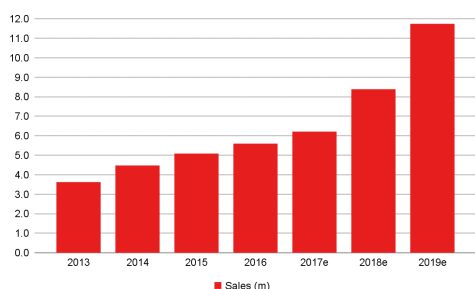


Rel. Performance vs CDAX:	
1 month:	18.7 %
6 months:	92.5 %
Year to date:	101.0 %
Trailing 12 months:	54.0 %

Company events:	
08.06.17	AGM
31.08.17	Q2

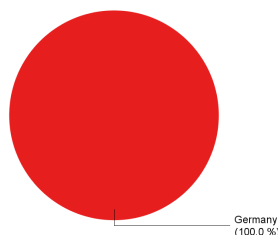
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	28.0 %	3.6	4.5	5.1	5.6	6.2	8.4	11.7
Change Sales yoy		34.5 %	23.6 %	13.6 %	10.1 %	11.0 %	35.0 %	40.0 %
Gross profit margin		62.7 %	85.4 %	87.6 %	87.0 %	87.0 %	87.0 %	87.0 %
EBITDA		-2.5	-2.3	-2.6	-3.4	-2.5	-1.3	0.4
Margin		-68.4 %	-50.6 %	-51.3 %	-60.9 %	-41.0 %	-16.0 %	3.0 %
EBIT		-2.7	-2.5	-2.9	-3.6	-2.8	-1.8	-0.2
Margin		-73.5 %	-55.3 %	-56.2 %	-65.2 %	-45.5 %	-21.0 %	-2.0 %
Net income		-2.7	-2.5	-2.9	-3.6	-2.8	-1.9	-0.5
EPS		-0.24	-0.18	-0.18	-0.23	-0.16	-0.11	-0.03
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		-0.19	-0.47	-0.26	-0.24	-0.18	-0.12	-0.03
FCF / Market cap		-21.0 %	-19.6 %	-10.6 %	-9.3 %	-3.1 %	-2.2 %	-0.4 %
EV / Sales		2.5 x	6.4 x	6.8 x	7.9 x	15.7 x	11.9 x	8.5 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	282.5 x
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		-27.8 %	-23.5 %	-7.5 %	-7.7 %	-2.6 %	-1.3 %	0.4 %
Net Debt		-1.2	-4.3	-5.7	-2.0	-3.9	-1.7	-1.2
Guidance:		Revenue growth on par with 2016; Net income loss at least on par with 2016						

**Sales development**  
in EUR m



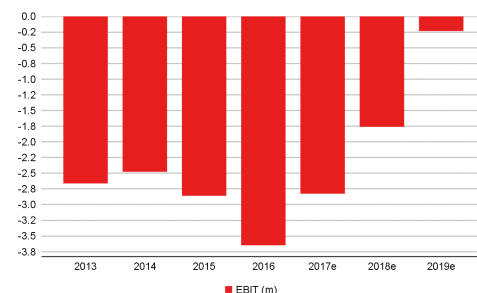
Source: Warburg Research

**Sales by regions**  
2016; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

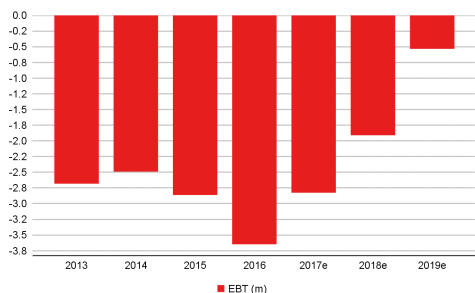
## Company Background

- 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 11,000 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 expected in H2 2017.

## Competitive Quality

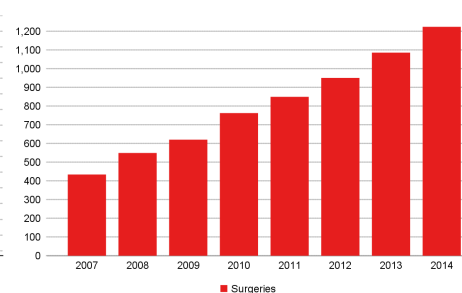
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive 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 200 clinics.
- As co.don chondrosphere is already being distributed, co.don has a clear competitive advantage over new entrants.
- In light of the more than 11,000 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



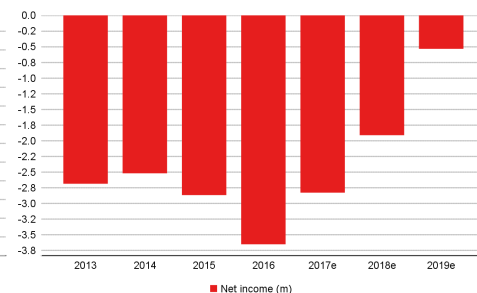
Source: Warburg Research

**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
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	6.2	8.4	11.7	17.0	23.8	32.2	41.8	52.3	62.8	72.7	82.6	92.8	99.7	
Sales change	11.0 %	35.0 %	40.0 %	45.0 %	40.0 %	35.0 %	30.0 %	25.0 %	20.1 %	15.7 %	13.6 %	12.4 %	7.5 %	3.0 %
EBIT	-2.8	-1.8	-0.2	0.7	1.9	4.0	5.8	8.4	11.3	14.9	18.2	20.4	21.9	
EBIT-margin	-45.5 %	-21.0 %	-2.0 %	4.0 %	8.0 %	12.3 %	13.9 %	16.0 %	18.0 %	20.5 %	22.0 %	22.0 %	22.0 %	
Tax rate (EBT)	0.0 %	0.0 %	0.0 %	5.0 %	5.0 %	10.0 %	12.0 %	12.0 %	12.0 %	15.0 %	28.0 %	28.0 %	28.0 %	
NOPAT	-2.8	-1.8	-0.2	0.6	1.8	3.6	5.1	7.4	10.0	12.7	13.1	14.7	15.8	
Depreciation	0.3	0.4	0.6	0.6	0.7	1.0	1.3	1.6	1.9	2.2	2.5	2.8	3.0	
in % of Sales	4.5 %	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	0.0	0.1	-0.1	0.3	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
- Capex	0.6	0.6	0.6	0.7	1.0	1.3	1.7	1.6	1.9	2.2	2.5	2.8	3.0	
Capex in % of Sales	9.7 %	7.2 %	5.1 %	4.0 %	4.0 %	4.0 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	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)	-3.1	-2.0	-0.1	0.2	1.4	3.1	4.5	7.2	9.7	12.5	12.9	14.5	15.7	16
PV of FCF	-2.9	-1.7	-0.1	0.2	0.9	1.8	2.5	3.6	4.5	5.3	5.0	5.1	5.1	87
share of PVs	<b>-4.08 %</b>			<b>29.32 %</b>										<b>74.75 %</b>

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt (after tax)	3.5 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.10
Risk free rate	1.50 %	Transparency	1.40
		Others	1.80
<b>WACC</b>	<b>9.09 %</b>	<b>Beta</b>	<b>1.38</b>

**Valuation (m)**

Present values 2029e	29		
Terminal Value	87		
Financial liabilities	0		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	17.7
<b>Equity Value</b>	<b>118</b>	<b>Value per share (EUR)</b>	<b>6.66</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		2.25 %	2.50 %	2.75 %	3.00 %	3.25 %	3.50 %	3.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
<b>1.56</b>	10.1 %	4.98	5.09	5.21	5.34	5.47	5.62	5.78	<b>1.56</b>	10.1 %	4.90	5.05	5.19	5.34	5.48	5.63	5.77
<b>1.47</b>	9.6 %	5.51	5.64	5.79	5.94	6.11	6.29	6.49	<b>1.47</b>	9.6 %	5.46	5.62	5.78	5.94	6.10	6.26	6.42
<b>1.43</b>	9.3 %	5.80	5.95	6.11	6.28	6.47	6.67	6.90	<b>1.43</b>	9.3 %	5.78	5.95	6.12	6.28	6.45	6.62	6.79
<b>1.38</b>	9.1 %	6.12	6.28	6.46	<b>6.66</b>	6.86	7.09	7.34	<b>1.38</b>	9.1 %	6.13	6.30	6.48	<b>6.66</b>	6.83	7.01	7.19
<b>1.33</b>	8.8 %	6.46	6.65	6.85	7.06	7.30	7.55	7.84	<b>1.33</b>	8.8 %	6.50	6.69	6.87	7.06	7.25	7.43	7.62
<b>1.29</b>	8.6 %	6.84	7.04	7.26	7.51	7.77	8.06	8.38	<b>1.29</b>	8.6 %	6.92	7.11	7.31	7.51	7.70	7.90	8.10
<b>1.20</b>	8.1 %	7.69	7.95	8.23	8.54	8.88	9.25	9.67	<b>1.20</b>	8.1 %	7.87	8.09	8.31	8.54	8.76	8.98	9.20

- Europe-wide authorisation is expected in H2 2017.
- Upstream sales activities in 2017 are expected to lead to a significant revenue increase from 2018 onwards.
- Break-even is expected at EBITDA level in 2019 with expenses for market roll-out burdening until then.

<b>Valuation</b>							
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017e</b>	<b>2018e</b>	<b>2019e</b>
Price / Book	5.6 x	7.7 x	6.3 x	16.7 x	20.2 x	32.6 x	41.0 x
Book value per share ex intangibles	0.14	0.30	0.39	0.16	0.27	0.16	0.12
EV / Sales	2.5 x	6.4 x	6.8 x	7.9 x	15.7 x	11.9 x	8.5 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	282.5 x
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	-27.8 %	-23.5 %	-7.5 %	-7.7 %	-2.6 %	-1.3 %	0.4 %

\*Adjustments made for: -

<b>Company Specific Items</b>							
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017e</b>	<b>2018e</b>	<b>2019e</b>
Surgeries	1,085	1,223	1,291	1,497	2,000	636	2,000

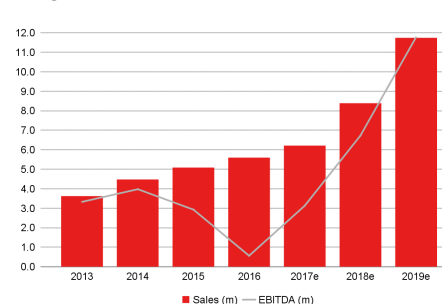
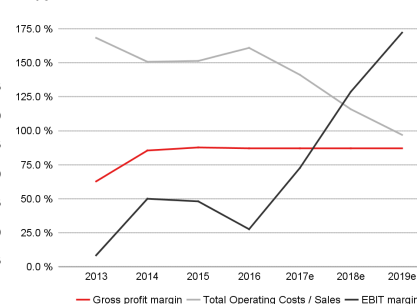
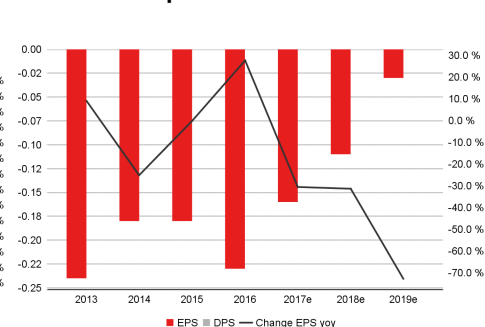
**Consolidated profit & loss**

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
<b>Sales</b>	<b>3.6</b>	<b>4.5</b>	<b>5.1</b>	<b>5.6</b>	<b>6.2</b>	<b>8.4</b>	<b>11.7</b>
Change Sales yoy	34.5 %	23.6 %	13.6 %	10.1 %	11.0 %	35.0 %	40.0 %
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>3.6</b>	<b>4.5</b>	<b>5.1</b>	<b>5.6</b>	<b>6.2</b>	<b>8.4</b>	<b>11.7</b>
Material expenses	1.4	0.7	0.6	0.7	0.8	1.1	1.5
<b>Gross profit</b>	<b>2.3</b>	<b>3.8</b>	<b>4.5</b>	<b>4.9</b>	<b>5.4</b>	<b>7.3</b>	<b>10.2</b>
<b>Gross profit margin</b>	<b>62.7 %</b>	<b>85.4 %</b>	<b>87.6 %</b>	<b>87.0 %</b>	<b>87.0 %</b>	<b>87.0 %</b>	<b>87.0 %</b>
Personnel expenses	2.8	3.6	3.7	4.6	4.0	5.0	6.3
Other operating income	0.5	0.5	0.2	0.1	0.1	0.2	0.2
Other operating expenses	2.4	2.9	3.6	3.8	4.0	3.8	3.8
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-2.5</b>	<b>-2.3</b>	<b>-2.6</b>	<b>-3.4</b>	<b>-2.5</b>	<b>-1.3</b>	<b>0.4</b>
<b>Margin</b>	<b>-68.4 %</b>	<b>-50.6 %</b>	<b>-51.3 %</b>	<b>-60.9 %</b>	<b>-41.0 %</b>	<b>-16.0 %</b>	<b>3.0 %</b>
Depreciation of fixed assets	0.2	0.2	0.2	0.2	0.3	0.4	0.6
<b>EBITA</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.8</b>	<b>0.9</b>
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.8</b>	<b>-0.2</b>
<b>Margin</b>	<b>-73.5 %</b>	<b>-55.3 %</b>	<b>-56.2 %</b>	<b>-65.2 %</b>	<b>-45.5 %</b>	<b>-21.0 %</b>	<b>-2.0 %</b>
<b>EBIT adj.</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.8</b>	<b>-0.2</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	0.2	0.3
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.9</b>	<b>-0.5</b>
<b>Margin</b>	<b>-74.0 %</b>	<b>-55.6 %</b>	<b>-56.3 %</b>	<b>-65.2 %</b>	<b>-45.5 %</b>	<b>-22.8 %</b>	<b>-4.5 %</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>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.9</b>	<b>-0.5</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>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.9</b>	<b>-0.5</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.9</b>	<b>-0.5</b>
<b>Margin</b>	<b>-74.1 %</b>	<b>-56.3 %</b>	<b>-56.3 %</b>	<b>-65.2 %</b>	<b>-45.5 %</b>	<b>-22.8 %</b>	<b>-4.5 %</b>
Number of shares, average	11.1	13.7	16.2	16.2	17.7	17.7	17.7
<b>EPS</b>	<b>-0.24</b>	<b>-0.18</b>	<b>-0.18</b>	<b>-0.23</b>	<b>-0.16</b>	<b>-0.11</b>	<b>-0.03</b>
EPS adj.	-0.24	-0.18	-0.18	-0.23	-0.16	-0.11	-0.03

\*Adjustments made for:

**Guidance: Revenue growth on par with 2016; Net income loss at least on par with 2016**
**Financial Ratios**

	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	168.4 %	150.6 %	151.3 %	160.9 %	141.0 %	116.0 %	97.0 %
Operating Leverage	0.3 x	-0.3 x	1.1 x	2.7 x	-2.0 x	-1.1 x	-2.2 x
Tax rate (EBT)	-0.1 %	-1.1 %	-0.1 %	-0.1 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	72,443	75,864	80,734	72,699	69,040	88,298	117,436

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

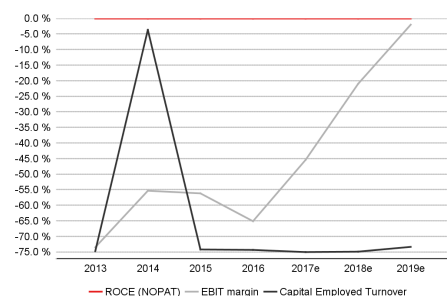
Source: Warburg Research

**Consolidated balance sheet**

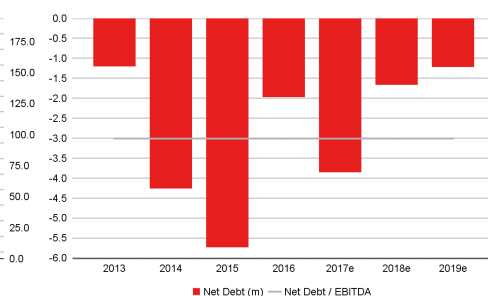
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
<b>Assets</b>							
Goodwill and other intangible assets	0.2	0.2	0.1	0.1	0.2	0.3	0.4
thereof other intangible assets	0.2	0.2	0.1	0.1	0.2	0.3	0.4
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.9	0.9	1.4	1.4	1.6	1.7	1.6
Financial 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>1.1</b>	<b>1.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>
Inventories	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Accounts receivable	0.5	0.4	0.4	0.5	0.6	0.8	1.1
Liquid assets	1.2	4.3	5.7	2.0	3.9	6.7	6.2
Other short-term assets	0.5	0.2	0.2	0.2	0.2	0.2	0.2
<b>Current assets</b>	<b>2.3</b>	<b>5.0</b>	<b>6.6</b>	<b>2.8</b>	<b>4.8</b>	<b>7.9</b>	<b>7.7</b>
<b>Total Assets</b>	<b>3.4</b>	<b>6.1</b>	<b>8.1</b>	<b>4.3</b>	<b>6.6</b>	<b>9.9</b>	<b>9.7</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	11.1	13.7	16.2	16.2	17.7	17.7	17.7
Capital reserve	0.4	2.8	5.2	5.2	5.2	5.2	5.2
Retained earnings	-9.7	-12.2	-15.1	-18.7	-21.5	-23.4	-24.0
Other equity components	0.0	0.0	0.0	0.0	3.6	3.6	3.5
Shareholders' equity	1.8	4.3	6.4	2.8	5.0	3.1	2.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>1.8</b>	<b>4.3</b>	<b>6.4</b>	<b>2.8</b>	<b>5.0</b>	<b>3.1</b>	<b>2.5</b>
Provisions	1.0	1.2	0.6	0.7	0.7	0.7	0.7
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	5.0	5.0
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.4	0.3	0.9	0.6	0.7	0.9	1.3
Other liabilities	0.2	0.3	0.2	0.2	0.2	0.2	0.2
<b>Liabilities</b>	<b>1.6</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>1.6</b>	<b>6.8</b>	<b>7.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>3.4</b>	<b>6.1</b>	<b>8.1</b>	<b>4.3</b>	<b>6.6</b>	<b>9.9</b>	<b>9.7</b>

**Financial Ratios**

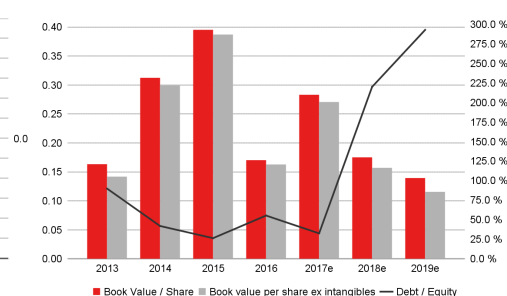
	2013	2014	2015	2016	2017e	2018e	2019e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	3.5 x	4.2 x	4.4 x	4.0 x	4.0 x	4.8 x	7.5 x
Capital Employed Turnover	5.9 x	184.4 x	7.5 x	7.1 x	5.4 x	5.9 x	9.4 x
ROA	-233.7 %	-237.9 %	-185.2 %	-247.4 %	-157.4 %	-96.7 %	-26.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	-92.2 %	-82.6 %	-53.6 %	-79.6 %	-72.8 %	-47.1 %	-19.2 %
Adj. ROE	-92.2 %	-82.6 %	-53.6 %	-79.6 %	-72.8 %	-47.1 %	-19.2 %
<b>Balance sheet quality</b>							
Net Debt	-1.2	-4.3	-5.7	-2.0	-3.9	-1.7	-1.2
Net Financial Debt	-1.2	-4.3	-5.7	-2.0	-3.9	-1.7	-1.2
Net Gearing	-66.3 %	-99.4 %	-89.4 %	-71.4 %	-77.0 %	-53.7 %	-49.4 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	0.2	0.3	0.4	0.2	0.3	0.2	0.1
Book value per share ex intangibles	0.1	0.3	0.4	0.2	0.3	0.2	0.1

**ROCE Development**


Source: Warburg Research

**Net debt in EUR m**


Source: Warburg Research

**Book Value per Share in EUR**


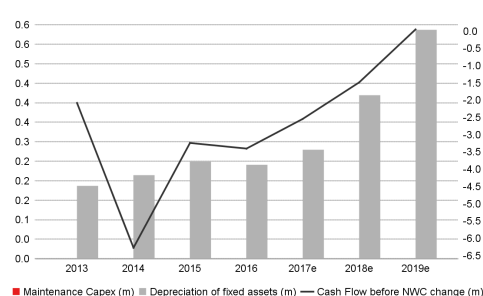
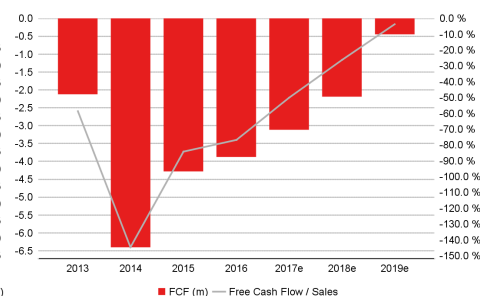
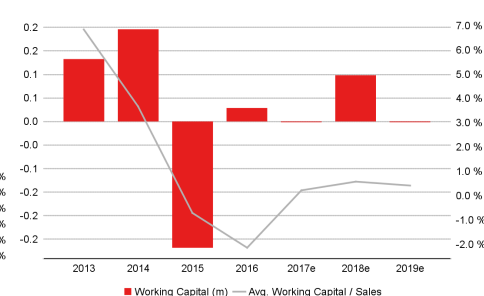
Source: Warburg Research

**Consolidated cash flow statement**

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	-2.7	-7.0	-2.9	-3.6	-2.8	-1.9	-0.5
Depreciation of fixed assets	0.2	0.2	0.2	0.2	0.3	0.4	0.6
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	0.2	-0.6	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.3	0.3	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>-2.1</b>	<b>-6.3</b>	<b>-3.2</b>	<b>-3.4</b>	<b>-2.5</b>	<b>-1.5</b>	<b>0.1</b>
Increase / decrease in inventory	0.2	0.0	0.0	0.0	0.0	-0.1	0.0
Increase / decrease in accounts receivable	0.0	0.0	-0.2	-0.1	-0.1	-0.2	-0.3
Increase / decrease in accounts payable	0.3	0.0	0.5	-0.3	0.1	0.2	0.4
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)	0.5	0.0	0.3	-0.3	0.0	-0.1	0.1
<b>Net cash provided by operating activities [1]</b>	<b>-1.6</b>	<b>-6.3</b>	<b>-3.0</b>	<b>-3.7</b>	<b>-2.5</b>	<b>-1.6</b>	<b>0.2</b>
Investments in intangible assets	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Investments in property, plant and equipment	-0.3	-0.1	-1.2	-0.5	-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 [2]</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-1.3</b>	<b>-0.2</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	5.0	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	5.0	5.0	0.0	5.0	0.0	0.0
Other	0.5	0.0	0.8	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>0.5</b>	<b>5.0</b>	<b>5.8</b>	<b>0.0</b>	<b>5.0</b>	<b>5.0</b>	<b>0.0</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>-1.6</b>	<b>-1.4</b>	<b>1.5</b>	<b>-3.8</b>	<b>1.9</b>	<b>2.8</b>	<b>-0.4</b>
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	1.2	-0.2	5.7	1.9	3.9	6.7	6.2

**Financial Ratios**

	2013	2014	2015	2016	2017e	2018e	2019e
<b>Cash Flow</b>							
FCF	-2.1	-6.4	-4.3	-3.9	-3.1	-2.2	-0.4
Free Cash Flow / Sales	-58.6 %	-144.7 %	-84.2 %	-76.9 %	-50.2 %	-26.1 %	-3.8 %
Free Cash Flow Potential	-2.5	-6.8	-2.6	-3.4	-2.5	-1.3	0.4
Free Cash Flow / Sales	-58.6 %	-144.7 %	-84.2 %	-76.9 %	-50.2 %	-26.1 %	-3.8 %
Free Cash Flow / Net Profit	79.1 %	257.3 %	149.4 %	118.0 %	110.3 %	114.7 %	83.7 %
Interest Received / Avg. Cash	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	n.a.	557.5 %	87.9 %	0.0 %	0.0 %	6.0 %	6.0 %
<b>Management of Funds</b>							
Investment ratio	15.5 %	4.5 %	25.7 %	10.7 %	9.7 %	7.2 %	5.1 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	299.8 %	93.3 %	524.1 %	249.0 %	214.6 %	143.1 %	102.2 %
Avg. Working Capital / Sales	6.8 %	3.7 %	-0.7 %	-2.1 %	0.2 %	0.6 %	0.4 %
Trade Debtors / Trade Creditors	111.6 %	129.1 %	52.4 %	85.8 %	85.7 %	88.9 %	84.6 %
Inventory Turnover	15.4 x	6.2 x	4.5 x	6.2 x	8.1 x	5.4 x	7.6 x
Receivables collection period (days)	48	35	32	34	35	35	34
Payables payment period (days)	116	184	495	304	317	302	311
Cash conversion cycle (Days)	-91	-122	-407	-240	-268	-229	-259

**CAPEX and Cash Flow**  
in EUR m

**Free Cash Flow Generation**

**Working Capital**


Source: Warburg Research

Source: Warburg Research

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-	<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.
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“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	110	56
Hold	75	38
Sell	10	5
Rating suspended	1	1
<b>Total</b>	<b>196</b>	<b>100</b>

**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	27	71
Hold	8	21
Sell	2	5
Rating suspended	1	3
<b>Total</b>	<b>38</b>	<b>100</b>

**PRICE AND RATING HISTORY CO.DON AS OF 08.05.2017**


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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