

Hold EUR 43.00 Price EUR 44.73 Downside -3.9 %	Value Indicators: EUR DCF: 43.00 FCF-Value Potential 17e: 29.00	Share data: Bloomberg: DRI GR Reuters: DRIG ISIN: DE0005545503	Description: Virtual mobile network operator
	Market Snapshot: EUR m Market cap: 2,449 No. of shares (m): 55 EV: 2,485 Freefloat MC: 2,351 Ø Trad. Vol. (30d): 12.09 m	Shareholders: Freefloat 96.0 % M Brucherseifer+Management 3.5 % United Internet Ventures AG 20.7 % Allianz Global Investors 5.0 % Alken Luxemburg 3.2 %	Risk Profile (WRe): 2015e Beta: 1.3 Price / Book: 7.0 x Equity Ratio: 49 % Net Fin. Debt / EBITDA: 0.4 x Net Debt / EBITDA: 0.4 x

Feedback from Q3 conference call

Customer growth: In the first nine months of 2015, the MVNO customer base grew by +360k. Based on our calculations this figure corresponds with gross additions of approx. 750k. Drillisch pointed out that roughly 20% of the overall customer base is still on the Vodafone network. Here, churn is higher than with customers on the new tariff schemes. The quarterly run-rate increased from +50k/60k to +110k/120k.

Group revenues in Q3/15: Group revenues of EUR 154m include a payment of EUR 25m from Telefonica. Drillisch said this is partially offset by negative effects, for which the company did not provide any further detail.

Drivers of service revenues: In the 9M period, service revenues grew impressively by +49% to EUR 313m, driven by consolidation effects (yourfone) and net customer growth. Additionally, Telefonica gave Drillisch some revenues for new customers until the start of the MBA-MVNO contract in July and revenues from incoming calls from yourfone customers were also included. Both effects ceased in July.

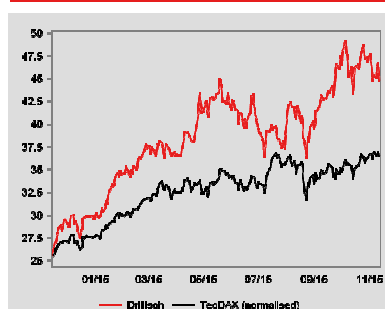
Average gross profit per user (AGPPU): In Q3/15, the AGPPU for budget customers was sequentially flat (Q2: EUR 9.28, Q3: EUR 9.20). We had expected an increase because of the start of the MBA-MVNO contract. As we understand it, Drillisch sees moderate growth in the coming quarters.

Marketing expenses: In 2015, Drillisch expects marketing expenses of EUR 64m (2014: EUR 14m), or EUR 22m in Q4.

Update offline channel: Drillisch ramped up 102 own shops and 112 partner shops and plans to increase this number to 300. Marketing campaigns for yourfone started in October. We expect roughly 25% of our expected gross addition figure for 2016 (WRe: 1.1m) will be gained via the offline channels. Subsidies for handsets are expected to be capitalised.

Competition: Drillisch identifies two major competitive advantages it has over other MVNOs. First, the MBA-MVNO contract guarantees a substantial discount for Drillisch compared to mobile data purchase conditions of other MVNO. Second, Drillisch sees itself as the only MVNO player to introduce VoLTE (Voice over LTE, carrying voice traffic as data instead of terminating it) which could have a huge cost advantage.

Conclusion: In our view, it is very difficult to isolate underlying trends. In the first nine months, service revenues were (to some extent) positively impacted by non-recurring (bonus?) payments from Telefonica. Additionally, Q3/15 group sales include the one-item payment of EUR 25m for the takeover of the shops from Telefonica which are partially offset by negative effects. Furthermore as we understood it, handset subsidies will be capitalised and are not shown as costs (along with new IFRS rules starting 2017/18). Assuming that of the 250k expected gross additions from offline channels, 50% opt for a phone with a subsidy of EUR 200, EUR 25m would be capitalised in 2016 (WRe calculation). Drillisch left its guidance unchanged (2015e: EBITDA EUR 95–100m), 2016e: EBITDA EUR 110–120m). Hence, EBITDA in Q4/14 drops to EUR 10m (related to marketing expenses of EUR 22m). In our view, there should be a major EBITDA swing of somewhere between EUR 30m and EUR 45m in 2016. This could be potentially difficult if competition increases or if the assumed improvement in the offline channels does not occur or the planned marketing budget must be increased.



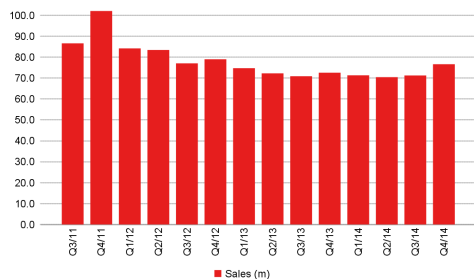
Rel. Performance vs TecDAX:

1 month:	-4.7 %
6 months:	-4.7 %
Year to date:	19.3 %
Trailing 12 months:	22.4 %

Company events:

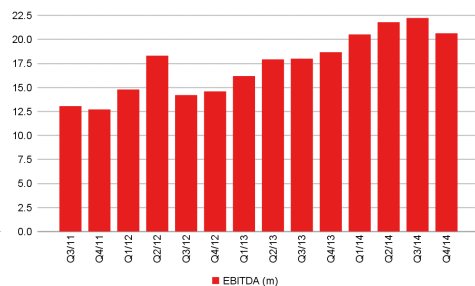
FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
Sales	52.7 %	349	324	290	290	645	910	1,032
Change Sales yoy		-3.7 %	-7.3 %	-10.3 %	-0.3 %	122.7 %	41.1 %	13.4 %
Gross profit margin		30.1 %	34.3 %	41.8 %	49.9 %	32.2 %	32.2 %	37.2 %
EBITDA	27.6 %	51	62	71	85	97	120	177
Margin		14.7 %	19.1 %	24.4 %	29.4 %	15.0 %	13.2 %	17.2 %
EBIT	25.8 %	48	55	61	75	76	93	150
Margin		13.8 %	17.1 %	21.1 %	26.0 %	11.7 %	10.2 %	14.5 %
Net income	24.6 %	41	23	156	50	48	57	96
EPS	24.6 %	0.77	0.44	3.25	0.91	0.88	1.04	1.76
EPS adj.	24.6 %	0.77	0.44	0.84	0.91	0.88	1.04	1.76
DPS	1.9 %	0.70	1.30	1.60	1.70	1.80	1.80	1.80
Dividend Yield		9.6 %	14.8 %	10.5 %	6.4 %	4.0 %	4.0 %	4.0 %
FCFPS		0.32	0.02	0.77	1.21	-1.69	1.00	1.88
FCF / Market cap		4.1 %	0.5 %	5.2 %	4.1 %	-3.8 %	2.2 %	4.2 %
EV / Sales		0.7 x	1.4 x	1.2 x	3.3 x	3.9 x	2.8 x	2.4 x
EV / EBITDA		4.7 x	7.1 x	5.0 x	11.3 x	25.6 x	21.1 x	14.3 x
EV / EBIT		5.1 x	7.9 x	5.8 x	12.8 x	32.9 x	27.2 x	16.8 x
P / E		9.4 x	20.0 x	4.7 x	29.4 x	50.8 x	43.0 x	25.4 x
P / E adj.		9.4 x	20.0 x	18.2 x	29.4 x	50.8 x	43.0 x	25.4 x
FCF Yield Potential		15.6 %	13.1 %	10.9 %	5.4 %	2.6 %	3.3 %	4.9 %
Net Debt		138	253	-99	-225	36	79	75
ROCE (NOPAT)		15.9 %	18.5 %	21.7 %	46.1 %	21.2 %	16.7 %	27.0 %
Guidance:		EBITDA 2015e: EUR 95m - EUR 100m, dividend per share 2015e: EUR 1.70						

Sales development
in EUR m



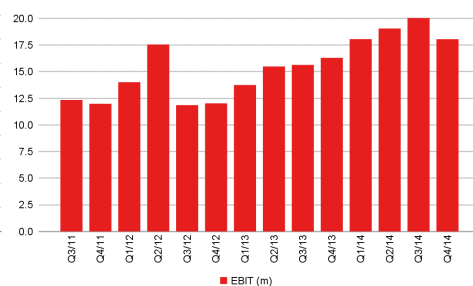
Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

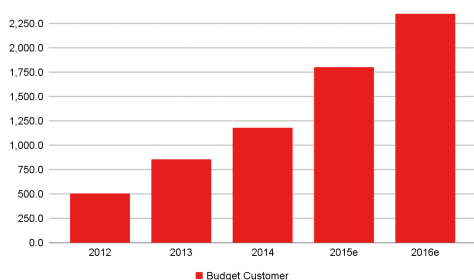
Company Background

- Drillisch (DRI) has a so-called MBA-MVNO contract with Telefonica Deutschland (TD) for exclusive access to 20% of the Telefonica Deutschland network capacity in Germany. Capacity is measured in mobile data volume.
- The obligation to purchase 20% of the capacity starts in 2019. Until then, the volume that DRI is obliged to purchase will increase gradually. DRI also has the option to buy an additional 10% of the capacity.
- The contract secures DRI access to all future network technologies and complete access to LTE. Purchasing conditions should be very attractive providing a competitive advantage.
- DRI is pursuing a challenger strategy in the German mobile telecoms market with a multi-brand strategy. There are two core brands: 'Yourfone' for stationary distribution and 'smartmobil' for online sales.
- Drillisch sees itself as the price-quality leader for mobile tariffs in the German market. Its tariff prices are lower than those of network operators or other MVNOs and it provides higher mobile data volumes.

Competitive Quality

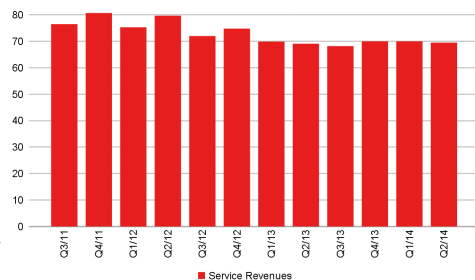
- Management track-record: Since 2003, management has adjusted the strategy several times and successfully adapted to market changes. Drillisch was transformed from a prepaid distributor to a leading MBA-MVNO in Germany
- Network and technology access: Based on its contracts, DRI can operate similar to a mobile network operator without high capex risks. Compared to its competitors it has best access to capacities and technology
- Drillisch's purchasing conditions are assumed to be very competitive. Drillisch beats network operator tariffs by more than 25% and can place itself as the price-quality leader
- Wide range of contracts with network operators: Beside the MBA-MVNO contract with TD, DRI has an MVNO contract with Vodafone and several MSP contracts.

Budget customers
in k



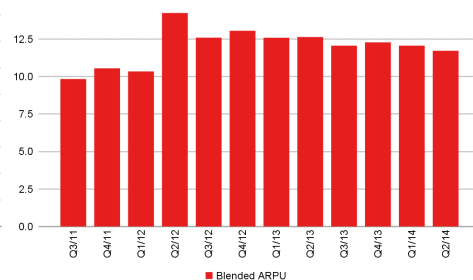
Source: Warburg Research

Service Revenues
in EUR m



Source: Warburg Research

Blended ARPU
in EUR



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Sales	645	910	1,032	1,187	1,329	1,396	1,438	1,481	1,525	1,571	1,602	1,602	1,602	
Sales change	122.7 %	41.1 %	13.4 %	15.0 %	12.0 %	5.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	0.0 %	0.0 %	0.0 %
EBIT	76	93	150	222	261	282	290	299	308	317	320	320	320	
EBIT-margin	11.7 %	10.2 %	14.5 %	18.7 %	19.6 %	20.2 %	20.2 %	20.2 %	20.2 %	20.2 %	20.0 %	20.0 %	20.0 %	
Tax rate (EBT)	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	52	64	104	153	180	195	200	206	213	219	221	221	221	
Depreciation	22	27	27	28	29	29	30	31	32	33	34	34	32	
in % of Sales	3.3 %	3.0 %	2.6 %	2.4 %	2.2 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %	2.0 %	
Changes in provisions	0	0	0	0	-1	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	18	15	9	11	9	4	3	3	3	3	2	0	0	
- Capex	164	11	11	18	23	28	29	30	31	31	32	32	32	
Capex in % of Sales	25.4 %	1.2 %	1.1 %	1.5 %	1.7 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	-109	65	110	153	175	192	199	205	211	217	221	223	221	231
PV of FCF	-108	60	95	123	131	133	129	124	119	114	108	101	93	1,320
share of PVs	1.86 %			46.21 %										51.93 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	15.00 %	Financial Strength	1.00
Cost of debt (after tax)	1.4 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.00
Risk free rate	1.50 %	Transparency	1.00
		Others	1.75
WACC	7.39 %	Beta	1.26

Valuation (m)

Present values 2027e	1,222		
Terminal Value	1,320		
Financial liabilities	140		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	115	No. of shares (m)	59.3
Equity Value	2,515	Value per share (EUR)	42.41

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		-0.75 %	-0.50 %	-0.25 %	0.00 %	0.25 %	0.50 %	0.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.48	8.4 %	34.91	35.36	35.84	36.35	36.89	37.46	38.07	1.48	8.4 %	33.28	34.30	35.33	36.35	37.37	38.40	39.42
1.37	7.9 %	37.47	38.01	38.58	39.18	39.83	40.52	41.25	1.37	7.9 %	35.90	37.00	38.09	39.18	40.28	41.37	42.46
1.32	7.6 %	38.87	39.46	40.08	40.74	41.45	42.21	43.02	1.32	7.6 %	37.35	38.48	39.61	40.74	41.87	43.01	44.14
1.26	7.4 %	40.36	41.00	41.68	42.41	43.19	44.03	44.93	1.26	7.4 %	38.89	40.07	41.24	42.41	43.58	44.75	45.93
1.21	7.1 %	41.95	42.65	43.40	44.20	45.06	45.98	46.98	1.21	7.1 %	40.55	41.77	42.98	44.20	45.41	46.63	47.85
1.16	6.9 %	43.64	44.41	45.24	46.12	47.07	48.10	49.21	1.16	6.9 %	42.33	43.60	44.86	46.12	47.38	48.64	49.91
1.05	6.4 %	47.40	48.33	49.34	50.43	51.60	52.87	54.26	1.05	6.4 %	46.33	47.69	49.06	50.43	51.79	53.16	54.52

▪ In 2015, upfront investment of EUR 150m related to the contract with TD

▪ Number of shares: 57m; convertible bonds: +4.54m

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2011	2012	2013	2014	2015e	2016e	2017e	
Net Income before minorities	41	23	156	50	48	57	96	
+ Depreciation + Amortisation	3	6	10	10	22	27	27	
- Net Interest Income	4	-35	117	-3	-6	-11	-11	
- Maintenance Capex	2	6	10	10	10	10	10	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	38	58	39	52	65	84	124	
Free Cash Flow Yield Potential	15.6 %	13.1 %	10.9 %	5.4 %	2.6 %	3.3 %	4.9 %	
WACC	7.39 %	7.39 %	7.39 %	7.39 %	7.39 %	7.39 %	7.39 %	
= Enterprise Value (EV)	244	441	356	961	2,485	2,528	2,524	
= Fair Enterprise Value	516	781	523	708	884	1,143	1,675	
- Net Debt (Cash)	-226	-226	-226	-226	34	78	73	
- Pension Liabilities	2	2	2	2	1	1	1	
- Other	-280	-280	-280	-280	0	0	0	
- Market value of minorities	0	0	0	0	0	0	0	
+ Market value of investments	0	0	0	0	0	0	0	
= Fair Market Capitalisation	1,021	1,285	1,028	1,213	848	1,064	1,601	
No. of shares (total) (m)	55	55	55	55	55	55	55	
= Fair value per share (EUR)	18.64	23.47	18.77	22.15	15.49	19.42	29.23	
premium (-) / discount (+) in %					-65.4 %	-56.6 %	-34.6 %	
Sensitivity Fair value per Share (EUR)								
	10.39 %	15.92	19.36	16.01	18.42	10.83	13.40	20.39
	9.39 %	16.63	20.44	16.74	19.40	12.05	14.98	22.71
	8.39 %	17.52	21.77	17.63	20.61	13.57	16.93	25.58
WACC	7.39 %	18.64	23.47	18.77	22.15	15.49	19.42	29.23
	6.39 %	20.12	25.71	20.27	24.18	18.02	22.69	34.02
	5.39 %	22.14	28.77	22.32	26.95	21.49	27.17	40.59
	4.39 %	25.09	33.22	25.31	31.00	26.53	33.69	50.15

- FCF-Value Potential excludes the growth potential until 2019e
- FCF-Value Potential reflects the cash outflows which are needed until 2016e to pave the way for the assumed growth.
- The valuation tool ignores the substantial FCF growth after 2016.
- Results are thus misleading because current growth-related OPEX is overestimated but FCF growth ignored.

Valuation							
	2011	2012	2013	2014	2015e	2016e	2017e
Price / Book	2.3 x	3.9 x	3.4 x	4.4 x	7.0 x	8.0 x	8.0 x
Book value per share ex intangibles	1.63	0.24	2.42	4.25	-0.78	-1.21	-0.92
EV / Sales	0.7 x	1.4 x	1.2 x	3.3 x	3.9 x	2.8 x	2.4 x
EV / EBITDA	4.7 x	7.1 x	5.0 x	11.3 x	25.6 x	21.1 x	14.3 x
EV / EBIT	5.1 x	7.9 x	5.8 x	12.8 x	32.9 x	27.2 x	16.8 x
EV / EBIT adj.*	5.1 x	7.9 x	5.8 x	12.8 x	32.9 x	27.2 x	16.8 x
P / FCF	24.2 x	188.4 x	19.1 x	24.1 x	n.a.	48.1 x	25.6 x
P / E	9.4 x	20.0 x	4.7 x	29.4 x	50.8 x	43.0 x	25.4 x
P / E adj.*	9.4 x	20.0 x	18.2 x	29.4 x	50.8 x	43.0 x	25.4 x
Dividend Yield	9.6 %	14.8 %	10.5 %	6.4 %	4.0 %	4.0 %	4.0 %
Free Cash Flow Yield Potential	15.6 %	13.1 %	10.9 %	5.4 %	2.6 %	3.3 %	4.9 %

*Adjustments made for: -

Company Specific Items							
	2011	2012	2013	2014	2015e	2016e	2017e
Service Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Budget Customer	n.a.	0	0	0	0	0	0
Blended ARPU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Consolidated profit & loss

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Sales	349	324	290	290	645	910	1,032
Change Sales yoy	-3.7 %	-7.3 %	-10.3 %	-0.3 %	122.7 %	41.1 %	13.4 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	2	2	2	2	3	5	5
Total Sales	351	326	293	291	648	915	1,037
Material Expenses	246	215	171	147	440	622	653
Gross profit	105	111	121	144	208	293	384
<i>Gross profit margin</i>	<i>30.1 %</i>	<i>34.3 %</i>	<i>41.8 %</i>	<i>49.9 %</i>	<i>32.2 %</i>	<i>32.2 %</i>	<i>37.2 %</i>
Personnel expenses	21	23	24	25	41	61	62
Other operating income	2	8	4	1	36	8	7
Other operating expenses	34	34	30	36	106	120	152
Unfrequent items	0	0	0	0	0	0	0
EBITDA	51	62	71	85	97	120	177
<i>Margin</i>	<i>14.7 %</i>	<i>19.1 %</i>	<i>24.4 %</i>	<i>29.4 %</i>	<i>15.0 %</i>	<i>13.2 %</i>	<i>17.2 %</i>
Depreciation of fixed assets	1	1	1	1	3	3	3
EBITA	51	61	70	84	95	117	174
Amortisation of intangible assets	3	5	9	9	19	24	24
Goodwill amortization	0	0	0	0	0	0	0
EBIT	48	55	61	75	76	93	150
<i>Margin</i>	<i>13.8 %</i>	<i>17.1 %</i>	<i>21.1 %</i>	<i>26.0 %</i>	<i>11.7 %</i>	<i>10.2 %</i>	<i>14.5 %</i>
EBIT adj.	48	55	61	75	76	93	150
Interest income	1	1	1	1	1	1	1
Interest expenses	5	12	50	4	6	11	11
Other financial income (loss)	8	-24	166	0	0	0	0
EBT	52	21	178	73	70	83	140
<i>Margin</i>	<i>15.0 %</i>	<i>6.4 %</i>	<i>61.3 %</i>	<i>25.1 %</i>	<i>10.9 %</i>	<i>9.1 %</i>	<i>13.5 %</i>
Total taxes	11	-3	22	23	22	26	43
Net income from continuing operations	41	23	156	50	48	57	96
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	41	23	156	50	48	57	96
Minority interest	0	0	0	0	0	0	0
Net income	41	23	156	50	48	57	96
<i>Margin</i>	<i>11.7 %</i>	<i>7.2 %</i>	<i>53.7 %</i>	<i>17.2 %</i>	<i>7.5 %</i>	<i>6.3 %</i>	<i>9.3 %</i>
Number of shares, average	53	53	48	55	55	55	55
EPS	0.77	0.44	3.25	0.91	0.88	1.04	1.76
EPS adj.	0.77	0.44	0.84	0.91	0.88	1.04	1.76

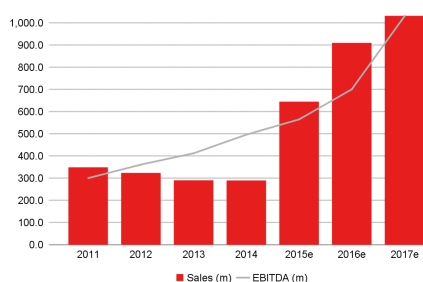
*Adjustments made for:

Guidance: EBITDA 2015e: EUR 95m - EUR 100m, dividend per share 2015e: EUR 1.70

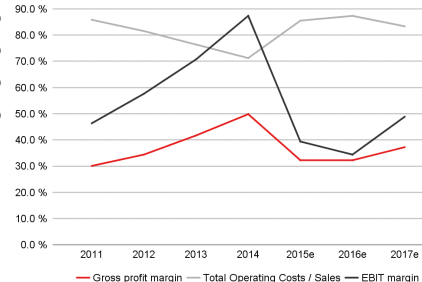
Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	85.9 %	81.6 %	76.4 %	71.2 %	85.4 %	87.4 %	83.3 %
Operating Leverage	-5.3 x	-2.1 x	-1.0 x	-81.7 x	0.0 x	0.6 x	4.6 x
EBITDA / Interest expenses	10.9 x	5.3 x	1.4 x	23.8 x	16.2 x	10.9 x	16.1 x
Tax rate (EBT)	21.5 %	-12.9 %	12.5 %	31.0 %	31.0 %	31.0 %	31.0 %
Dividend Payout Ratio	90.7 %	294.8 %	49.3 %	185.9 %	204.1 %	173.2 %	102.4 %
Sales per Employee	997,420	924,834	829,911	827,566	1,842,857	2,600,000	2,948,571

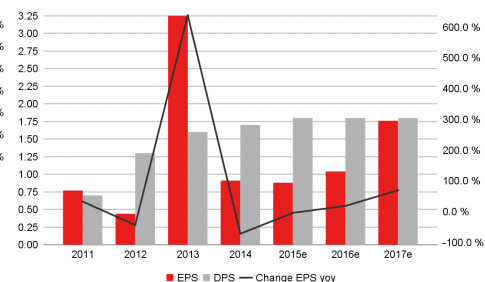
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

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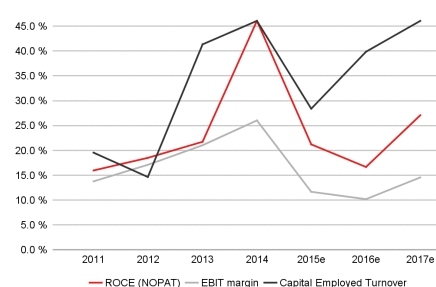
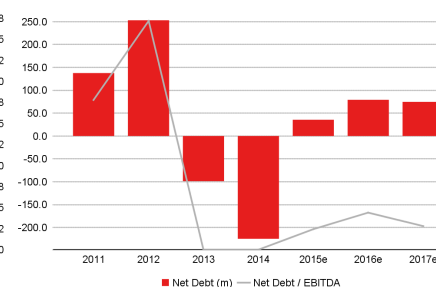
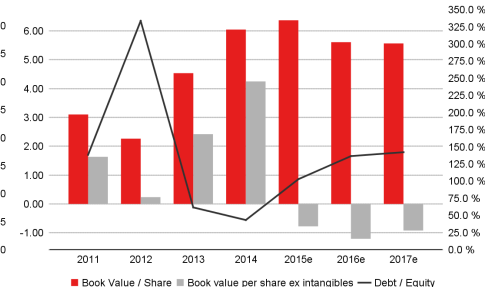
Source: Warburg Research

Consolidated balance sheet

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Assets							
Goodwill and other intangible assets	78	108	101	99	391	373	355
thereof other intangible assets	11	41	34	31	197	179	161
thereof Goodwill	67	67	67	67	194	194	194
Property, plant and equipment	1	1	1	3	9	11	13
Financial assets	236	260	0	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	316	369	103	101	400	384	368
Inventories	9	8	6	5	26	30	34
Accounts receivable	42	42	45	48	106	150	170
Liquid assets	21	77	187	317	146	132	137
Other short-term assets	7	26	11	4	30	30	30
Current assets	78	153	249	374	308	342	371
Total Assets	394	523	352	476	708	727	739
Liabilities and shareholders' equity							
Subscribed capital	57	54	53	59	60	60	60
Capital reserve	120	92	96	231	292	292	292
Retained earnings	31	31	31	31	-52	-102	-144
Other equity components	-43	-56	37	10	48	57	96
Shareholders' equity	165	120	218	331	349	307	305
Minority interest	0	0	0	0	0	0	0
Total equity	165	120	218	331	349	307	305
Provisions	7	11	11	9	12	12	12
thereof provisions for pensions and similar obligations	1	1	1	2	1	1	1
Financial liabilities (total)	158	330	87	91	180	210	210
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	25	16	16	22	80	112	127
Other liabilities	39	45	21	23	88	86	86
Liabilities	228	402	135	144	359	419	434
Total liabilities and shareholders' equity	394	523	352	476	708	727	739

Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Efficiency of Capital Employment							
Operating Assets Turnover	79.7 x	12.4 x	9.8 x	10.4 x	12.3 x	13.0 x	12.8 x
Capital Employed Turnover	1.2 x	0.9 x	2.4 x	2.7 x	1.7 x	2.4 x	2.7 x
ROA	13.0 %	6.4 %	151.5 %	49.1 %	12.1 %	14.8 %	26.1 %
Return on Capital							
ROCE (NOPAT)	15.9 %	18.5 %	21.7 %	46.1 %	21.2 %	16.7 %	27.0 %
ROE	26.9 %	16.4 %	92.2 %	18.1 %	14.2 %	17.4 %	31.5 %
Adj. ROE	26.9 %	16.4 %	23.8 %	18.1 %	14.2 %	17.4 %	31.5 %
Balance sheet quality							
Net Debt	138	253	-99	-225	36	79	75
Net Financial Debt	137	252	-100	-226	34	78	73
Net Gearing	83.3 %	210.0 %	-45.4 %	-67.9 %	10.2 %	25.8 %	24.5 %
Net Fin. Debt / EBITDA	266.5 %	407.8 %	n.a.	n.a.	35.4 %	64.9 %	41.4 %
Book Value / Share	3.1	2.3	4.5	6.0	6.4	5.6	5.6
Book value per share ex intangibles	1.6	0.2	2.4	4.2	-0.8	-1.2	-0.9

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

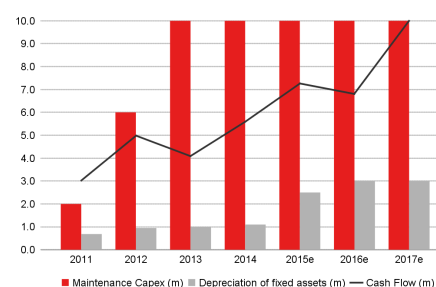
Source: Warburg Research

Consolidated cash flow statement

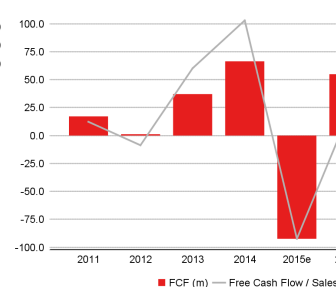
In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	41	23	156	50	48	57	96
Depreciation of fixed assets	1	1	1	1	3	3	3
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	3	5	9	9	19	24	24
Increase/decrease in long-term provisions	0	0	0	1	0	0	0
Other non-cash income and expenses	-7	31	-115	9	20	0	0
Cash Flow	37	61	51	69	90	84	123
Increase / decrease in inventory	-1	1	2	1	-20	-5	-4
Increase / decrease in accounts receivable	-13	0	-3	-2	-58	-44	-20
Increase / decrease in accounts payable	-3	-22	-2	4	61	33	15
Increase / decrease in other working capital positions	0	-16	10	0	0	-3	0
Increase / decrease in working capital (total)	-17	-37	6	3	-18	-18	-9
Net cash provided by operating activities	20	24	57	72	72	66	114
Investments in intangible assets	-3	-20	-17	-9	-160	-6	-6
Investments in property, plant and equipment	-2	-2	-2	-2	-4	-5	-5
Payments for acquisitions	0	0	0	0	-136	0	0
Financial investments	-67	-75	0	0	0	0	0
Income from asset disposals	0	106	370	1	0	0	0
Net cash provided by investing activities	-70	8	350	-5	-300	-11	-11
Change in financial liabilities	78	92	-183	0	89	30	0
Dividends paid	-27	-36	-62	-77	-93	-99	-99
Purchase of own shares	-8	-32	-8	0	0	0	0
Capital measures	0	0	0	0	61	0	0
Other	-1	0	-44	140	0	0	0
Net cash provided by financing activities	43	25	-298	63	57	-69	-99
Change in liquid funds	-7	57	110	130	-171	-14	5
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	21	77	187	317	146	132	137

Financial Ratios

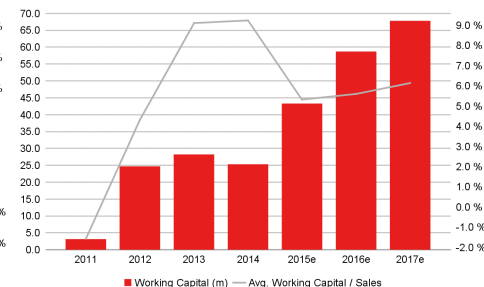
	2011	2012	2013	2014	2015e	2016e	2017e
Cash Flow							
FCF	17	1	37	66	-92	55	103
Free Cash Flow / Sales	4.6 %	0.8 %	13.2 %	21.0 %	-14.3 %	6.0 %	10.0 %
Free Cash Flow Potential	38	58	39	52	65	84	124
Free Cash Flow / Net Profit	39.0 %	10.6 %	24.7 %	122.2 %	-191.3 %	96.5 %	107.2 %
Interest Received / Avg. Cash	2.2 %	1.9 %	1.0 %	0.4 %	0.2 %	0.4 %	0.4 %
Interest Paid / Avg. Debt	4.4 %	4.8 %	24.2 %	4.0 %	4.4 %	5.6 %	5.2 %
Management of Funds							
Investment ratio	1.1 %	6.7 %	6.4 %	3.8 %	25.4 %	1.2 %	1.1 %
Maint. Capex / Sales	0.6 %	1.9 %	3.4 %	3.5 %	1.6 %	1.1 %	1.0 %
Capex / Dep	119.3 %	337.7 %	191.8 %	110.9 %	762.8 %	40.7 %	40.7 %
Avg. Working Capital / Sales	-1.6 %	4.3 %	9.1 %	9.2 %	5.3 %	5.6 %	6.1 %
Trade Debtors / Trade Creditors	166.1 %	260.7 %	286.7 %	218.1 %	133.3 %	133.3 %	133.3 %
Inventory Turnover	27.6 x	27.1 x	27.5 x	26.8 x	17.1 x	20.5 x	19.0 x
Receivables collection period (days)	44	47	57	60	60	60	60
Payables payment period (days)	37	27	34	54	66	66	71
Cash conversion cycle (Days)	-56	-28	-34	-53	-48	-50	-54

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
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“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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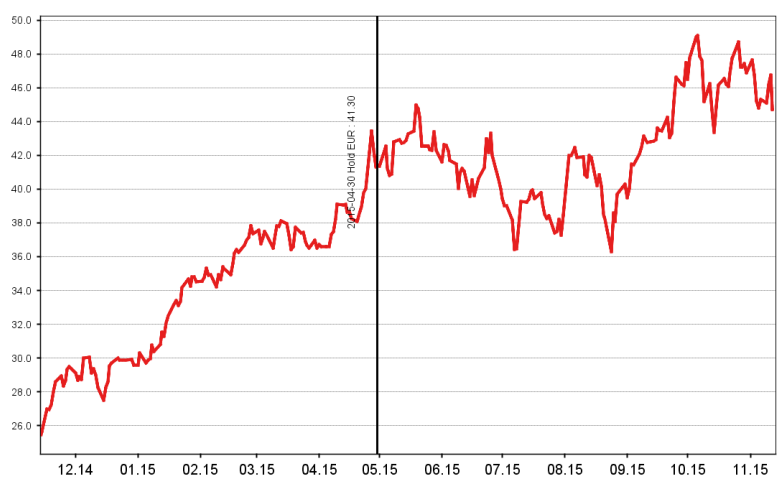
Rating	Number of stocks	% of Universe
Buy	115	63
Hold	56	31
Sell	7	4
Rating suspended	5	3
Total	183	100

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

Rating	Number of stocks	% of Universe
Buy	20	69
Hold	6	21
Sell	2	7
Rating suspended	1	3
Total	29	100

PRICE AND RATING HISTORY DRILLISCH AS OF 13.11.2015



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Harald Hof +49 40 309537-125
Medtech hhof@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Räther +49 40 309537-185
Technology, Telco, Internet mraether@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Björn Voss +49 40 309537-254
Steel, Car Suppliers bvoss@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Dontenwill +49 40 3282-2666
USA pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Marie-Therese Grübner +49 40 3282-2630
France, Switzerland mgruebner@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Fabian Roggemann +49 40 3282-2667
USA froggemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3262-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3262-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Matthias Thiel +49 40 3282-2401
Macro Research mthiel@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

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For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com