

Buy EUR 6.65 Price EUR 6.72 Downside -1.0 %	Value Indicators: EUR DCF: 6.66	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: 118.9 No. of shares (m): 17.7 EV: 115.0 Freefloat MC: 62.4 Ø Trad. Vol. (30d): 420.17 th	Shareholders: Freefloat: 52.5 % Bauerfeind AG: 26.8 % Dr. Bernd Wegener: 14.5 % Klaus Stuffer: 3.1 % Altoinvest: 3.1 %	Risk Profile (WRe): 2017e Beta: 1.4 Price / Book: 23.7 x Equity Ratio: 76 %

CHMP positive opinion for articular cartilage product obtained

In ad-hoc release published on May 18, CO.DON AG announced it has received an official positive opinion from the Committee for Medicinal Products for Human Use (CHMP) for its articular cartilage product. The recommended indication is the repair of symptomatic articular cartilage defects on the femoral condyle and the knee patella (i.e. knee cartilage defects only for now). The defects can be up to ten square centimetres large and the targeted patient group are 18- to 50-year-olds.

The positive opinion is a decisive step towards obtaining an EU-wide authorisation for the marketing of the company's core product from the EU Commission, which has followed the CHMP opinion in most cases. Hence, EU approval could come any time over the coming weeks and at the very latest by year end 2017.

Following discussions with the company, it is our understanding that preparations for market entry in the UK, Belgium, the Netherlands and Austria are well under way, so that first revenue contributions could be expected in Q4 2017 already.

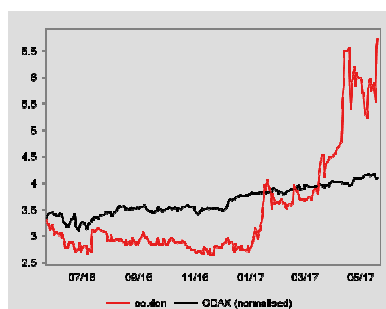
The company is intending to service those markets out of its production facilities in Teltow, Berlin area, in the first place, which should be expanded (estimated associated capital expenditures of EUR 3 to 4 million) to handle up to 3,000 procedures annually, or an estimated EUR 15- – 20m in annual revenues, depending on the ultimate pricing achieved in the respective markets. Our current financial model sees that milestone reached sometime between 2020 and 2021.

The share has had a tremendous run since year start and the company is funded until 2018 according to our model, following the successful EUR 5m capital increase of February 2017.

We are meeting CEO Mr Hessel in June to discuss the growth path for the knee application in greater detail, which currently forms the basis of our DCF and for the intervertebral disc repair application, which is currently not in our model.

CO.DON AG offers a compelling alternative to knee implants and microfracture procedures for smaller knee cartilage defects. The product can often be inserted arthroscopically via a minimal invasive knee surgery (less time in hospital for patients). It also features a strictly autologous approach (lower infection and rejection risk) to tissue engineering, which sets it apart from the one competitor in the market, TETEC AG, with which CO.DON AG currently more or less shares the German market.

Remains a BUY, PT EUR 6.65. The current 27% strategic shareholding of Bauerfeind AG not only validates the equity story but also adds to M&A thematics in our opinion.

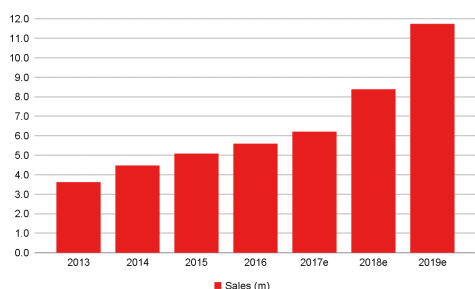


Rel. Performance vs CDAX:	
1 month:	11.1 %
6 months:	124.3 %
Year to date:	138.8 %
Trailing 12 months:	79.1 %

Company events:	
08.06.17	AGM
31.08.17	Q2

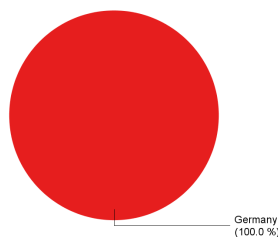
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	28.0 %	3.6	4.5	5.1	5.6	6.2	8.4	11.7
Change Sales yoy		34.5 %	23.6 %	13.6 %	10.1 %	11.0 %	35.0 %	40.0 %
Gross profit margin		62.7 %	85.4 %	87.6 %	87.0 %	87.0 %	87.0 %	87.0 %
EBITDA	-	-2.5	-2.3	-2.6	-3.4	-2.5	-1.3	0.4
Margin		-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 %	-2.6 %	-1.8 %	-0.4 %
EV / Sales		2.5 x	6.4 x	6.8 x	7.9 x	18.5 x	14.0 x	10.0 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	332.6 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 %	-2.2 %	-1.1 %	0.3 %
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



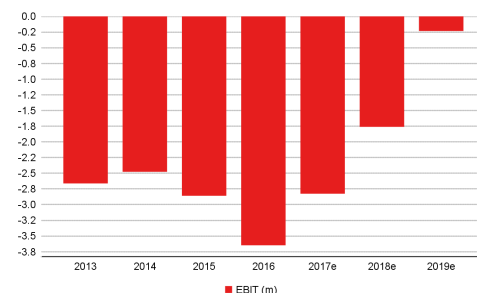
Source: Warburg Research

Sales by regions
2016; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

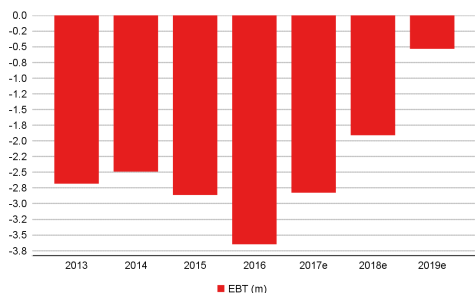
Company Background

- 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

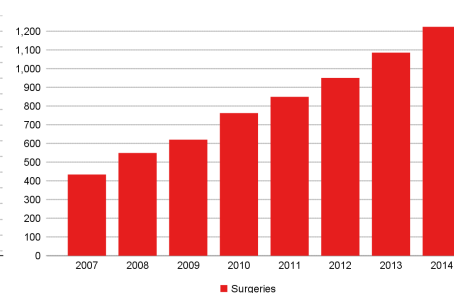
- With its joint-preserving product, co.don competes with manufacturers of surgical (i.g. metal knee implants), which can pose a considerably higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from co.don can be inserted by a minimally-invasive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



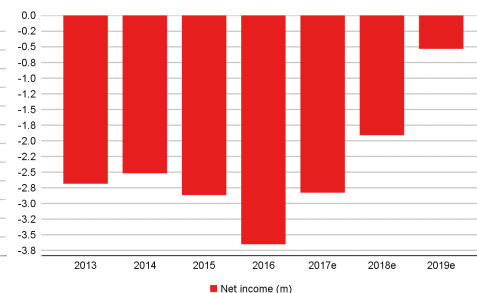
Source: Warburg Research

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	-4.08 %			29.32 %										74.75 %

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
WACC	9.09 %	Beta	1.38

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
Equity Value	118	Value per share (EUR)	6.66

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
1.56	10.1 %	4.98	5.09	5.21	5.34	5.47	5.62	5.78	1.56	10.1 %	4.90	5.05	5.19	5.34	5.48	5.63	5.77
1.47	9.6 %	5.51	5.64	5.79	5.94	6.11	6.29	6.49	1.47	9.6 %	5.46	5.62	5.78	5.94	6.10	6.26	6.42
1.43	9.3 %	5.80	5.95	6.11	6.28	6.47	6.67	6.90	1.43	9.3 %	5.78	5.95	6.12	6.28	6.45	6.62	6.79
1.38	9.1 %	6.12	6.28	6.46	6.66	6.86	7.09	7.34	1.38	9.1 %	6.13	6.30	6.48	6.66	6.83	7.01	7.19
1.33	8.8 %	6.46	6.65	6.85	7.06	7.30	7.55	7.84	1.33	8.8 %	6.50	6.69	6.87	7.06	7.25	7.43	7.62
1.29	8.6 %	6.84	7.04	7.26	7.51	7.77	8.06	8.38	1.29	8.6 %	6.92	7.11	7.31	7.51	7.70	7.90	8.10
1.20	8.1 %	7.69	7.95	8.23	8.54	8.88	9.25	9.67	1.20	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.

Valuation							
	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	5.6 x	7.7 x	6.3 x	16.7 x	23.7 x	38.4 x	48.2 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	18.5 x	14.0 x	10.0 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	332.6 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 %	-2.2 %	-1.1 %	0.3 %

*Adjustments made for: -

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

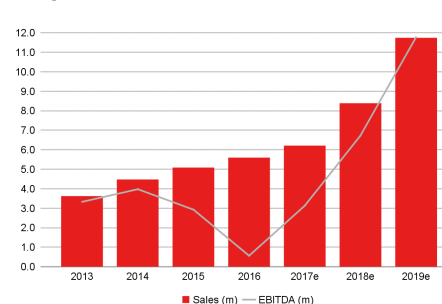
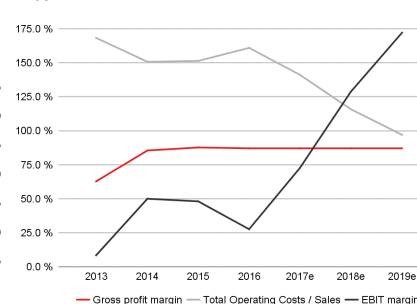
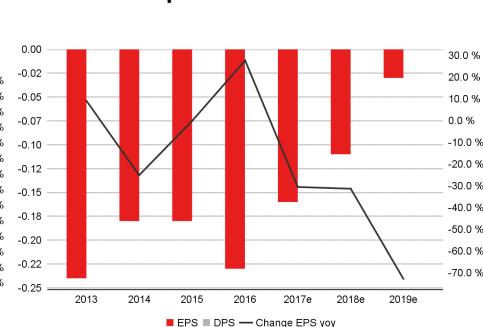
Consolidated profit & loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	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 %
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	3.6	4.5	5.1	5.6	6.2	8.4	11.7
Material expenses	1.4	0.7	0.6	0.7	0.8	1.1	1.5
Gross profit	2.3	3.8	4.5	4.9	5.4	7.3	10.2
<i>Gross profit margin</i>	<i>62.7 %</i>	<i>85.4 %</i>	<i>87.6 %</i>	<i>87.0 %</i>	<i>87.0 %</i>	<i>87.0 %</i>	<i>87.0 %</i>
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
EBITDA	-2.5	-2.3	-2.6	-3.4	-2.5	-1.3	0.4
<i>Margin</i>	<i>-68.4 %</i>	<i>-50.6 %</i>	<i>-51.3 %</i>	<i>-60.9 %</i>	<i>-41.0 %</i>	<i>-16.0 %</i>	<i>3.0 %</i>
Depreciation of fixed assets	0.2	0.2	0.2	0.2	0.3	0.4	0.6
EBITA	-2.7	-2.5	-2.9	-3.6	-2.8	-1.8	0.9
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
EBIT	-2.7	-2.5	-2.9	-3.6	-2.8	-1.8	-0.2
<i>Margin</i>	<i>-73.5 %</i>	<i>-55.3 %</i>	<i>-56.2 %</i>	<i>-65.2 %</i>	<i>-45.5 %</i>	<i>-21.0 %</i>	<i>-2.0 %</i>
EBIT adj.	-2.7	-2.5	-2.9	-3.6	-2.8	-1.8	-0.2
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
EBT	-2.7	-2.5	-2.9	-3.6	-2.8	-1.9	-0.5
<i>Margin</i>	<i>-74.0 %</i>	<i>-55.6 %</i>	<i>-56.3 %</i>	<i>-65.2 %</i>	<i>-45.5 %</i>	<i>-22.8 %</i>	<i>-4.5 %</i>
Total taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income from continuing operations	-2.7	-2.5	-2.9	-3.6	-2.8	-1.9	-0.5
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	-2.7	-2.5	-2.9	-3.6	-2.8	-1.9	-0.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-2.7	-2.5	-2.9	-3.6	-2.8	-1.9	-0.5
<i>Margin</i>	<i>-74.1 %</i>	<i>-56.3 %</i>	<i>-56.3 %</i>	<i>-65.2 %</i>	<i>-45.5 %</i>	<i>-22.8 %</i>	<i>-4.5 %</i>
Number of shares, average	11.1	13.7	16.2	16.2	17.7	17.7	17.7
EPS	-0.24	-0.18	-0.18	-0.23	-0.16	-0.11	-0.03
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

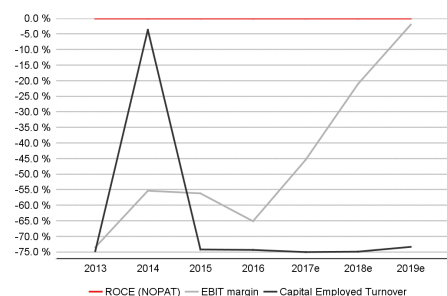
Source: Warburg Research

Consolidated balance sheet

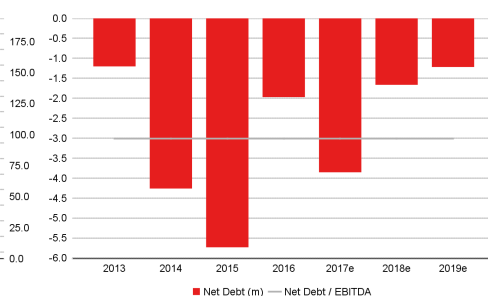
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	0.2	0.2	0.1	0.1	0.2	0.3	0.4
thereof other intangible assets	0.2	0.2	0.1	0.1	0.2	0.3	0.4
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.9	0.9	1.4	1.4	1.6	1.7	1.6
Financial assets	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
Fixed assets	1.1	1.1	1.5	1.5	1.8	2.0	2.0
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
Current assets	2.3	5.0	6.6	2.8	4.8	7.9	7.7
Total Assets	3.4	6.1	8.1	4.3	6.6	9.9	9.7
Liabilities and shareholders' equity							
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
Total equity	1.8	4.3	6.4	2.8	5.0	3.1	2.5
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
Liabilities	1.6	1.8	1.7	1.5	1.6	6.8	7.2
Total liabilities and shareholders' equity	3.4	6.1	8.1	4.3	6.6	9.9	9.7

Financial Ratios

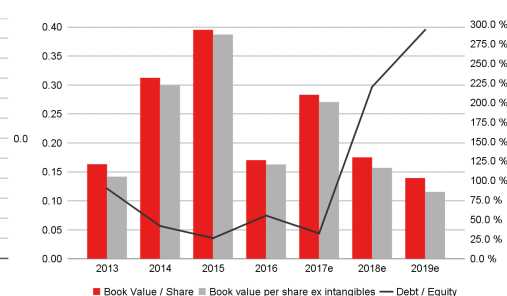
	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	3.5 x	4.2 x	4.4 x	4.0 x	4.0 x	4.8 x	7.5 x
Capital Employed Turnover	5.9 x	184.4 x	7.5 x	7.1 x	5.4 x	5.9 x	9.4 x
ROA	-233.7 %	-237.9 %	-185.2 %	-247.4 %	-157.4 %	-96.7 %	-26.8 %
Return on Capital							
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 %
Balance sheet quality							
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


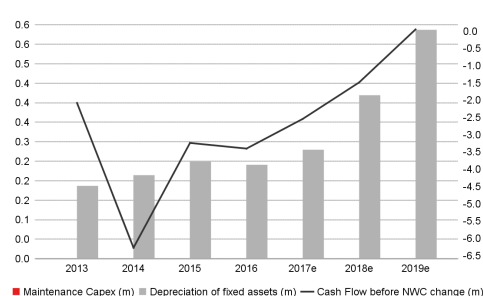
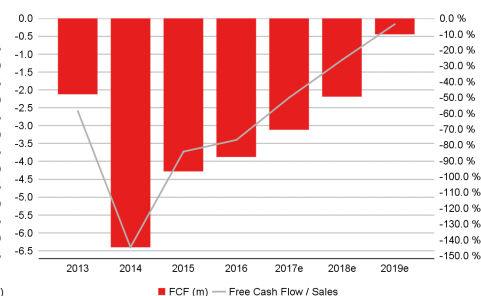
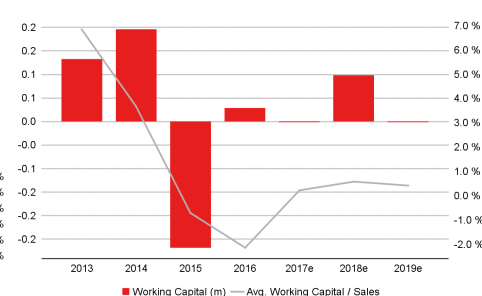
Source: Warburg Research

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
Cash Flow before NWC change	-2.1	-6.3	-3.2	-3.4	-2.5	-1.5	0.1
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
Net cash provided by operating activities [1]	-1.6	-6.3	-3.0	-3.7	-2.5	-1.6	0.2
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
Net cash provided by investing activities [2]	-0.6	-0.1	-1.3	-0.2	-0.6	-0.6	-0.6
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
Net cash provided by financing activities [3]	0.5	5.0	5.8	0.0	5.0	5.0	0.0
Change in liquid funds [1]+[2]+[3]	-1.6	-1.4	1.5	-3.8	1.9	2.8	-0.4
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
Cash Flow							
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 %
Management of Funds							
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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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

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-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.

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Rating	Number of stocks	% of Universe
Buy	109	55
Hold	77	39
Sell	11	6
Rating suspended	1	1
Total	198	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	28	70
Hold	9	23
Sell	2	5
Rating suspended	1	3
Total	40	100

PRICE AND RATING HISTORY CO.DON AS OF 22.05.2017


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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