

Hold EUR 40.00 (EUR 35.00) Price EUR 41.20 Downside -2.9 %	Value Indicators: EUR DCF: 40.00 FCF-Value Potential 18e: 38.00	Share data: Bloomberg: DRI GR Reuters: DRIG ISIN: DE0005545503	Description: Virtual mobile network operator
	Market Snapshot: EUR m Market cap: 2,256 No. of shares (m): 55 EV: 2,324 Freefloat MC: 1,802 Ø Trad. Vol. (30d): 6.70 m	Shareholders: Freefloat 79.9 % M Brucherseifer+Management 1.9 % United Internet Ventures AG 20.7 % Allianz Global Investors 6.4 % Alken Luxemburg 4.8 %	Risk Profile (WRe): 2016e Beta: 1.1 Price / Book: 7.5 x Equity Ratio: 49 % Net Fin. Debt / EBITDA: 0.6 x Net Debt / EBITDA: 0.6 x

Model update: Better than anticipated mobile data unit costs

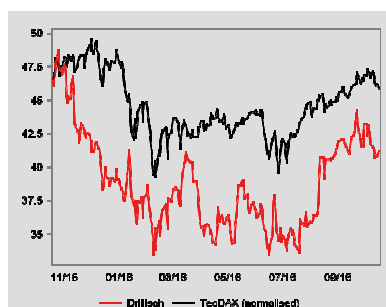
Q2/16 can be seen as a turning point in the operating performance of Drillisch following rather mixed results in the time period Q3/15 to Q1/16. These mixed results were the result of a high share of non-recurring items and rather high deviation between the gross profit in the MVNO business and group gross profit. Q2/16 showed a strong performance in terms of customer net additions and average gross profit per customer (AGPPU), the latter driven by decreasing average mobile data unit costs related to the MBA-MVNO contract with Telefonica Deutschland. Drillisch now has to show that it can continue the positive trend.

In our view, customer net addition figures should be lower in the coming quarters compared to the exceptional performance in Q2/16 (+210k). Nevertheless, customer growth should remain at high levels (WRe: Q3/16: +155k; Q4/16: +170k).

Driven by decreasing mobile data unit costs and ongoing strong budget customer growth, we are increasing the blended AGPPU for 2017e from EUR 7.70 to EUR 8.20 and for 2018e from EUR 8.10 to EUR 8.20. As a result, our EBITDA 17e expectation is revised upwards from EUR 151m to EUR 162m and in 2018e, we lift our EBITDA projection from EUR 183m to EUR 198m. Consequently, our DCF-based PT is changed from EUR 35 to EUR 40. Hold is reiterated. Our main assumptions are:

- ARPU: We estimate that the ARPU should remain at EUR 16/month until 2019e. We think it is rather difficult to increase tariffs, even if data usage increases, owing to the ongoing high level of competition.
- AGPPU: Blended AGPPU should increase from EUR 7.85 in H1/16 to EUR 8.40 in 2019e, driven by the ongoing decrease in mobile data unit costs. We are cautious about modeling higher AGPPU growth as more mobile data has to be sold for the same price. Owing to the high level of competition and the many competitors, it should prove rather difficult to implement price increases even with increasing mobile data usage.
- Compared to 2016e, the MVNO customer net additions figure in 2017e should be around 393k (WRe: 2016e: 636k) and in 2018e, roughly 400k. Market drivers such as Prepaid-Postpaid conversion and increasing smartphone penetration should normalise and hence have a negative effect on overall contract customer market growth.

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2016e (old)	+ / -	2017e (old)	+ / -	2018e (old)	+ / -	
Sales	706	-1.6 %	810	1.3 %	867	3.8 %	Decreasing average mobile data unit costs should have a positive effect on the AGPPU and therefore on EBITDA and EBIT
EBITDA	115	2.4 %	151	7.0 %	183	8.4 %	
EBIT	64	5.8 %	101	9.4 %	133	10.9 %	
EPS	0.74	5.4 %	1.22	8.2 %	1.61	12.4 %	

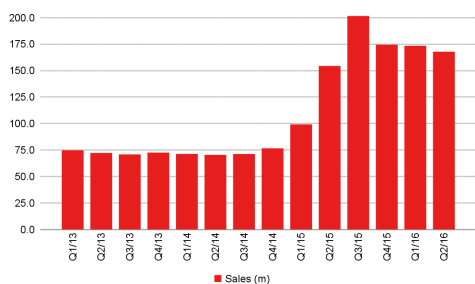


Rel. Performance vs TecDAX:	
1 month:	-2.3 %
6 months:	15.5 %
Year to date:	10.7 %
Trailing 12 months:	-10.3 %

Company events:
10.11.16 Q3

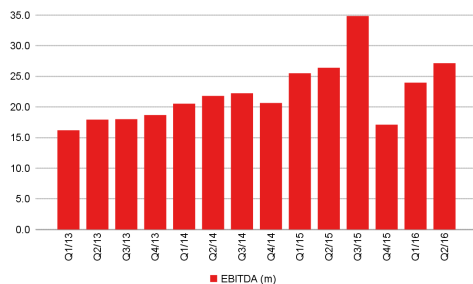
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
Sales	12.7 %	324	290	290	630	695	820	900
Change Sales yoy		-7.3 %	-10.3 %	-0.3 %	117.3 %	10.4 %	18.0 %	9.8 %
Gross profit margin		34.3 %	41.8 %	49.9 %	40.8 %	42.3 %	43.5 %	44.8 %
EBITDA	23.4 %	62	71	85	105	117	162	198
Margin		19.1 %	24.4 %	29.4 %	16.7 %	16.9 %	19.7 %	22.0 %
EBIT	28.6 %	55	61	75	69	67	111	147
Margin		17.1 %	21.1 %	26.0 %	11.0 %	9.7 %	13.5 %	16.3 %
Net income	28.9 %	23	156	50	46	43	72	99
EPS	29.2 %	0.44	3.25	0.91	0.84	0.78	1.32	1.81
EPS adj.	35.3 %	0.44	0.84	0.91	0.84	1.06	1.59	2.08
DPS	1.9 %	1.30	1.60	1.70	1.70	1.70	1.80	1.80
Dividend Yield		14.8 %	10.5 %	6.4 %	4.2 %	4.1 %	4.4 %	4.4 %
FCFPS		0.02	0.77	1.21	-1.58	1.28	1.85	2.42
FCF / Market cap		0.5 %	5.2 %	4.1 %	-4.0 %	3.1 %	4.5 %	5.9 %
EV / Sales		1.4 x	1.2 x	3.3 x	3.1 x	3.3 x	2.8 x	2.4 x
EV / EBITDA		7.1 x	5.0 x	11.3 x	18.6 x	19.8 x	14.3 x	11.0 x
EV / EBIT		7.9 x	5.8 x	12.8 x	28.3 x	34.5 x	21.0 x	14.9 x
P / E		20.0 x	4.7 x	29.4 x	47.7 x	52.8 x	31.2 x	22.8 x
P / E adj.		20.0 x	18.2 x	29.4 x	47.7 x	38.9 x	25.9 x	19.8 x
FCF Yield Potential		13.1 %	10.9 %	5.4 %	3.8 %	3.6 %	4.9 %	6.3 %
Net Debt		253	-99	-225	45	68	60	-71
ROCE (NOPAT)		18.5 %	21.7 %	46.1 %	19.1 %	11.9 %	21.1 %	30.5 %
Guidance:	EBITDA 2016e: EUR 115m - EUR 120m, dividend per share 2015e: EUR 1.7							

Sales development
in EUR m



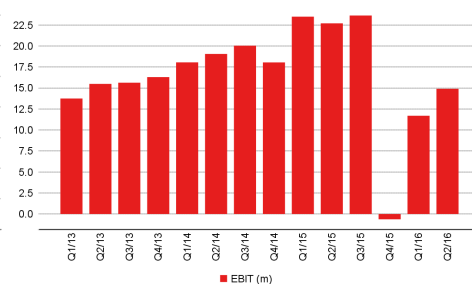
Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

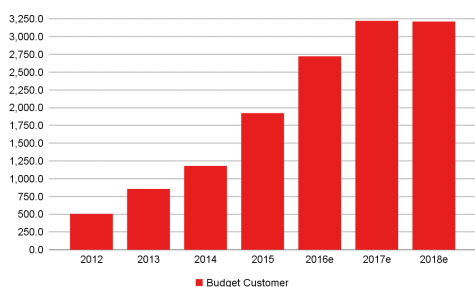
Company Background

- 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

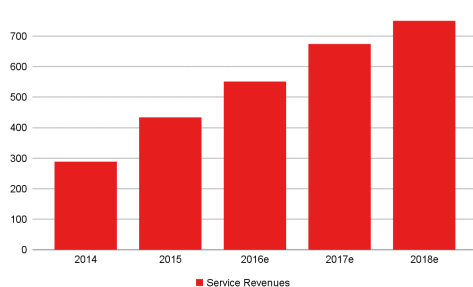
- Management track-record: Since 2003, management has adjusted the strategy several times and successfully adapted to market changes. Drillisch was transformed from a prepaid distributor to a leading MBA-MVNO in Germany
- Network and technology access: Based on its contracts, DRI can operate similar 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



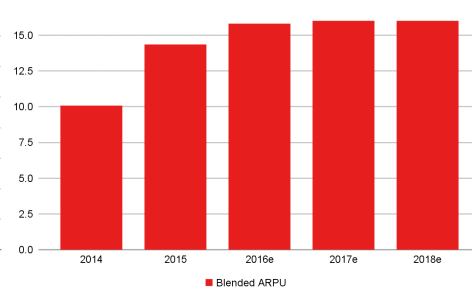
Source: Warburg Research

Service Revenues
in EUR m



Source: Warburg Research

Blended ARPU
in EUR



Source: Warburg Research

Drillisch: Customers and Gross Profit	2015	2016e	2017e	2018e	2019e
Budget customers in k	1,932	2,723	3,223	3,713	4,113
<i>change in% yoy</i>		41%	18%	15%	11%
net additions		791	500	490	400
Volume customers k	655	524	444	374	294
<i>change in %</i>		-20%	-15%	-16%	-21%
net additions		-131	-80	-70	-80
MVNO customers in k	2,587	3,247	3,667	4,087	4,407
<i>change in%</i>		26%	13%	11%	8%
net additions		660	420	420	320
Other in k	91	67	40	20	0
Total customers in k	2,678	3,314	3,707	4,107	4,407
net additions		636	393	400	300
AGPPU budget customers in EUR	9.08	n.m	9.10	8.9	8.90
<i>change in %</i>		n.a.	n.a.	-2%	0%
AGPPU volume customers in EUR	3.13	n.m.	2.9	2.9	2.9
<i>change in %</i>		n.a.	n.a.	0%	0%
AGPPU blended in EUR	7.34	7.8	8.2	8.3	8.4
<i>change in %</i>		7%	5.3%	0%	2%
Gross Profit MVNO in EUR m	212	274	341	385	430
Gross Profit Other in EUR m	43	20	16	19	20
Gross Profit total in EUR m	254	294	357	404	450
<i>change yoy</i>		15%	22%	13%	11%

Drillisch (figures in EUR m)	2015	2016e	2017e	2018e	2019e
Total Customers in k	2,678	3,314	3,707	4,107	4,407
ARPU in EUR	14.3	15.8	16.0	16.0	16.0
Service Revenues in EUR m	434	551	674	750	817
<i>change</i>		27%	22%	11%	9%
Other Revenues in EUR m	196	144	146	150	160
Group Revenues in EUR m	630	695	820	900	977
<i>change%</i>		10%	18%	10%	9%
Own work capitalised	2	2	0	0	0
Total Output	632	697	820	900	977
<i>change</i>		10%	18%	10%	9%
Material expenses	375	403	463	497	528
in% of Total Output	59%	58%	56%	55%	54%
<i>change</i>		8%	15%	7%	6%
Gross Profit	257	294	357	404	450
in% of Total Output	41%	42%	44%	45%	46%
<i>change</i>		14%	22%	13%	11%
Personnel expenses	47	58	60	63	66
Other Operating Income	20	9	9.5	9	10.5
Other Operating Expenses	125	127	145	151	150
Marketing Expenses	64	54	60	64	60
Other Operating Expenses	60	73	85	87	90
EBITDA	105	117	162	199	244
<i>change</i>		11%	38%	23%	23%
margin	16.7%	16.9%	19.8%	22.1%	25.0%
D&A	36	50	51	51	33
EBIT	69	67	111	148	211
<i>change</i>		-3%	65%	33%	43%

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	695	820	900	981	1,020	1,051	1,061	1,061	1,061	1,061	1,061	1,061	1,061	
Sales change	10.4 %	18.0 %	9.8 %	9.0 %	4.0 %	3.0 %	1.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	67	111	148	212	235	242	244	244	239	239	233	233	233	
EBIT-margin	9.7 %	13.5 %	16.4 %	21.6 %	23.0 %	23.0 %	23.0 %	23.0 %	22.5 %	22.5 %	22.0 %	22.0 %	22.0 %	
Tax rate (EBT)	32.0 %	32.0 %	32.0 %	32.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	46	75	101	144	162	167	168	168	165	165	161	161	161	
Depreciation	50	51	51	33	41	37	32	30	27	25	25	24	24	
in % of Sales	7.2 %	6.2 %	5.7 %	3.4 %	4.0 %	3.5 %	3.0 %	2.8 %	2.5 %	2.4 %	2.4 %	2.3 %	2.3 %	
Changes in provisions	0	0	0	-1	-1	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	6	6	0	4	2	1	-1	0	0	0	0	0	0	
- Capex	14	16	19	23	24	26	28	28	27	24	25	24	24	
Capex in % of Sales	2.0 %	2.0 %	2.1 %	2.3 %	2.4 %	2.5 %	2.6 %	2.6 %	2.5 %	2.3 %	2.4 %	2.3 %	2.3 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	76	104	133	150	175	177	173	171	165	166	161	161	161	161
PV of FCF	76	98	117	123	135	128	117	108	98	92	84	79	74	1,094
share of PVs	11.99 %			42.83 %										45.17 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	10.00 %	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	1.30
WACC	6.74 %	Beta	1.06

Valuation (m)

Present values 2028e	1,327		
Terminal Value	1,094		
Financial liabilities	90		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	59.3
Equity Value	2,389	Value per share (EUR)	40.29

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
1.26	7.7 %	33.79	34.19	34.61	35.06	35.54	36.05	36.60	1.26	7.7 %	32.64	33.44	34.25	35.06	35.87	36.68	37.49
1.16	7.2 %	35.97	36.45	36.95	37.50	38.08	38.70	39.37	1.16	7.2 %	34.90	35.77	36.63	37.50	38.36	39.22	40.09
1.11	7.0 %	37.17	37.69	38.24	38.84	39.48	40.17	40.92	1.11	7.0 %	36.16	37.05	37.95	38.84	39.74	40.63	41.52
1.06	6.7 %	38.44	39.01	39.63	40.29	41.00	41.77	42.60	1.06	6.7 %	37.51	38.44	39.36	40.29	41.22	42.14	43.07
1.01	6.5 %	39.81	40.44	41.12	41.85	42.64	43.49	44.42	1.01	6.5 %	38.96	39.92	40.88	41.85	42.81	43.77	44.73
0.96	6.2 %	41.27	41.97	42.72	43.53	44.41	45.37	46.41	0.96	6.2 %	40.53	41.53	42.53	43.53	44.53	45.53	46.53
0.86	5.7 %	44.53	45.39	46.32	47.33	48.44	49.65	50.98	0.86	5.7 %	44.08	45.16	46.25	47.33	48.42	49.51	50.59

▪ ...

▪ 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	2012	2013	2014	2015	2016e	2017e	2018e	
Net Income before minorities	23	156	50	46	43	72	100	
+ Depreciation + Amortisation	6	10	10	36	50	51	51	
- Net Interest Income	-35	117	-3	-3	-4	-4	-1	
- Maintenance Capex	6	10	10	12	14	15	15	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	58	39	52	74	83	112	137	
Free Cash Flow Yield Potential	13.1 %	10.9 %	5.4 %	3.8 %	3.6 %	4.9 %	6.3 %	
WACC	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	
= Enterprise Value (EV)	441	356	961	1,961	2,324	2,316	2,185	
= Fair Enterprise Value	856	574	777	1,094	1,234	1,670	2,033	
- Net Debt (Cash)	44	44	44	44	67	58	-73	
- Pension Liabilities	1	1	1	1	2	2	2	
- 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	1,091	809	1,011	1,329	1,165	1,610	2,104	
No. of shares (total) (m)	55	55	55	55	55	55	55	
= Fair value per share (EUR)	19.92	14.77	18.47	24.26	21.28	29.40	38.42	
premium (-) / discount (+) in %					-48.3 %	-28.7 %	-6.7 %	
Sensitivity Fair value per Share (EUR)								
	9.74 %	15.11	11.54	14.10	18.11	14.34	20.00	26.99
	8.74 %	16.34	12.37	15.22	19.69	16.12	22.42	29.93
	7.74 %	17.90	13.41	16.64	21.68	18.37	25.46	33.63
WACC	6.74 %	19.92	14.77	18.47	24.26	21.28	29.40	38.42
	5.74 %	22.65	16.59	20.94	27.75	25.21	34.71	44.90
	4.74 %	26.52	19.19	24.46	32.70	30.79	42.27	54.10
	3.74 %	32.47	23.18	29.86	40.30	39.36	53.87	68.23

▪ FCF-Value Potential excludes the growth potential until 2019e

Valuation	2012	2013	2014	2015	2016e	2017e	2018e
Price / Book	3.9 x	3.4 x	4.4 x	6.2 x	7.5 x	8.0 x	5.9 x
Book value per share ex intangibles	0.24	2.42	4.25	-0.46	-0.72	-0.45	2.03
EV / Sales	1.4 x	1.2 x	3.3 x	3.1 x	3.3 x	2.8 x	2.4 x
EV / EBITDA	7.1 x	5.0 x	11.3 x	18.6 x	19.8 x	14.3 x	11.0 x
EV / EBIT	7.9 x	5.8 x	12.8 x	28.3 x	34.5 x	21.0 x	14.9 x
EV / EBIT adj.*	7.9 x	5.8 x	12.8 x	28.3 x	34.5 x	21.0 x	14.9 x
P / FCF	188.4 x	19.1 x	24.1 x	n.a.	34.7 x	24.0 x	18.4 x
P / E	20.0 x	4.7 x	29.4 x	47.7 x	52.8 x	31.2 x	22.8 x
P / E adj.*	20.0 x	18.2 x	29.4 x	47.7 x	38.9 x	25.9 x	19.8 x
Dividend Yield	14.8 %	10.5 %	6.4 %	4.2 %	4.1 %	4.4 %	4.4 %
Free Cash Flow Yield Potential	13.1 %	10.9 %	5.4 %	3.8 %	3.6 %	4.9 %	6.3 %
*Adjustments made for: -							

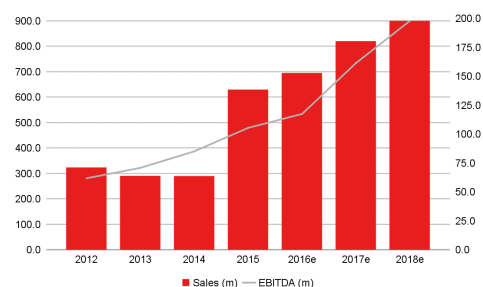
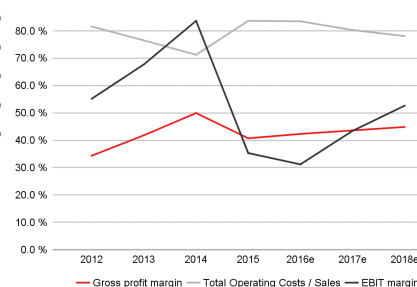
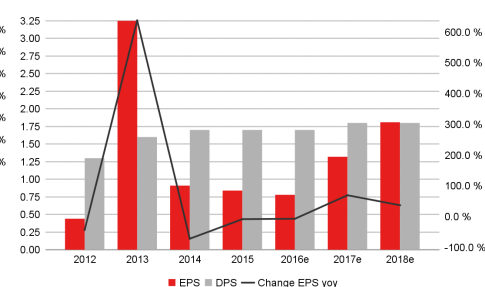
Consolidated profit & loss

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Sales	324	290	290	630	695	820	900
Change Sales yoy	-7.3 %	-10.3 %	-0.3 %	117.3 %	10.4 %	18.0 %	9.8 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	2	2	2	2	2	0	0
Total Sales	326	293	291	632	697	820	900
Material expenses	215	171	147	375	403	463	497
Gross profit	111	121	144	257	294	357	403
Gross profit margin	34.3 %	41.8 %	49.9 %	40.8 %	42.3 %	43.5 %	44.8 %
Personnel expenses	23	24	25	47	58	60	63
Other operating income	8	4	1	20	9	10	9
Other operating expenses	34	30	36	125	127	145	151
Unfrequent items	0	0	0	0	0	0	0
EBITDA	62	71	85	105	117	162	198
Margin	19.1 %	24.4 %	29.4 %	16.7 %	16.9 %	19.7 %	22.0 %
Depreciation of fixed assets	1	1	1	5	5	5	5
EBITA	61	70	84	101	112	157	193
Amortisation of intangible assets	5	9	9	32	45	46	46
Goodwill amortisation	0	0	0	0	0	0	0
EBIT	55	61	75	69	67	111	147
Margin	17.1 %	21.1 %	26.0 %	11.0 %	9.7 %	13.5 %	16.3 %
EBIT adj.	55	61	75	69	67	111	147
Interest income	1	1	1	1	0	0	0
Interest expenses	12	50	4	4	4	4	1
Other financial income (loss)	-24	166	0	0	0	0	0
EBT	21	178	73	66	63	106	146
Margin	6.4 %	61.3 %	25.1 %	10.5 %	9.1 %	13.0 %	16.2 %
Total taxes	-3	22	23	20	20	34	47
Net income from continuing operations	23	156	50	46	43	72	99
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	23	156	50	46	43	72	99
Minority interest	0	0	0	0	0	0	0
Net income	23	156	50	46	43	72	99
Margin	7.2 %	53.7 %	17.2 %	7.3 %	6.2 %	8.8 %	11.0 %
Number of shares, average	53	48	55	55	55	55	55
EPS	0.44	3.25	0.91	0.84	0.78	1.32	1.81
EPS adj.	0.44	0.84	0.91	0.84	1.06	1.59	2.08

*Adjustments made for:

Guidance: EBITDA 2016e: EUR 115m - EUR 120m, dividend per share 2015e: EUR 1.7
Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	81.6 %	76.4 %	71.2 %	83.6 %	83.5 %	80.3 %	78.0 %
Operating Leverage	-2.1 x	-1.0 x	-81.7 x	-0.1 x	-0.3 x	3.6 x	3.4 x
EBITDA / Interest expenses	5.3 x	1.4 x	23.8 x	26.1 x	27.9 x	38.5 x	198.0 x
Tax rate (EBT)	-12.9 %	12.5 %	31.0 %	30.4 %	32.0 %	32.0 %	32.2 %
Dividend Payout Ratio	294.8 %	49.3 %	185.9 %	203.2 %	217.0 %	136.4 %	99.6 %
Sales per Employee	924,834	829,911	827,566	1,798,703	1,985,714	2,342,857	2,571,429

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

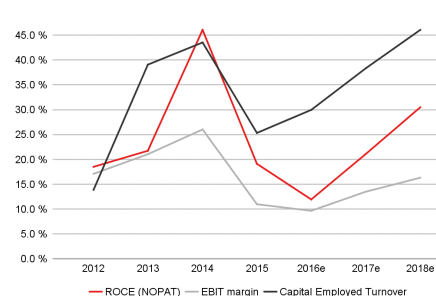
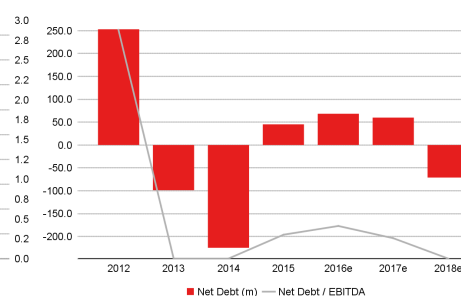
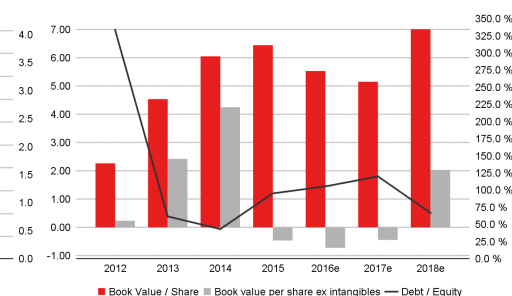
Source: Warburg Research

Consolidated balance sheet

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Assets							
Goodwill and other intangible assets	108	101	99	378	342	306	272
thereof other intangible assets	41	34	31	271	235	199	165
thereof Goodwill	67	67	67	107	107	107	107
Property, plant and equipment	1	1	3	11	11	12	14
Financial assets	260	0	0	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	369	103	101	390	354	319	287
Inventories	8	6	5	32	35	37	41
Accounts receivable	42	45	48	89	97	117	126
Liquid assets	77	187	317	123	75	83	113
Other short-term assets	26	11	4	55	62	64	72
Current assets	153	249	374	299	269	301	352
Total Assets	523	352	476	689	623	620	639
Liabilities and shareholders' equity							
Subscribed capital	54	53	59	60	60	60	65
Capital reserve	92	96	231	296	296	296	391
Retained earnings	31	31	31	31	-96	-146	-172
Other equity components	-56	37	10	-34	43	72	100
Shareholders' equity	120	218	331	353	303	282	384
Minority interest	0	0	0	0	0	0	0
Total equity	120	218	331	353	303	282	384
Provisions	11	11	9	19	21	22	26
thereof provisions for pensions and similar obligations	1	1	2	1	2	2	2
Financial liabilities (total)	330	87	91	167	141	141	40
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	16	16	22	81	86	101	111
Other liabilities	45	21	23	69	72	74	78
Liabilities	402	135	144	336	320	338	255
Total liabilities and shareholders' equity	523	352	476	689	623	620	639

Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Efficiency of Capital Employment							
Operating Assets Turnover	12.4 x	9.8 x	10.4 x	13.7 x	13.3 x	13.9 x	14.8 x
Capital Employed Turnover	0.9 x	2.4 x	2.7 x	1.6 x	1.9 x	2.4 x	2.9 x
ROA	6.4 %	151.5 %	49.1 %	11.9 %	12.1 %	22.7 %	34.5 %
Return on Capital							
ROCE (NOPAT)	18.5 %	21.7 %	46.1 %	19.1 %	11.9 %	21.1 %	30.5 %
ROE	16.4 %	92.2 %	18.1 %	13.5 %	13.1 %	24.7 %	29.7 %
Adj. ROE	16.4 %	23.8 %	18.1 %	13.5 %	17.7 %	29.9 %	34.2 %
Balance sheet quality							
Net Debt	253	-99	-225	45	68	60	-71
Net Financial Debt	252	-100	-226	44	67	58	-73
Net Gearing	210.0 %	-45.4 %	-67.9 %	12.8 %	22.6 %	21.3 %	-18.6 %
Net Fin. Debt / EBITDA	407.8 %	n.a.	n.a.	41.6 %	56.9 %	36.1 %	n.a.
Book Value / Share	2.3	4.5	6.0	6.4	5.5	5.1	7.0
Book value per share ex intangibles	0.2	2.4	4.2	-0.5	-0.7	-0.4	2.0

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

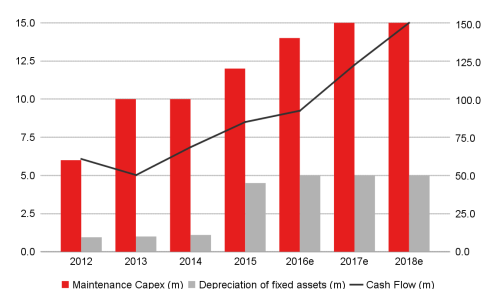
Source: Warburg Research

Consolidated cash flow statement

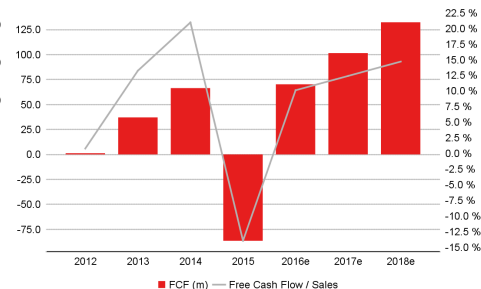
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	23	156	50	46	43	72	100
Depreciation of fixed assets	1	1	1	5	5	5	5
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	5	9	9	32	45	46	46
Increase/decrease in long-term provisions	0	0	1	0	0	0	0
Other non-cash income and expenses	31	-115	9	4	0	0	0
Cash Flow	61	51	69	86	93	123	151
Increase / decrease in inventory	1	2	1	-27	-2	-3	-4
Increase / decrease in accounts receivable	0	-3	-2	-41	-9	-20	-9
Increase / decrease in accounts payable	-22	-2	4	58	5	16	13
Increase / decrease in other working capital positions	-16	10	0	0	-3	0	0
Increase / decrease in working capital (total)	-37	6	3	-9	-9	-6	0
Net cash provided by operating activities	24	57	72	76	84	117	151
Investments in intangible assets	-20	-17	-9	-160	-9	-10	-12
Investments in property, plant and equipment	-2	-2	-2	-4	-5	-6	-7
Payments for acquisitions	0	0	0	-7	0	0	0
Financial investments	-75	0	0	1	0	0	0
Income from asset disposals	106	370	1	0	0	0	0
Net cash provided by investing activities	8	350	-5	-169	-14	-16	-19
Change in financial liabilities	92	-183	0	0	-26	0	-101
Dividends paid	-36	-62	-77	-90	-93	-93	-99
Purchase of own shares	-32	-8	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	0	-44	140	-10	0	0	98
Net cash provided by financing activities	25	-298	63	-101	-119	-93	-103
Change in liquid funds	57	110	130	-194	-49	8	30
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	77	187	317	123	75	83	113

Financial Ratios

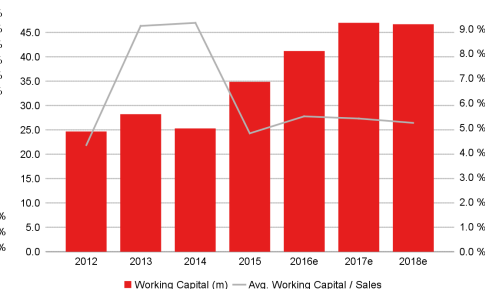
	2012	2013	2014	2015	2016e	2017e	2018e
Cash Flow							
FCF	1	37	66	-87	70	101	132
Free Cash Flow / Sales	0.8 %	13.2 %	21.0 %	-13.9 %	10.1 %	12.4 %	14.7 %
Free Cash Flow Potential	58	39	52	74	83	112	137
Free Cash Flow / Net Profit	10.6 %	24.7 %	122.2 %	-189.9 %	163.7 %	140.4 %	133.8 %
Interest Received / Avg. Cash	1.9 %	1.0 %	0.4 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.8 %	24.2 %	4.0 %	3.1 %	2.7 %	3.0 %	1.1 %
Management of Funds							
Investment ratio	6.7 %	6.4 %	3.8 %	26.1 %	2.0 %	2.0 %	2.1 %
Maint. Capex / Sales	1.9 %	3.4 %	3.5 %	1.9 %	2.0 %	1.8 %	1.7 %
Capex / Dep	337.7 %	191.8 %	110.9 %	454.7 %	28.0 %	31.4 %	37.3 %
Avg. Working Capital / Sales	4.3 %	9.1 %	9.2 %	4.8 %	5.5 %	5.4 %	5.2 %
Trade Debtors / Trade Creditors	260.7 %	286.7 %	218.1 %	109.4 %	113.3 %	115.5 %	113.3 %
Inventory Turnover	27.1 x	27.5 x	26.8 x	11.6 x	11.6 x	12.4 x	12.2 x
Receivables collection period (days)	47	57	60	51	51	52	51
Payables payment period (days)	27	34	54	79	78	80	82
Cash conversion cycle (Days)	-28	-34	-53	-48	-46	-51	-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.
-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.

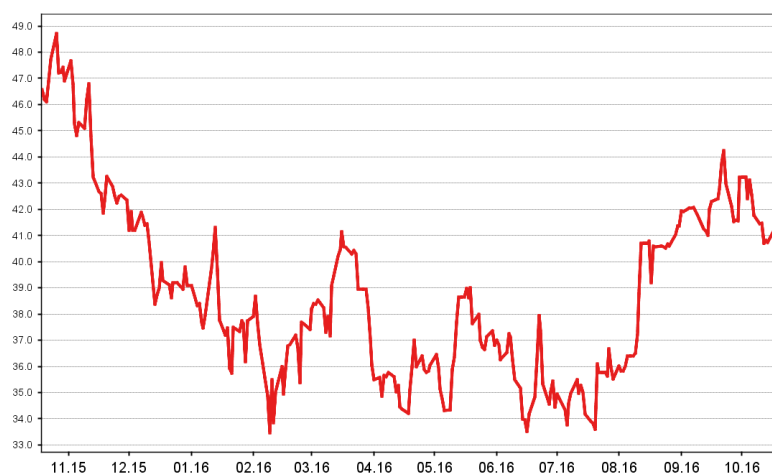
WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	119	63
Hold	65	34
Sell	6	3
Rating suspended	0	0
Total	190	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	25	69
Hold	11	31
Sell	0	0
Rating suspended	0	0
Total	36	100

PRICE AND RATING HISTORY DRILLISCH AS OF 18.10.2016


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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