

Buy EUR 13.50 Price EUR 7.17 Upside 88.3 %	Value Indicators: EUR DCF: 13.36	Share data: Bloomberg: CNWK GR Reuters: CNWKK ISIN: DE000A1K0227	Description: Develops, produces and markets a tissue-engineering based cartilage repair product
	Market Snapshot: EUR m Market cap: 139.5 No. of shares (m): 19.5 EV: 125.2 Freefloat MC: 102.1 Ø Trad. Vol. (30d): 419.30 th	Shareholders: Freefloat 73.2 % Bauerfeind AG 26.8 %	Risk Profile (WRe): 2017e Beta: 1.2 Price / Book: 8.1 x Equity Ratio: 51 %

CEO to leave the company by year-end

In an ad-hoc statement issued Friday, the company announced that its CEO Dirk Hessel is to leave the company on December 31, 2017. His contract was originally due to expire on June 14, 2018 according to company sources. Mr Ralf Jakobs, currently CFO, will fill the CEO position in the interim and it remains to be seen whether the company will seek another CEO.

After speaking to the company, we gained the impression that Mr. Hessel is moving on to other professional challenges.

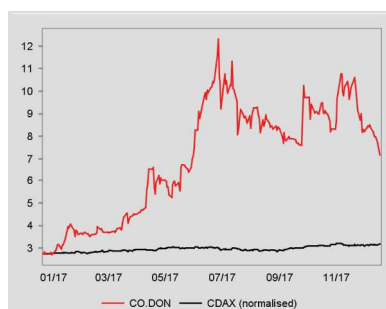
According to the 2016 annual report, Mr. Hessel, who joined the company in June 2015, owns 100,000 phantom shares, awarded to him in 2015. As highlighted in our full note, published 07.03.2017, Mr. Hessel was further incentivized in the event of a change of control. Should a strategic investor have acquired 30% or more of the voting rights for at least EUR 4.80 per share, Mr. Hessel would have received a further 400,000 virtual shares, provided the share price had increased by more than 20% annually since June 2015.

Operationally, the company is on track. A sizeable part of the proceeds from the EUR 15.5m capital increase in October will go towards funding a second production site in the Leipzig area to increase capacities to 4,500 procedures per year (total estimated capex EUR 4-5m), while the remainder will go towards funding the launch of Spherox in various EU markets (starting with the UK). The site in Leipzig is additional to the current site in Teltow which has production capacity for an estimated 2,000 procedures per annum. Our financial model envisages some 3,470 procedures by 2021e, which correlates closely with the company's budgeting.

The share price came under pressure with the announcement of Mr. Hessel's departure as he is strongly associated with the company's latest successful milestones including EMA approval for Spherox, making it the only commercial, strictly autologous cartilage repair product worldwide. The announcement came on the back of the news that Mr. Bernd Wegener will step down as chairman of the supervisory board. The company said the events were not connected but understandably markets have reacted negatively to the timing of the two announcements.

Mr. Wegener (70), who will remain an ordinary member of the supervisory board, also sold 919,300 shares of his estimated 2,566,500 holding for proceeds of EUR 8.3m approximately (EUR 9.00 per share).

Fundamentally, the roll-out of the Spherox is on track and the equity story is intact. We therefore maintain our Buy recommendation and DCF-based price target of EUR 13.50, with the current weakness in the share price offering an attractive entry point.

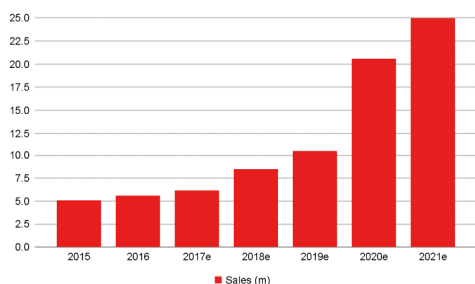


Rel. Performance vs CDAX:	
1 month:	-32.2 %
6 months:	-34.1 %
Year to date:	148.2 %
Trailing 12 months:	140.1 %

Company events:	

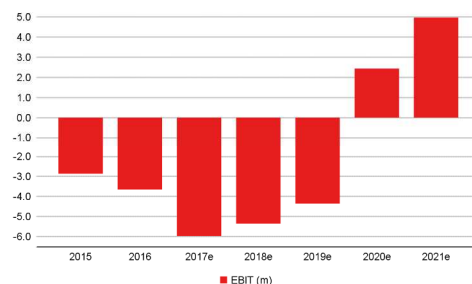
FY End: 31.12. in EUR m	CAGR (16-21e)	2015	2016	2017e	2018e	2019e	2020e	2021e
Sales	34.9 %	5.1	5.6	6.2	8.5	10.5	20.6	25.0
Change Sales yoy		13.6 %	10.1 %	10.0 %	37.7 %	23.3 %	96.9 %	21.3 %
Gross profit margin		87.6 %	87.0 %	85.0 %	85.0 %	85.0 %	80.0 %	80.0 %
EBITDA	-	-2.6	-3.4	-5.4	-4.8	-3.8	3.0	5.5
Margin		-51.3 %	-60.9 %	-87.8 %	-56.4 %	-36.2 %	14.6 %	22.2 %
EBIT	-	-2.9	-3.6	-6.0	-5.4	-4.4	2.4	5.0
Margin		-56.2 %	-65.2 %	-97.1 %	-63.1 %	-41.6 %	11.8 %	19.9 %
Net income	-	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.2
EPS	-	-0.18	-0.23	-0.31	-0.30	-0.25	0.10	0.21
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		-0.26	-0.24	-0.42	-0.31	-0.25	0.10	0.21
FCF / Market cap		-10.6 %	-9.3 %	-5.8 %	-4.3 %	-3.5 %	1.1 %	2.3 %
EV / Sales		6.8 x	7.9 x	20.3 x	15.5 x	13.0 x	8.4 x	6.7 x
EV / EBITDA		n.a.	n.a.	n.a.	n.a.	n.a.	57.3 x	30.4 x
EV / EBIT		n.a.	n.a.	n.a.	n.a.	n.a.	70.7 x	33.9 x
P / E		n.a.	n.a.	n.a.	n.a.	n.a.	91.3 x	43.5 x
FCF Potential Yield		-7.5 %	-7.7 %	-4.8 %	-4.1 %	-3.2 %	1.4 %	2.8 %
Net Debt		-5.7	-2.0	-14.4	-8.3	-3.4	-5.4	-9.4
Guidance:		Revenue growth on par with 2016; Net income loss at least on par with 2016						

Sales development
in EUR m



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

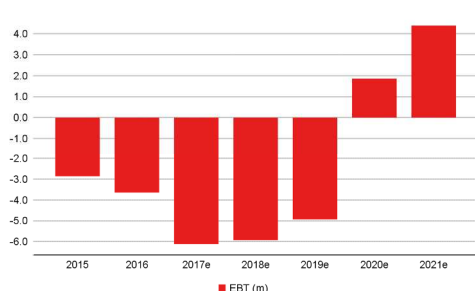
Company Background

- CO.DON AG is a manufacturer of "autologous" 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 own blood in the laboratory. The culture is then transplanted into the cartilage defect.
- Two cell-based products are available in Germany since 2003 under a Paul Ehrlich Institute authorisation: articular cartilage, with 11,000 patients treated successfully and intervertebral disc defects repair.
- An EMA authorisation for a EU-wide distribution of the Company's new product called Spherox, for the treatment of knee cartilage damage was just obtained.

Competitive Quality

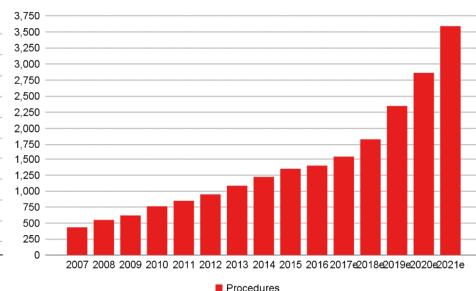
- With its joint-preserving product, CO.DON competes with manufacturers of surgical (i.e. metal) knee implants, which carry higher risk for the patients.
- A knee replacement procedure is considerably complex, while a cartilage replacement from CO.DON can be inserted by a minimally-invasive knee arthroscopy. Costs for both procedures are comparable.
- Both procedures are covered by public health insurance in Germany. The CO.DON procedure is currently performed in more than 200 German clinics and hospitals.
- As CO.DON chondrosphere is already in the market, CO.DON has a clear first mover advantage over new entrants.
- In light of the more than 11,000 procedures that have already taken place and the confirmed effectiveness and safety of the procedure, the likelihood of strong demand in Europe is high.

EBT development
in EUR m



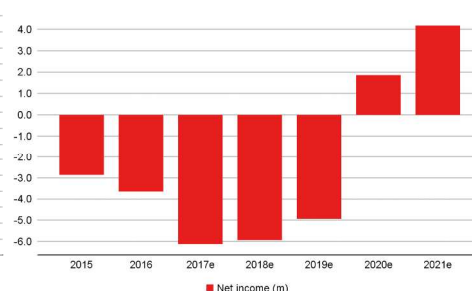
Source: Warburg Research

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	8.5	10.5	20.6	25.0	29.3	34.3	40.4	46.0	52.7	60.6	70.1	80.6	
Sales change	10.0 %	37.7 %	23.3 %	96.9 %	21.3 %	17.1 %	17.4 %	17.6 %	13.9 %	14.4 %	15.0 %	15.7 %	15.0 %	5.0 %
EBIT	-6.0	-5.4	-4.4	2.4	5.0	7.0	6.7	10.0	12.3	12.3	14.9	19.7	22.6	
EBIT-margin	-97.1 %	-63.1 %	-41.6 %	11.8 %	19.9 %	24.0 %	19.5 %	24.6 %	26.6 %	23.3 %	24.6 %	28.1 %	28.0 %	
Tax rate (EBT)	0.0 %	0.0 %	0.0 %	0.0 %	5.0 %	10.0 %	10.0 %	15.0 %	15.0 %	15.0 %	20.0 %	20.0 %	20.0 %	
NOPAT	-6.0	-5.4	-4.4	2.4	4.7	6.3	6.0	8.5	10.4	10.4	11.9	15.7	18.0	
Depreciation	0.6	0.6	0.6	0.6	0.6	1.1	1.1	1.1	1.6	1.6	1.8	1.8	2.0	
in % of Sales	9.3 %	6.7 %	5.5 %	2.8 %	2.3 %	3.7 %	3.1 %	2.7 %	3.5 %	3.0 %	2.9 %	2.5 %	2.5 %	
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	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
- Capex	2.6	0.6	0.6	0.6	0.6	4.1	1.1	1.1	4.6	1.6	2.8	1.8	2.0	
Capex in % of Sales	41.7 %	6.7 %	5.5 %	2.8 %	2.3 %	13.9 %	3.1 %	2.7 %	10.0 %	3.0 %	4.6 %	2.5 %	2.5 %	
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)	-7.9	-5.5	-4.4	2.3	4.7	3.3	6.0	8.4	7.4	10.4	10.8	15.6	18.0	18
PV of FCF	-7.4	-4.7	-3.5	1.7	3.2	2.1	3.5	4.5	3.7	4.8	4.6	6.2	6.6	209
share of PVs	-6.64 %			17.42 %										89.22 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.10
Market return	7.00 %	Cyclicality	1.00
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	8.10 %	Beta	1.20

Valuation (m)

Present values 2029e	25		
Terminal Value	209		
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	236	Value per share (EUR)	13.36

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		4.25 %	4.50 %	4.75 %	5.00 %	5.25 %	5.50 %	5.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.38	9.1 %	8.07	8.44	8.84	9.30	9.81	10.40	11.07	1.38	9.1 %	8.70	8.90	9.10	9.30	9.50	9.69	9.89
1.29	8.6 %	9.39	9.87	10.42	11.04	11.75	12.59	13.56	1.29	8.6 %	10.35	10.58	10.81	11.04	11.27	11.50	11.73
1.25	8.4 %	10.17	10.73	11.37	12.11	12.97	13.97	15.17	1.25	8.4 %	11.36	11.61	11.86	12.11	12.36	12.61	12.86
1.20	8.1 %	11.06	11.72	12.48	13.36	14.40	15.63	17.13	1.20	8.1 %	12.55	12.82	13.09	13.36	13.63	13.90	14.18
1.15	7.9 %	12.08	12.86	13.77	14.84	16.11	17.65	19.57	1.15	7.9 %	13.94	14.24	14.54	14.84	15.13	15.43	15.73
1.11	7.6 %	13.25	14.19	15.29	16.60	18.19	20.16	22.67	1.11	7.6 %	15.61	15.94	16.27	16.60	16.93	17.26	17.59
1.02	7.1 %	16.24	17.63	19.32	21.41	24.07	27.56	32.34	1.02	7.1 %	20.16	20.58	21.00	21.41	21.83	22.25	22.66

- 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 2020e with expenses for market roll-out burdening until then.

Valuation							
	2015	2016	2017e	2018e	2019e	2020e	2021e
Price / Book	6.3 x	16.7 x	8.1 x	12.5 x	22.3 x	21.6 x	14.4 x
Book value per share ex intangibles	0.39	0.16	0.87	0.57	0.32	0.42	0.63
EV / Sales	6.8 x	7.9 x	20.3 x	15.5 x	13.0 x	8.4 x	6.7 x
EV / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	57.3 x	30.4 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	70.7 x	33.9 x
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	70.7 x	33.9 x
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	90.7 x	43.7 x
P / E	n.a.	n.a.	n.a.	n.a.	n.a.	91.3 x	43.5 x
P / E adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	91.3 x	43.5 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	-7.5 %	-7.7 %	-4.8 %	-4.1 %	-3.2 %	1.4 %	2.8 %

*Adjustments made for: -

Company Specific Items							
	2015	2016	2017e	2018e	2019e	2020e	2021e
Procedures	1,350	1,399	1,539	1,830	2,348	2,863	3,589

Consolidated profit & loss

In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Sales	5.1	5.6	6.2	8.5	10.5	20.6	25.0
Change Sales yoy	13.6 %	10.1 %	10.0 %	37.7 %	23.3 %	96.9 %	21.3 %
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	5.1	5.6	6.2	8.5	10.5	20.6	25.0
Material expenses	0.6	0.7	0.9	1.3	1.6	4.1	5.0
Gross profit	4.5	4.9	5.2	7.2	8.9	16.5	20.0
<i>Gross profit margin</i>	<i>87.6 %</i>	<i>87.0 %</i>	<i>85.0 %</i>	<i>85.0 %</i>	<i>85.0 %</i>	<i>80.0 %</i>	<i>80.0 %</i>
Personnel expenses	3.7	4.6	5.6	6.5	6.8	7.3	7.8
Other operating income	0.2	0.1	0.1	0.2	0.2	0.4	0.5
Other operating expenses	3.6	3.8	5.2	5.6	6.0	6.6	7.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-2.6	-3.4	-5.4	-4.8	-3.8	3.0	5.5
<i>Margin</i>	<i>-51.3 %</i>	<i>-60.9 %</i>	<i>-87.8 %</i>	<i>-56.4 %</i>	<i>-36.2 %</i>	<i>14.6 %</i>	<i>22.2 %</i>
Depreciation of fixed assets	0.2	0.2	0.6	0.6	0.6	0.6	0.6
EBITA	-2.9	-3.6	-6.0	-5.4	-3.2	3.6	6.1
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	-2.9	-3.6	-6.0	-5.4	-4.4	2.4	5.0
<i>Margin</i>	<i>-56.2 %</i>	<i>-65.2 %</i>	<i>-97.1 %</i>	<i>-63.1 %</i>	<i>-41.6 %</i>	<i>11.8 %</i>	<i>19.9 %</i>
EBIT adj.	-2.9	-3.6	-6.0	-5.4	-4.4	2.4	5.0
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.1	0.6	0.6	0.6	0.6
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.4
<i>Margin</i>	<i>-56.3 %</i>	<i>-65.2 %</i>	<i>-99.4 %</i>	<i>-70.0 %</i>	<i>-47.2 %</i>	<i>9.0 %</i>	<i>17.6 %</i>
Total taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Net income from continuing operations	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.2
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	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.2
<i>Margin</i>	<i>-56.3 %</i>	<i>-65.2 %</i>	<i>-99.4 %</i>	<i>-70.0 %</i>	<i>-47.2 %</i>	<i>9.0 %</i>	<i>16.7 %</i>
Number of shares, average	16.2	16.2	19.5	19.5	19.5	19.5	19.5
EPS	-0.18	-0.23	-0.31	-0.30	-0.25	0.10	0.21
EPS adj.	-0.18	-0.23	-0.31	-0.30	-0.25	0.10	0.21

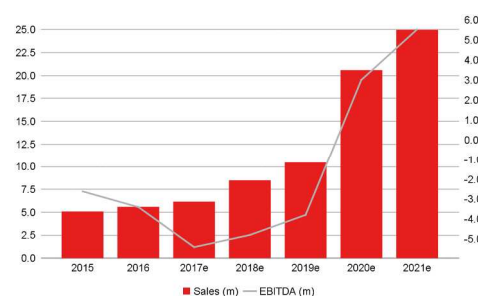
*Adjustments made for:

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

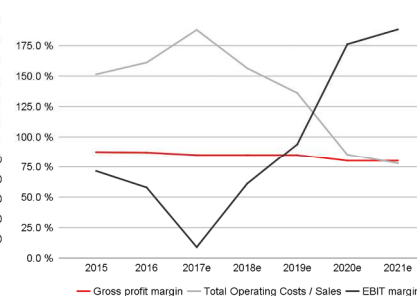
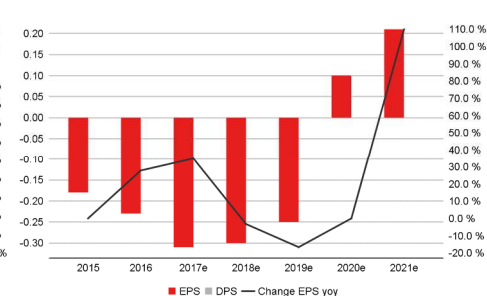
	2015	2016	2017e	2018e	2019e	2020e	2021e
Total Operating Costs / Sales	151.3 %	160.9 %	187.8 %	156.4 %	136.2 %	85.4 %	77.8 %
Operating Leverage	1.1 x	2.7 x	6.4 x	-0.3 x	-0.8 x	n.a.	4.9 x
Tax rate (EBT)	-0.1 %	-0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	5.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	80,734	72,699	69,577	82,342	99,595	187,170	217,225

Sales, EBITDA

in EUR m


Operating Performance

in %


Performance per Share


Source: Warburg Research

Source: Warburg Research

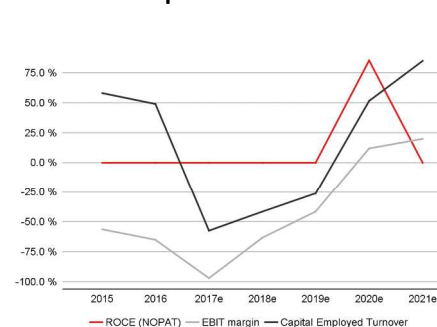
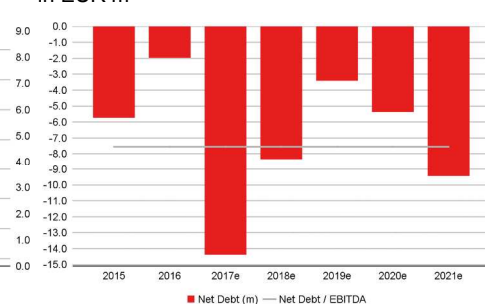
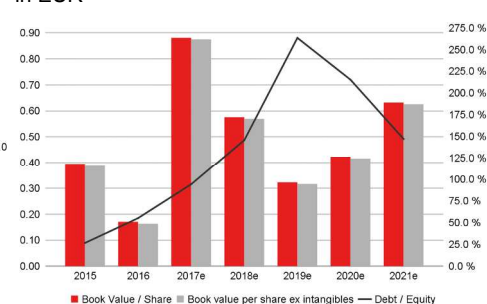
Source: Warburg Research

Consolidated balance sheet

In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
thereof other intangible assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	1.4	1.4	3.4	3.4	3.4	3.4	3.4
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	1.5	1.5	3.5	3.5	3.5	3.5	3.5
Inventories	0.1	0.1	0.1	0.2	0.2	0.4	0.5
Accounts receivable	0.4	0.5	0.6	0.8	1.0	1.9	2.3
Liquid assets	5.7	2.0	28.9	22.9	17.9	19.9	23.9
Other short-term assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Current assets	6.6	2.8	29.8	24.1	19.3	22.4	27.0
Total Assets	8.1	4.3	33.3	27.5	22.8	25.9	30.4
Liabilities and shareholders' equity							
Subscribed capital	16.2	16.2	19.6	19.6	19.6	19.6	19.6
Capital reserve	5.2	5.2	22.3	22.3	22.3	22.3	22.3
Retained earnings	-15.1	-18.7	-24.8	-30.8	-35.7	-33.8	-29.7
Other equity components	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Shareholders' equity	6.4	2.8	17.1	11.2	6.3	8.2	12.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	6.4	2.8	17.1	11.2	6.3	8.2	12.3
Provisions	0.6	0.7	0.7	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	14.5	14.5	14.5	14.5	14.5
thereof short-term financial liabilities	0.0	0.0	14.5	14.5	14.5	14.5	14.5
Accounts payable	0.9	0.6	0.7	0.9	1.1	2.3	2.7
Other liabilities	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Liabilities	1.7	1.5	16.1	16.3	16.5	17.7	18.1
Total liabilities and shareholders' equity	8.1	4.3	33.3	27.5	22.8	25.9	30.4

Financial Ratios

	2015	2016	2017e	2018e	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	4.4 x	4.0 x	1.8 x	2.5 x	3.0 x	6.1 x	7.2 x
Capital Employed Turnover	7.5 x	7.1 x	2.2 x	3.0 x	3.7 x	7.2 x	8.7 x
ROA	-185.2 %	-247.4 %	-176.2 %	-170.7 %	-142.0 %	53.5 %	120.0 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	85.3 %	n.a.
ROE	-53.6 %	-79.6 %	-61.5 %	-41.9 %	-56.5 %	25.6 %	40.6 %
Adj. ROE	-53.6 %	-79.6 %	-61.5 %	-41.9 %	-56.5 %	25.6 %	40.6 %
Balance sheet quality							
Net Debt	-5.7	-2.0	-14.4	-8.3	-3.4	-5.4	-9.4
Net Financial Debt	-5.7	-2.0	-14.4	-8.3	-3.4	-5.4	-9.4
Net Gearing	-89.4 %	-71.4 %	-83.9 %	-74.5 %	-54.4 %	-65.3 %	-76.8 %
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	0.9	0.6	0.3	0.4	0.6
Book value per share ex intangibles	0.4	0.2	0.9	0.6	0.3	0.4	0.6

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

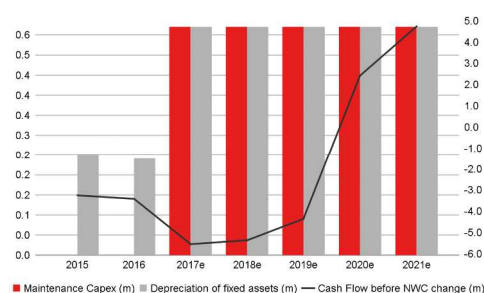
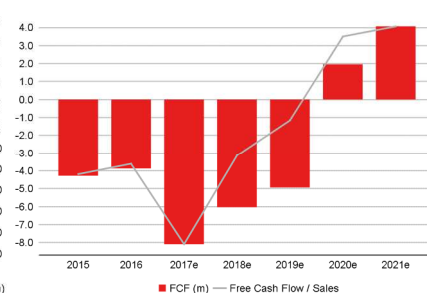
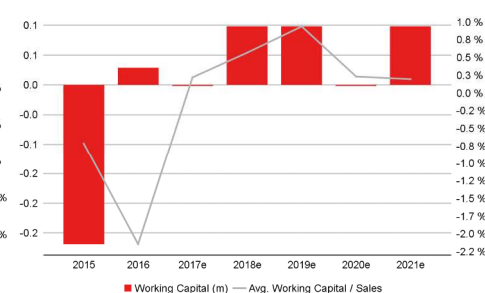
In EUR m	2015	2016	2017e	2018e	2019e	2020e	2021e
Net income	-2.9	-3.6	-6.1	-5.9	-4.9	1.9	4.2
Depreciation of fixed assets	0.2	0.2	0.6	0.6	0.6	0.6	0.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in long-term provisions	-0.6	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow before NWC change	-3.2	-3.4	-5.6	-5.4	-4.4	2.4	4.7
Increase / decrease in inventory	0.0	0.0	0.0	-0.1	0.0	-0.2	-0.1
Increase / decrease in accounts receivable	-0.2	-0.1	-0.1	-0.2	-0.2	-0.9	-0.4
Increase / decrease in accounts payable	0.5	-0.3	0.1	0.2	0.2	1.2	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)	0.3	-0.3	0.0	-0.1	0.0	0.1	-0.1
Net cash provided by operating activities [1]	-3.0	-3.7	-5.5	-5.5	-4.4	2.5	4.6
Investments in intangible assets	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Investments in property, plant and equipment	-1.2	-0.5	-2.6	-0.6	-0.6	-0.6	-0.6
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]	-1.3	-0.2	-2.6	-0.6	-0.6	-0.6	-0.6
Change in financial liabilities	0.0	0.0	14.5	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	5.0	0.0	20.5	0.0	0.0	0.0	0.0
Other	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	5.8	0.0	35.0	0.0	0.0	0.0	0.0
Change in liquid funds [1]+[2]+[3]	1.5	-3.8	26.9	-6.0	-4.9	2.0	4.1
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	5.7	1.9	28.9	22.9	17.9	19.9	23.9

Financial Ratios

	2015	2016	2017e	2018e	2019e	2020e	2021e
Cash Flow							
FCF	-4.3	-3.9	-8.1	-6.0	-4.9	2.0	4.1
Free Cash Flow / Sales	-84.2 %	-76.9 %	-131.4 %	-71.1 %	-47.2 %	9.5 %	16.3 %
Free Cash Flow Potential	-2.6	-3.4	-6.0	-5.4	-4.4	2.4	4.7
Free Cash Flow / Sales	-84.2 %	-76.9 %	-131.4 %	-71.1 %	-47.2 %	9.5 %	16.3 %
Free Cash Flow / Net Profit	149.4 %	118.0 %	132.2 %	101.7 %	100.0 %	105.4 %	97.6 %
Interest Received / Avg. Cash	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	87.9 %	0.0 %	2.0 %	4.0 %	4.0 %	4.0 %	4.0 %
Management of Funds							
Investment ratio	25.7 %	10.7 %	41.7 %	6.7 %	5.5 %	2.8 %	2.3 %
Maint. Capex / Sales	0.0 %	0.0 %	9.3 %	6.7 %	5.5 %	2.8 %	2.3 %
Capex / Dep	524.1 %	249.0 %	450.7 %	100.0 %	100.0 %	100.0 %	100.0 %
Avg. Working Capital / Sales	-0.7 %	-2.1 %	0.2 %	0.6 %	0.9 %	0.2 %	0.2 %
Trade Debtors / Trade Creditors	52.4 %	85.8 %	85.7 %	88.9 %	90.9 %	82.6 %	85.2 %
Inventory Turnover	4.5 x	6.2 x	9.2 x	6.4 x	7.8 x	10.3 x	10.0 x
Receivables collection period (days)	32	34	36	34	35	34	34
Payables payment period (days)	495	304	277	258	256	204	197
Cash conversion cycle (Days)	-407	-240	-234	-196	-205	-165	-157

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-	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	108	53
Hold	89	44
Sell	7	3
Rating suspended	0	0
Total	204	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	33	79
Hold	8	19
Sell	1	2
Rating suspended	0	0
Total	42	100

PRICE AND RATING HISTORY CO.DON AS OF 19.12.2017


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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