Research Report (Update)

Significant increase in sales growth in Q2 2015
-
Recovery at ABM expected in HY2 2015

Target Price: €6.80 (before: €7.10)

Rating: BUY

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) on page 15

Date of Completion: 25/08/2015 **Date of first Publication: 26/08/2015**

GBC AG Investment Research

Greiffenberger AG*5a,5b,11

Rating: BUY
Target Price: €6.80

Current price: 3.93
25/08/2015 / ETR

Currency EUR

Key Information:

ISIN: DE0005897300
WKN: 589730
Ticker symbol: GRF

Number of shares³: 5,323
Marketcap³: 20.92
Enterprise Value³: 90.13
³in million / in mEUR

Freefloat: 42.02 %

Transparency level:
General Standard

Market segment:
Regulated market

Accounting standard:
IFRS

Financial year-end: 31/12

Designated Sponsor:
EQUINET BANK AG

Analysts:

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* catalogue of potential conflicts of interests on page 16

Company Profile

Sector: Industry

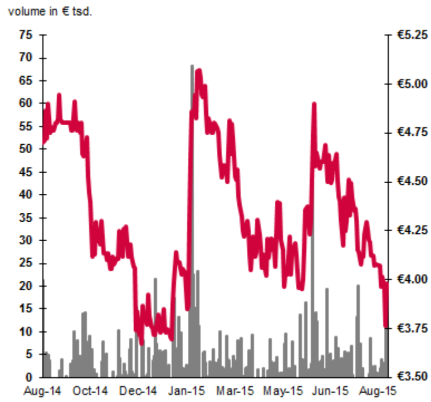
Speciality: Drive technology, metal band saw blades & precision strip steel, sewer renovation technology

Employees: 1,083

Founded: 1986

Registered Office: Marktredwitz

Executive Board: Stefan Greiffenberger



Greiffenberger AG, with its registered office in Marktredwitz and its management in Augsburg, is a family-run holding company with shareholdings in various industries divided into three business areas. The Drive Technology business is represented by the largest subsidiary **ABM Greifenberger Antriebstechnik GmbH**, based in Marktredwitz. In addition, ABM has foreign subsidiaries in China, France, Austria, Poland, Turkey, and the USA. The Metal Band Saw Blades & Precision Strip Steel business unit comprises **J. N. Eberle & Cie. GmbH**, based in Augsburg. Eberle also has subsidiaries in France, Italy and the USA. **BKP Berolina Polyester GmbH & Co. KG**, based in Velten, operates in the fields of sewer renovation technology and pipe lagging. Greiffenberger AG has been listed since 1986.

P&L in EUR m	31/12/2013	31/12/2014	31/12/2015e	31/12/2016e
Sales	155.24	152.23	154.86	161.04
EBITDA	12.59	9.41	10.80	13.39
EBIT	6.03	2.41	3.75	6.59
Net profit	1.30	-0.44	0.05	2.58
Per Share Figures in EUR				
Earnings per share	0.27	-0.09	0.01	0.49
Dividend per share	0.00	0.00	0.00	0.00
Key Figures				
EV/Sales	0.59	0.59	0.58	0.56
EV/EBITDA	7.24	9.58	8.34	6.73
EV/EBIT	15.12	37.37	24.02	13.68
P/E	16.14	-47.54	418.39	8.11
P/B		0.64		

Financial dates
09/11/2015: Report Q3 2015

**last research published by GBC:
Date: publication/price target in €/Rating
29/04/2015: RS / 7.10 / BUY
02/02/2015: RG / 7.10 / BUY
08/12/2014: RG / 7.10 / BUY
27/08/2014: RS / 7.10 / BUY

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EXECUTIVE SUMMARY

- After a relatively weak Q1 2015, Greiffenberger AG was able to significantly improve sales growth in Q2 2015. Revenue in Q2 2015 was EUR 39.8 million compared to EUR 34.6 million in Q1 2015. The Eberle and BKP subsidiaries made a significant contribution to the solid performance as they both experienced significant improvements in sales. The ABM subsidiary also improved significantly in Q2, even though they still failed to reach the previous year´s earnings levels. The overall semi-annual sales at the group level were EUR 74.43 million and thus 1.7% below the levels from the previous year.

- In terms of EBIT, the same amount as the previous year was achieved, despite total operating performance falling by EUR 4.12 million, primarily due to reductions in inventories. The reason the EUR 0.67 million EBIT remained unchanged from H1 2014 was cost reductions, which were carried out at all three consolidated companies, and the impact they had.

- Along with the publication of the semi-annual figures, Greiffenberger AG detailed the guidance for the FY 2015. Revenue is projected to be in a bandwidth between EUR 153 and 158 million. ABM shall play a decisive role in reaching the upper or lower portion of the range as the growth in HY1 2015 has not yet fully unfolded. Nevertheless, the prospects for HY2 2015 are very positive with a book to bill ratio exceeding 1.

- In the face of a somewhat weaker than expected sales development at ABM, we have adjusted our sales projections slightly and now expect EUR 154.86 million, which is also within the range of the projections issued by the company. We still expect significantly intensifying growth dynamics for 2016 across all subsidiaries.

- Due to the slightly reduced sales projections, we have adjusted the revenue projections. Rather than the previously expected EUR 4.16 million, we now expect an EBIT of EUR 3.75 million. We are still forecasting an EBIT margin of 4.1% for 2016. In the process, the cost reductions already underway will be supplemented with economies of scale as revenue further increases.

- **Overall, we still see Greiffenberger AG as making the right moves to once again achieve historic profitability levels. In addition, the Greiffenberger AG shares have a very affordable valuation. Currently the company is trading at a 30% discount to the equity value. According to our estimates, we expect a P/E ratio for the FY 2016 of about 8. In the face of our slightly downgraded estimates, we are adjusting the target price from the previous EUR 7.10 to EUR 6.80. Thus the BUY rating has remained firmly in place.**

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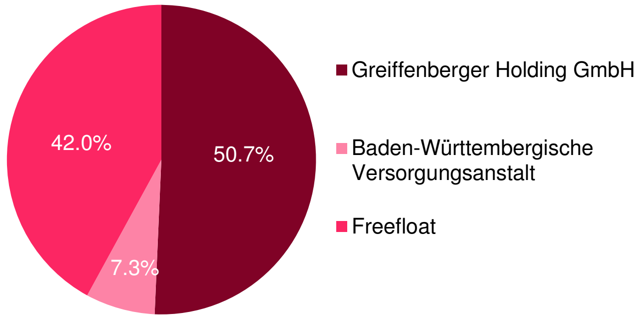
COMPANY OVERVIEW

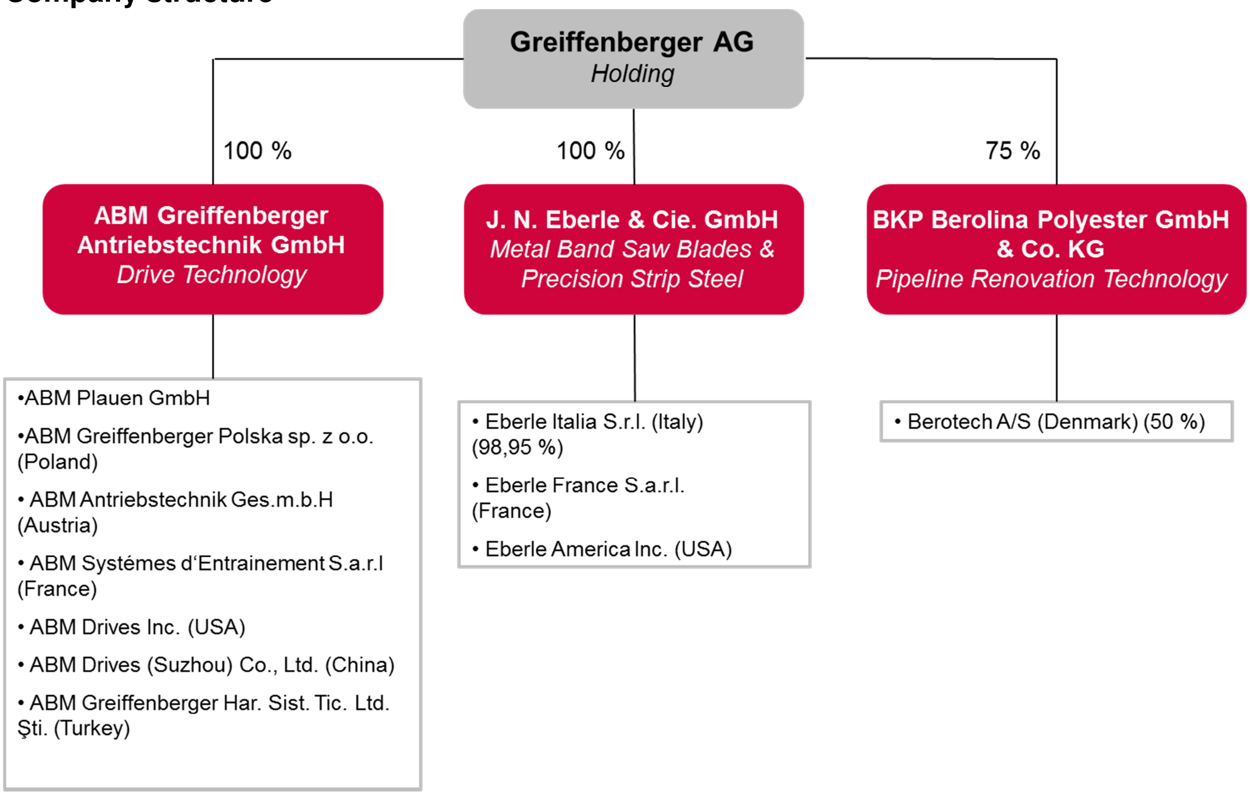
Shareholder structure

Shareholder in %	
Greiffenberger Holding GmbH	50.70 %
Baden-Württembergische Versorgungsanstalt	7.28 %
Freefloat:	42.02 %

Source: Greiffenberger AG, GBC AG



Company structure



Important target markets

Drive Technology

Drive solutions for branches like:
- Hoisting technology
- Material handling equipment
- Intra- and warehousing logistics
- Renewable energies
- Medical technology
- E-mobility
- Textile machines

Metal Band Saw Blades & Precision Strip Steel

- Metal band saw blades for the metal processing industry.

Precision strip steel products for a variety of sectors like:
- Automotive industry

(e.g. shock absorbers and compressors)
- Paper and printing industry

(e.g. doctor blades and scrapers)
- Textile machine industry

(e.g. weaving reeds)

Pipeline Renovation Technology

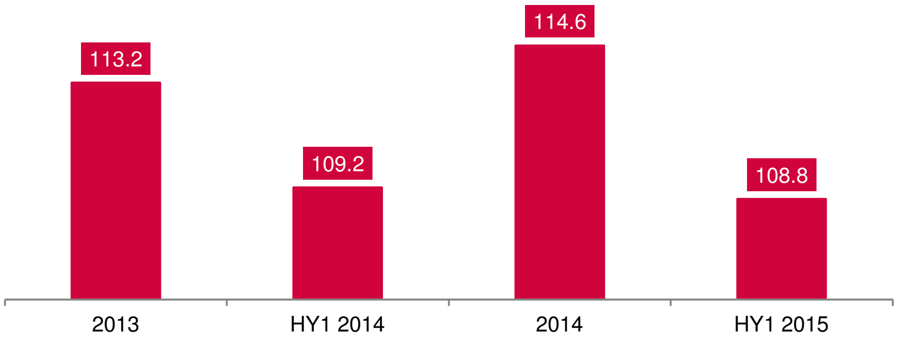
- Companies specialised on trenchless pipeline renovation
- Builders of large pipelines

MARKET AND MARKET ENVIRONMENT

The German mechanical engineering industry had mediocre performance in HY1 2015 and experienced a slight decline of 0.4% in production. The start of the year was particularly weak. June was the only time the mechanical engineering industry saw significant production growth of 7.6%, which was primarily due to calendar effects compensating for an extremely weak May.

As part of this weak development, the mechanical engineering federation VDMA cut its forecast in July. The previously predicted production increase of a real 2% has now been reduced to zero growth.

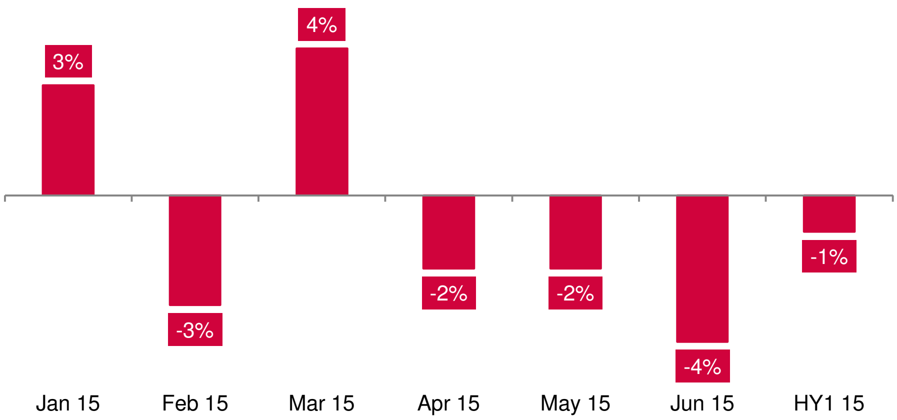
Production index for the mechanical engineering industry (2010=100)



Source: Statistisches Bundesamt, GBC AG

Order intake has also failed to signal a significant revival of the industry. Incoming orders in the German mechanical engineering industry in HY1 2015 fell by 1%. June even saw a decline of 4% and thus the lowest amount for the current year. However, a base effect could also be observed as in the previous year major investments had been made in June.

Order intake of the mechanical engineering industry (change compared to previous year´s period in %)



Source: VDMA, GBC AG

The weakness in the industry could also be felt at Greiffenberger AG. The ABM subsidiary served as an illustration of the situation for the entire industry in terms of order intake and sales, which were still lagging behind the other group companies´ good development in HY1 2015.

Business Development HY1 2015

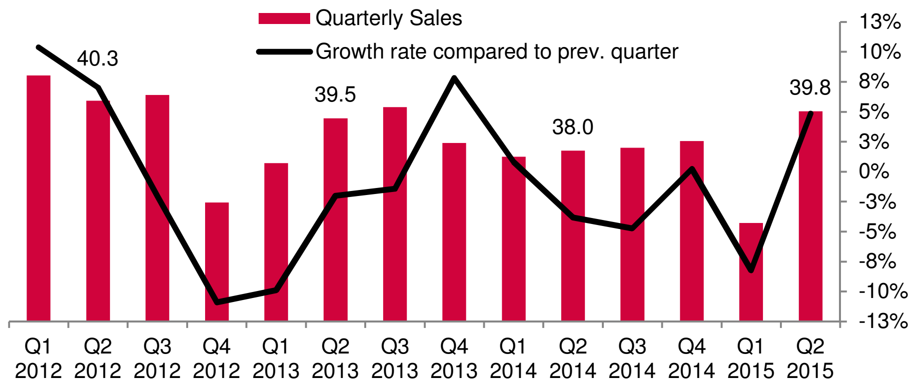
P/L (in €m)	HY1 2014	change	HY1 2015
Sales	75.69	-1.7 %	74.43
Gross profit	42.20	-3.6 %	40.66
*Gross profit margin**	*55.8 %*	*-1.2 Pp.*	*54.6 %*
EBITDA	4.04	+7.0 %	4.32
*EBITDA-margin**	*5.3 %*	*+0.5 Pp.*	*5.8 %*
EBIT	0.68	-1.3 %	0.67
*EBIT-margin**	*0.9 %*	*+0.0 Pp.*	*0.9 %*
Net profit/loss	-0.79	-	-0.58
EPS in €	-0.16	-	-0.11

*Source: Greiffenberger AG, GBC AG; *related to sales*

Development of Sales

After the expected weak sales of EUR 34.6 million in Q1 2015, Greiffenberger AG was able to sharply recover in Q2 2015. At EUR 39.8 million, revenue on a quarterly basis was the highest since Q3 2013. The only time greater revenue was generated in a Q2 was in 2012. From the perspective of HY1 2015, the decline in Q1 2015 could not yet be fully compensated; nevertheless the decline was only 1.7% relative to the first six months of 2014. In the face of the difficult economic situation in the mechanical engineering industry, we are very satisfied with the development in Q2 2015.

Quarterly development of sales (in m€) and growth rate compared to previous year´s quarter (in %)

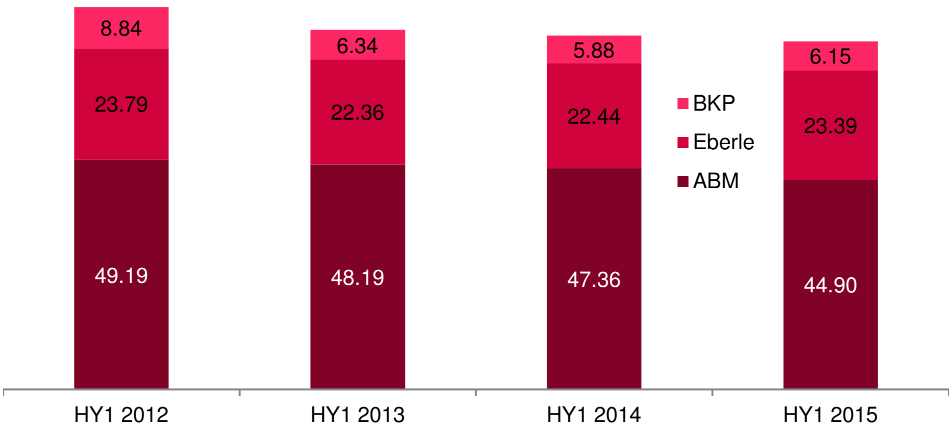


Source: Greiffenberger AG, GBC AG

When looking at the individual segments or subsidiaries of the Greiffenberger Group, the slight decline in HY1 2015 was exclusively due to ABM (drive technology segment). Even though the company generated a revenue increase in Q2 2015 of 12.4% relative to Q1 2015, HY1 2015 saw an overall decline of 5.2% to EUR 44.90 million. As previously mentioned, ABM has been impacted by the weak demand in the mechanical engineering industry, but also in the renewable energy sector. Thus the ABM's performance in Q2 2015 should be seen as positive as the growth could be generated in defiance of market trends.

Both, Eberle (metal band saw blades and precision strip steel) and BKP (sewer renovation technology) recorded significant growth of 4.2% and 4.6% respectively in HY1 2015. Both companies were thus able to generate noticeable increases in sales, even though they had still been behind the previous year figures for Q1 2015. Eberle benefited from a strong export business. The export share of 89% means the company will likely also have benefited from the weak euro. Domestic business also recorded clear improvements. BKP continued to benefit from the expansion of the product range, including pipe liners with larger diameters by which the product portfolio had been expanded last year along with the further internationalisation of the business.

Development of sales by segment (in m€)



Source: Greiffenberger AG, GBC AG

In general, revenue performance was satisfactory - particularly in Q2 2015 - specifically at the Eberle and BKP subsidiaries. But ABM as well displayed significant signs of revival recently. In consideration of the gains in growth during the past months, further catch-up effects can be expected in HY2 2015, accordingly.

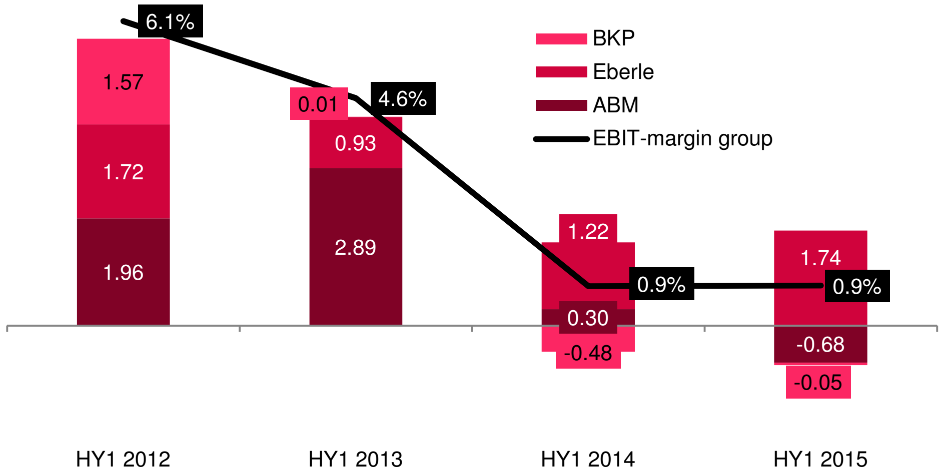
Development of Earnings

As with sales, earnings also recorded a minor decline compared to the previous year. EBIT at EUR 0.67 million was a slight 1.3% behind the previous year's EUR 0.68 million. As with sales, the Eberle and BKP subsidiaries generated significantly higher earnings compared to the previous year. Eberle in particular benefited from cost cutting and productivity increases with an EBIT improvement from EUR 1.22 million to EUR 1.74 million. After an EBIT of EUR -0.48 million in the previous year period, BKP managed to achieve balanced earnings. At ABM, the economies of scale that are still lacking can be felt in the earnings. The decline in sales had a correspondingly negative impact with the EBIT in HY1 2015 at EUR -0.68 million, compared to EUR 0.30 million in the previous year.

At group level, the drag on earnings from ABM was compensated with the positive performance of Eberle and BKP, allowing EBIT to remain roughly at the levels of the previous year. The EBIT margin also remained unchanged at 0.9%. At group level it is additionally important to observe, that cost savings can also be seen taking effect. All operational expenditures (cost of material, personnel expenses, other operating expenses) had both absolute reductions as well as cost ratio reductions in HY1 2015. In terms of income, a result equivalent to the previous year was achieved, despite a total operating performance reduced by EUR 4.12 million, which was primarily due to reductions in inventory. This does not only prove that the measures to improve the cost structures are bearing fruit, but also that the earnings quality in HY1 2015 can already be considered as improved compared to the previous year´s period.

Finally, the income levels illustrate that even more pronounced income effects are possible as soon as sales levels can be further increased, particularly when the revival in sales growth at ABM intensifies further.

Development of EBIT by segment (in m€, before holding costs) and group-EBIT-margin (in %)



Source: Greiffenberger AG, GBC AG

While the financial result changed only slightly compared to the previous year, the tax result helped improve the income picture. This was due to the capitalisation of deferred taxes resulting from the negative pre-tax result for the first half year. The net loss for the period was EUR -0.58 million and thus better than the previous year's EUR -0.79 million.

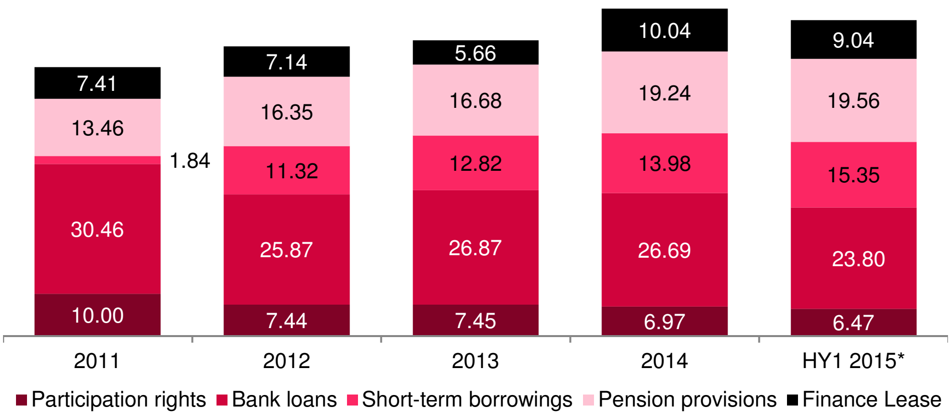
Balance Sheet and Financial Situation

In EUR m	FY 2013	FY 2014	HY1 2015
Equity	32.28	32.76	32.49
Equity-ratio (in %)	*24.9 %*	*24.0 %*	*24.1 %*
Interest bearing debt*	69.48	76.91	74.22
Liquid assets	6.64	8.01	5.01
Net debt	62.84	68.90	69.21
Working Capital	31.52	34.87	35.48

*Source: Greiffenberger AG, GBC AG; *including pension provisions and finance lease*

In the balance sheet for HY1 2015, Greiffenberger AG only experienced slight changes in terms of the asset situation and the financing situation. While fixed assets declined slightly due to moderate capital expenditures which as previously announced by the company were primarily limited to replacement investments, the interest-bearing liabilities (including pension provisions) were slightly lower by EUR 2.7 million, which can be seen as part of the regular paying off of loans and participation rights. As well we expect that finance lease liabilities were reduced by about EUR 1.0 million. Equity remained nearly unchanged at EUR 32.49 million, with an equity ratio of 24.1%

Structure of interest bearing debt (in m€)



*Source: Greiffenberger AG, GBC AG; *for HY1 2015 we assumed that finance leases were reduced by about EUR 1 million against 2014*

Another positive factor was the development of the inventory, which could be reduced by EUR 2.44 million. In HY1 2015, a group-wide inventory optimisation was performed in such a manner that the effect is assumed to be sustained.

The optimisation of inventory also had a positive impact on cash flow, contributing to cash flow from operations in HY1 2015 of EUR 3.61 million. In the same period of the previous year this was EUR -1.35 million. Thanks to the moderate capital expenditure, free cash flow was also positive at EUR 1.71 million. As we assume that HY2 2015 will see even better operational performance as well as continued moderate investment activity over the rest of the year, we expect significantly positive free cash flow for full year 2015 as well.

SWOT-Analysis

Strengths	Weaknesses
• Low dependence on regional sales markets as a result of wide diversification of sales countries • Strong market positions in high-margin niche markets with capital-intensive and technological entry barriers • High degree of technology as a result of past investments • Focus on improving the quality of products, e.g. with the new ABM production in Lublin, secures the market position and competitive advantage • A broadly diversified and long-standing customer base	• Relatively high net indebtedness • High investment activity in recent years has not yet resulted in a significant increase in sales • Increased working capital at the same time as a decline in sales in 2014 • Comparatively low equity ratio of 24.1%
Opportunities	**Threats**
• If the domestic demand increases, Greiffenberger AG is likely to benefit disproportionately as a result of its technological expertise and will be able to meet the resulting orders fully as a result of the existing capacities • After completing the investment programme in the new production in Lublin, Poland, as well as in new production equipment in 2014, higher earnings and profit margins can be expected in the future as a result of the enhanced value creation and the resulting economies of scale • Mostly in the drive technology division, the development of new industries and customers, such as in-warehousing logistics, offers additional sales potential in the future • Facing the future issues of environmental technology and energy efficiency, e.g. in e-mobility and renewable energies, offers opportunities for future growth	• A sudden downturn in the global economy would result in a marked reduction in sales as a result of Greiffenberger AG's international focus • Future tariff increases and increases in prices for key raw materials would also reduce earnings and impede margin improvement • Legislative changes in the field of renewable energies and environmental technology could result in lower sales

Estimates and Model Assumptions

P&L (in m EUR)	FY 2014	FY 2015e (old)	FY 2015e (new)	FY 2016e (old)	FY 2016e (new)
Sales	152.23	159.20	154.86	167.59	161.04
EBITDA	9.41	11.21	10.80	13.70	13.39
*EBITDA-margin**	*6.2 %*	*7.0 %*	*7.0 %*	*8.2 %*	*8.3 %*
EBIT	2.41	4.16	3.75	6.90	6.59
*EBIT-margin**	*1.6 %*	*2.6 %*	*2.4 %*	*4.1 %*	*4.1 %*
Net profit/loss	-0.44	0.47	0.05	2.85	2.58
EPS in €	-0.09	0.09	0.01	0.54	0.49

*Source: GBC AG; *related to sales*

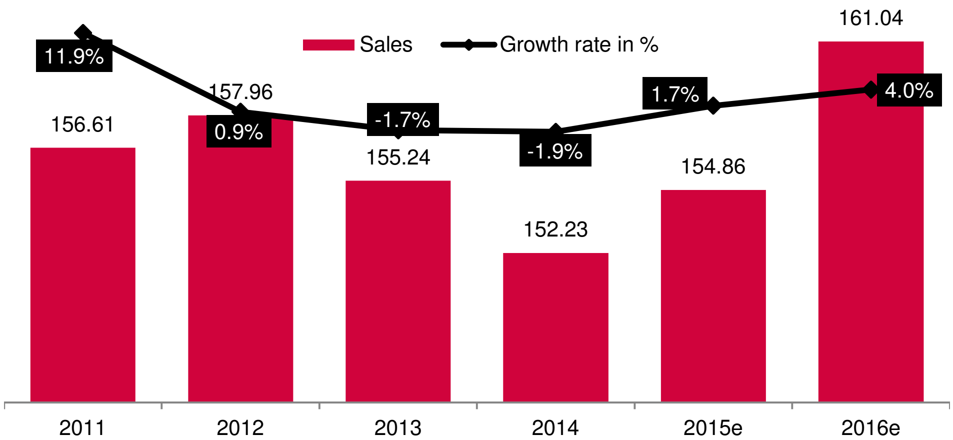
Sales Estimates

Upon presentation of the semi-annual figures, the management of Greiffenberger AG specified the guidance. Sales in a bandwidth of EUR 153-158 million shall thus be generated. Our estimates indicate that achieving the upper and lower range depends primarily on the development of ABM in HY2 2015. While the two subsidiaries Eberle and BKP saw decent sales development in HY1 2015, particularly in Q2 2015, growth at ABM still remained somewhat behind our expectations.

However, we expect sales growth to increase at ABM in H2 2015 as well. The book to bill ratio of more than 1 in the first six months is one indicator. We also expect additional impetus for the rest of the year stemming from the reorganisation of sales and distribution during HY1 2015, including a further intensification of business with new customers.

We thus assume that ABM will generate revenue equivalent to the previous year by the end of the period and thus compensate for the deficit in the first half year. We had previously assumed growth of approximately 4.5%. Our revenue expectations for Eberle and BKP are being unchanged, resulting in our new sales forecast of EUR 154.86 million, which is within the company´s forecast range.

Expected development of sales (in €m)



Source: GBC AG

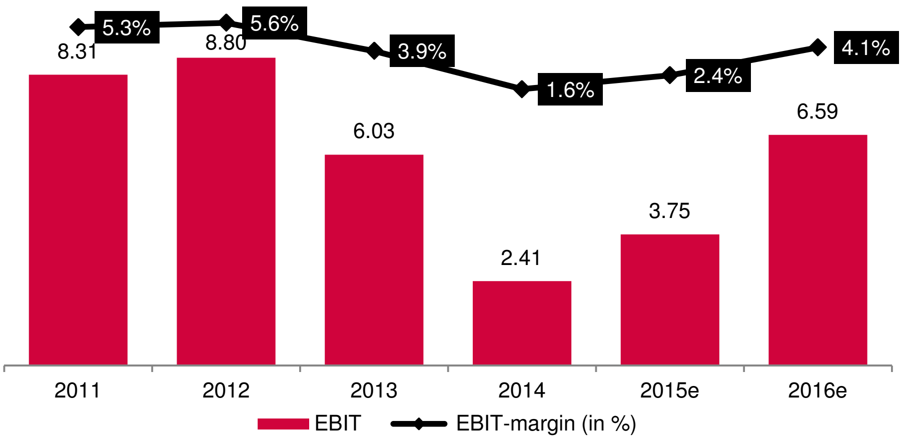
For the 2016 financial year, we continue to expect a significant upturn in sales growth, also at ABM. As a result the revenue in 2016 shall then climb by 4.0% to EUR 161.04 million and thus to date mark the highest sales level in the history of the company.

Earnings Estimates

The Greiffenberger AG also detailed the earnings estimates as of the HY1 2015. EBIT shall be in the range between EUR 3.0 and 4.5 million. ABM's performance will also play a vital role in the earnings range. After the HY1 2015 still failed to produce a positive contribution to earnings, the management board expects ABM will make a positive earnings contribution at the group level for 2015 overall. With respect to the expected sales revival in HY2 2015, we support this estimate and expect EBIT to be at the same level as in the previous year, as with the revenue.

Due to the positive sales trends and the associated economies of scale along with the cost cuts taking effect, we expect Eberle and BKP to improve their overall annual earnings compared to the previous year. Overall, we expect the EBIT at the group level to reach EUR 3.75 million. Our previous expectations of EUR 4.16 million have been slightly reduced due to the lower growth expectations at ABM. The expected EBIT margin has only slightly been affected, being reduced from 2.6% to 2.4%.

Development of EBIT (in m€) and EBIT-margin (in %)



Source: GBC AG

For the 2016 financial year in contrast, we expect the EBIT margin to remain unchanged at 4.1%, with further sales and earnings improvements at ABM having their impact. In absolute terms, we have made a minimal adjustment to the EBIT expectations of EUR 6.90 million and lowered them to EUR 6.59 million, which is solely due to the sales effect.

We thus expect a significant improvement of the consolidated net income for the 2016 financial year. After breaking even in the FY 2015, EUR 2.58 million in net profit is expected for 2016. Based on the market capitalisation of around EUR 20.9 million, a P/E ratio of just 8 calculates for 2016.

Overall, we still see Greiffenberger AG as making the right moves to once again achieve historic profitability levels. In addition to economies of scale from increased sales, cost reductions realised across all group companies will make their contribution. We thus expect all subsidiaries to contribute to the expected positive development.

VALUATION

Model assumptions

The Greiffenberger AG has been valued using a three-phase DCF model. Starting from the specific estimates for the 2015 to 2016 financial years in phase 1, in the second phase from 2017 to 2022, forecasts are performed under the assumptions of value drivers. In the process, we have assumed constant sales growth rates of 3.0%. As a target EBITDA-margin, we assumed a level of 8.8%. Due to the fact that Greiffenberger AG can make use of losses carried forward, as well as a tax abatement (tax holiday) in Poland, we applied a rising tax rate starting at 10.0%. Beyond the forecast horizon, a residual value was calculated using a perpetual annuity formula. For the final value, we assume a growth rate of 2.0% as well as a tax rate of 29.0%.

Calculation of the Cost of Capital

The weighted average cost of capital (WACC) for Greiffenberger AG is calculated on the basis of cost of equity and the cost of debt. In order to determine the cost of equity, the fair market premium, the company beta and the risk-free interest rate need to be established.

The riskless interest rate is calculated based on the recommendations of the “Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft“(FAUB) of the IDW, and is derived from the yield curve of riskless bonds. The interest rates for zero bonds are based on the Svensson-method, published by the “Deutsche Bundesbank”, and provide the basis for the calculation. Due to market fluctuations, we use smoothed average returns on a three-month basis, rounded to 0.25 basis points. **The current riskless interest rate in use amounts to 1.25 % (previously: 1.00 %).**

We used the historic market premium of 5.50% as a suitable expectation of market premium. This is supported by historical analyses of stock market yields. The market premium reflects the percentage of the expected excess return of the stock market over the low-risk government bonds.

Using the GBC estimation method, there currently a beta of 1.67 is applied.

Applying these assumptions we can calculate a cost of equity of 10.4% (previously: 10.2%) (beta multiplied by the risk premium, plus risk-free interest rate). As we assume a long-term weight of equity of 30%, the weighted average cost of capital (WACC) is 7.0% (previously: 7.2%).

Valuation Result

Discounting of future cash flows was carried out using the entity approach. We calculated the relevant costs of capital (WACC) at 7.0%. The resulting fair value per share by the end of the FY2016 corresponds to a target price of EUR 6.80. We have therefore reduced the previous target price of EUR 7.10 slightly. The buy-rating is left unchanged.

DCF-VALUATION

Greiffenberger AG - Discounted Cashflow (DCF) Valuation

Value driver of DCF-model after the estimate phase:

consistency - phase	
Sales growth	3.0%
EBITDA-margin	8.8%
Depreciation on fixed assets	11.0%
Working Capital to sales	20.0%

final - phase	
Perpetual growth rate	2.0%
Perpetual EBITA margin	5.3%
effektive Steuerquote im Endwert	29.0%

Three phase DCF - Model:

phase	estimate		consistency						final
In m EUR	FY 15e	FY 16e	FY 17e	FY 18e	FY 19e	FY 20e	FY 21e	FY 22e	Terminal Value
Sales	154.86	161.04	165.86	170.83	175.95	181.22	186.64	192.23	
Sales change	1.7%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
Sales to fixed assets	2.51	2.62	2.71	2.80	2.90	2.99	3.09	3.19	
EBITDA	10.80	13.39	14.51	14.95	15.40	15.86	16.33	16.82	
EBITDA-margin	7.0%	8.3%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	
EBITA	3.75	6.59	7.76	8.22	8.69	9.17	9.67	10.18	
EBITA-margin	2.4%	4.1%	4.7%	4.8%	4.9%	5.1%	5.2%	5.3%	5.3%
Taxes on EBITA	0.00	-0.99	-1.16	-1.64	-2.17	-2.66	-2.80	-2.95	
Taxes to EBITA	0.0%	15.0%	15.0%	20.0%	25.0%	29.0%	29.0%	29.0%	29.0%
EBI (NOPLAT)	3.75	5.60	6.59	6.57	6.52	6.51	6.87	7.23	
Return on capital	3.8%	5.9%	6.9%	7.0%	6.9%	6.8%	7.1%	7.4%	7.5%
Working Capital (WC)	32.52	33.82	33.17	34.17	35.19	36.24	37.33	38.45	
WC to sales	21.0%	21.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Investment in WC	2.35	-1.30	0.65	-0.99	-1.02	-1.05	-1.09	-1.12	
Operating fixed assets (OFA)	61.73	61.43	61.18	60.95	60.74	60.56	60.40	60.26	
Depreciation on OFA	-7.05	-6.80	-6.76	-6.73	-6.70	-6.68	-6.66	-6.64	
Depreciation to OFA	11.4%	11.1%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	
Investment in OFA	-6.00	-6.50	-6.50	-6.50	-6.50	-6.50	-6.50	-6.50	
Capital employed	94.25	95.25	94.35	95.11	95.93	96.80	97.73	98.70	
EBITDA	10.80	13.39	14.51	14.95	15.40	15.86	16.33	16.82	
Taxes on EBITA	0.00	-0.99	-1.16	-1.64	-2.17	-2.66	-2.80	-2.95	
Total investment	-3.65	-7.80	-5.85	-7.49	-7.52	-7.55	-7.59	-7.62	
Investment in OFA	-6.00	-6.50	-6.50	-6.50	-6.50	-6.50	-6.50	-6.50	
Investment in WC	2.35	-1.30	0.65	-0.99	-1.02	-1.05	-1.09	-1.12	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Freie Cashflows	7.15	4.60	7.50	5.81	5.70	5.64	5.94	6.25	108.14

Value operating business (due date)	99.00	101.36
Net present value explicit free CF	31.78	29.41
Net present value of terminal value	67.22	71.94
Net debt	65.45	64.40
Value of equity	33.55	36.96
Minority interests	-0.68	-0.74
Value of share capital	32.88	36.21
Outstanding shares in m	5.32	5.32
Fair value per share in €	6.18	**6.80**

Cost of Capital:

Risk free rate	1.3%
Market risk premium	5.5%
Beta	1.67
Cost of equity	10.4%
Target weight	30.0%
Cost of debt	7.0%
Target weight	70.0%
Taxshield	20.5%
WACC	**7.0%**

Return on Capital	WACC				
	6.4%	**6.7%**	**7.0%**	**7.3%**	**7.6%**
7.0%	7.72	6.58	5.58	4.69	3.90
7.3%	8.44	7.24	6.19	5.26	4.43
7.5%	9.16	7.90	**6.80**	5.83	4.96
7.8%	9.88	8.57	7.42	6.40	5.49
8.0%	10.60	9.23	8.03	6.97	6.02

ANNEX

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HOLD	The expected return. based on the derived target price. incl. dividend payments within the rel 10 % and < + 10 %.
SELL	The expected return. based on the calculated target price. incl. dividend payments within the <= - 10 %.

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