

Buy EUR 72.00 Price EUR 57.25 Upside 25.8 %	Value Indicators: EUR FCF-Value Potential: 0.00 SotP: 0.00	Share data: Bloomberg: DRI GR Reuters: DRIG ISIN: DE0005545503	Description: Virtual mobile network operator
	Market Snapshot: EUR m Market cap: 3,135 No. of shares (m): 55 EV: 3,203 Freefloat MC: 2,505 Ø Trad. Vol. (30d): 13.43 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): 2017e Beta: 1.0 Price / Book: 12.2 x Equity Ratio: 45 % Net Fin. Debt / EBITDA: 0.4 x Net Debt / EBITDA: 0.4 x

First Glance: Sales+EBTIDA are in-line with expectations, new outlook for 2017

Please see our comment on United Internet, too.

9m/17 results came at Sales (reported: EUR 1.96bn; WRe: EUR 1.94bn) and EBITDA (reported EUR 352m, WRe: EUR 359m) level in-line with our expectations.

Figures are highly influenced by the take-over of 1&1 Telekommunikations SE. 9M/17 figures include 9months 1&1 results and 1 month Drillisch results.

Mobile subscriber base stood at 8.06m at the end of Q3/17. Based on the KPI table of United Internet, Drillisch contributed 3.35m mobile subscribers. This number implies a combined mobile net addition figure for mobile subscribers of roughly 240k (excluding churn at Drillisch's volume customer base) which is better than our assumption of 190k (important: based on our calculation).

New guidance for 2017: First of all, Drillisch confirmed its stand-alone EBITDA guidance of EUR 160m-EUR 170m for 2017. For the combined entity, Drillisch expects an EBITDA of EUR 630m- EUR 640m. The guidance includes 12 months 1&1 results and 4 months Drillisch results.

Conclusion: Customer figures were slightly ahead of our expectations, Group results for the new entity came in as expected and the guidance confirms the provided expectations on the merger valuation report. We are confirming our BUY-rating

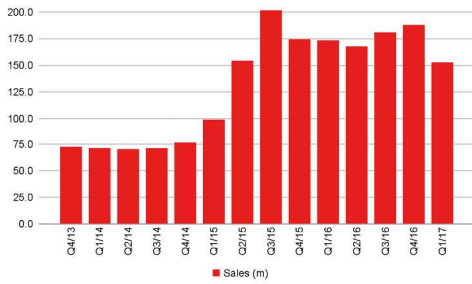


Rel. Performance vs TecDAX:	
1 month:	-3.8 %
6 months:	-4.9 %
Year to date:	5.5 %
Trailing 12 months:	8.2 %

Company events:

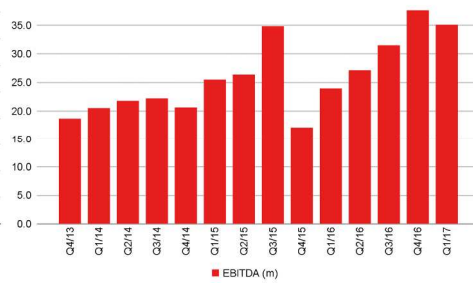
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	4.0 %	290	290	630	710	657	749	798
Change Sales yoy		-10.3 %	-0.3 %	117.3 %	12.8 %	-7.5 %	14.0 %	6.5 %
Gross profit margin		41.8 %	49.9 %	40.8 %	39.6 %	51.6 %	52.9 %	54.1 %
EBITDA	23.4 %	71	85	105	120	165	207	226
Margin		24.4 %	29.4 %	16.7 %	16.9 %	25.1 %	27.6 %	28.3 %
EBIT	44.2 %	61	75	69	59	103	145	176
Margin		21.1 %	26.0 %	11.0 %	8.3 %	15.7 %	19.4 %	22.1 %
Net income	65.1 %	156	50	46	26	66	98	119
EPS	61.2 %	3.25	0.91	0.84	0.48	1.20	1.66	2.01
EPS adj.	61.2 %	0.84	0.91	0.84	0.48	1.20	1.66	2.01
DPS	7.3 %	1.60	1.70	1.70	1.70	1.80	1.90	2.10
Dividend Yield		10.5 %	6.4 %	4.2 %	4.5 %	3.1 %	3.3 %	3.7 %
FCFPS		0.77	1.21	-1.58	1.36	2.05	2.26	2.46
FCF / Market cap		5.2 %	4.1 %	-4.0 %	3.2 %	3.6 %	4.3 %	4.6 %
EV / Sales		1.2 x	3.3 x	3.1 x	2.7 x	4.9 x	4.1 x	3.8 x
EV / EBITDA		5.0 x	11.3 x	18.6 x	15.7 x	19.4 x	14.9 x	13.5 x
EV / EBIT		5.8 x	12.8 x	28.3 x	32.2 x	31.1 x	21.2 x	17.3 x
P / E		4.7 x	29.4 x	47.7 x	79.3 x	47.7 x	34.5 x	28.5 x
P / E adj.		18.2 x	29.4 x	47.7 x	79.3 x	47.7 x	34.5 x	28.5 x
FCF Potential Yield		10.9 %	5.4 %	3.8 %	4.1 %	3.6 %	4.6 %	5.0 %
Net Debt		-99	-225	45	86	68	-57	-90
ROCE (NOPAT)		21.7 %	46.1 %	19.1 %	7.3 %	19.8 %	32.1 %	43.0 %
Guidance:		EBITDA 2017e: EUR 160m - EUR 170m						

Sales development in EUR m



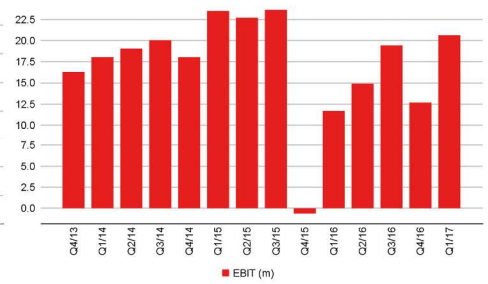
Source: Warburg Research

EBITDA development in EUR m



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

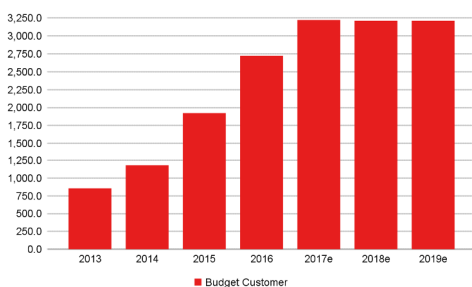
Company Background

- 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

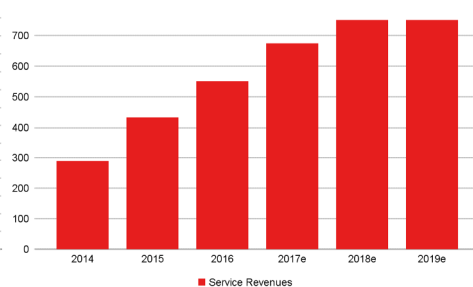
- Management track-record: Since 2003, management has adjusted the strategy several times and successfully adapted to market changes. Drillisch was transformed from a prepaid distributor to a leading MBA-MVNO in Germany
- Network and technology access: Based on its contracts, DRI can operate similar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



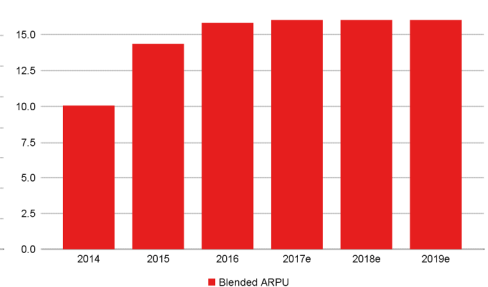
Source: Warburg Research

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	
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e		
Sales	657	749	798	849	883	910	919	919	919	919	919	919	919	919	
Sales change	-7.5 %	14.0 %	6.5 %	6.4 %	4.0 %	3.0 %	1.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	103	145	176	191	208	214	216	216	216	216	216	216	216	216	
EBIT-margin	15.7 %	19.4 %	22.1 %	22.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	
Tax rate (EBT)	33.4 %	32.0 %	32.0 %	32.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	69	99	120	130	143	147	149	149	149	149	149	149	149	149	
Depreciation	62	62	50	51	44	45	37	37	37	37	37	37	37	37	
in % of Sales	9.4 %	8.3 %	6.3 %	6.0 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0	0	0	-1	-1	0	0	0	0	0	0	0	0	0	
Change in Liquidity from															
- Working Capital	3	8	5	5	3	2	1	0	0	0	0	0	0	0	
- Capex	16	19	19	15	15	15	16	16	15	14	14	14	14	14	
Capex in % of Sales	2.4 %	2.5 %	2.4 %	1.8 %	1.7 %	1.7 %	1.7 %	1.7 %	1.6 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	112	134	146	159	169	175	169	170	171	172	172	172	172	172	
PV of FCF	108	122	125	129	128	125	114	107	102	96	90	85	80	1,262	
share of PVs	13.32 %			39.47 %										47.21 %	

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	12.00 %	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	1.00
WACC	6.33 %	Beta	1.00

Valuation (m)

Present values 2029e	1,411		
Terminal Value	1,262		
Financial liabilities	140		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	100	No. of shares (m)	59.3
Equity Value	2,631	Value per share (EUR)	44.35

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
1.21	7.3 %	36.61	37.09	37.59	38.13	38.71	39.33	39.99	1.21	7.3 %	35.98	36.69	37.41	38.13	38.85	39.57	40.28
1.10	6.8 %	39.17	39.74	40.36	41.01	41.72	42.48	43.31	1.10	6.8 %	38.70	39.47	40.24	41.01	41.78	42.56	43.33
1.05	6.6 %	40.59	41.22	41.89	42.62	43.41	44.25	45.18	1.05	6.6 %	40.22	41.02	41.82	42.62	43.42	44.22	45.02
1.00	6.3 %	42.10	42.80	43.55	44.35	45.23	46.18	47.21	1.00	6.3 %	41.86	42.69	43.52	44.35	45.19	46.02	46.85
0.95	6.1 %	43.73	44.50	45.33	46.23	47.21	48.28	49.44	0.95	6.1 %	43.63	44.50	45.36	46.23	47.10	47.97	48.83
0.90	5.8 %	45.48	46.33	47.26	48.27	49.37	50.57	51.89	0.90	5.8 %	45.56	46.46	47.37	48.27	49.18	50.08	50.98
0.79	5.3 %	49.41	50.48	51.65	52.92	54.32	55.87	57.58	0.79	5.3 %	49.95	50.94	51.93	52.92	53.91	54.90	55.90

▪ ...

▪ 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	2013	2014	2015	2016	2017e	2018e	2019e	
Net Income before minorities	156	50	46	26	66	98	119	
+ Depreciation + Amortisation	10	10	36	61	62	62	50	
- Net Interest Income	117	-3	-3	-3	-4	-1	-1	
- Maintenance Capex	10	10	12	14	18	18	18	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	39	52	74	77	114	143	152	
FCF Potential Yield (on market EV)	10.9 %	5.4 %	3.8 %	4.1 %	3.6 %	4.6 %	5.0 %	
WACC	6.33 %	6.33 %	6.33 %	6.33 %	6.33 %	6.33 %	6.33 %	
= Enterprise Value (EV)	356	961	1,961	1,891	3,203	3,078	3,045	
= Fair Enterprise Value	611	827	1,165	1,218	1,802	2,259	2,402	
- Net Debt (Cash)	85	85	85	85	66	-59	-92	
- Pension Liabilities	2	2	2	2	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	805	1,020	1,358	1,412	1,734	2,315	2,492	
Aktienanzahl (Mio.)	48	55	55	55	55	59	59	
= Fair value per share (EUR)	16.76	18.64	24.80	25.78	31.66	39.17	42.16	
premium (-) / discount (+) in %					-44.7 %	-31.6 %	-26.4 %	
Sensitivity Fair value per Share (EUR)								
	9.33 %	11.10	13.78	17.96	18.63	21.08	26.93	29.14
	8.33 %	12.01	15.01	19.70	20.44	23.76	30.05	32.45
	7.33 %	13.17	16.57	21.90	22.74	27.17	34.01	36.67
WACC	6.33 %	14.69	18.64	24.80	25.78	31.66	39.24	42.23
	5.33 %	16.79	21.47	28.79	29.96	37.84	46.42	49.87
	4.33 %	19.85	25.61	34.63	36.06	46.87	56.93	61.04
	3.33 %	24.75	32.25	43.97	45.83	61.32	73.75	78.93

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

Valuation							
	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	3.4 x	4.4 x	6.2 x	7.4 x	12.2 x	9.0 x	8.8 x
Book value per share ex intangibles	2.42	4.25	-0.46	-1.29	-0.91	1.59	2.31
EV / Sales	1.2 x	3.3 x	3.1 x	2.7 x	4.9 x	4.1 x	3.8 x
EV / EBITDA	5.0 x	11.3 x	18.6 x	15.7 x	19.4 x	14.9 x	13.5 x
EV / EBIT	5.8 x	12.8 x	28.3 x	32.2 x	31.1 x	21.2 x	17.3 x
EV / EBIT adj.*	5.8 x	12.8 x	28.3 x	32.2 x	31.1 x	21.2 x	17.3 x
P / FCF	19.1 x	24.1 x	n.a.	31.3 x	30.1 x	25.4 x	23.3 x
P / E	4.7 x	29.4 x	47.7 x	79.3 x	47.7 x	34.5 x	28.5 x
P / E adj.*	18.2 x	29.4 x	47.7 x	79.3 x	47.7 x	34.5 x	28.5 x
Dividend Yield	10.5 %	6.4 %	4.2 %	4.5 %	3.1 %	3.3 %	3.7 %
FCF Potential Yield (on market EV)	10.9 %	5.4 %	3.8 %	4.1 %	3.6 %	4.6 %	5.0 %

*Adjustments made for: -

Company Specific Items							
	2013	2014	2015	2016	2017e	2018e	2019e
Service Revenues	n.a.	0	0	0	0	0	0
Budget Customer	0	0	0	0	0	0	0
Blended ARPU	n.a.	0	0	0	0	0	0

Consolidated profit & loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	290	290	630	710	657	749	798
Change Sales yoy	-10.3 %	-0.3 %	117.3 %	12.8 %	-7.5 %	14.0 %	6.5 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	2	2	2	2	3	4	4
Total Sales	293	291	632	712	660	753	802
Material expenses	171	147	375	431	321	357	370
Gross profit	121	144	257	281	339	396	432
<i>Gross profit margin</i>	<i>41.8 %</i>	<i>49.9 %</i>	<i>40.8 %</i>	<i>39.6 %</i>	<i>51.6 %</i>	<i>52.9 %</i>	<i>54.1 %</i>
Personnel expenses	24	25	47	60	63	65	67
Other operating income	4	1	20	19	12	11	10
Other operating expenses	30	36	125	119	123	135	149
Unfrequent items	0	0	0	0	0	0	0
EBITDA	71	85	105	120	165	207	226
<i>Margin</i>	<i>24.4 %</i>	<i>29.4 %</i>	<i>16.7 %</i>	<i>16.9 %</i>	<i>25.1 %</i>	<i>27.6 %</i>	<i>28.3 %</i>
Depreciation of fixed assets	1	1	5	4	4	4	4
EBITA	70	84	101	117	161	203	222
Amortisation of intangible assets	9	9	32	58	58	58	46
Goodwill amortisation	0	0	0	0	0	0	0
EBIT	61	75	69	59	103	145	176
<i>Margin</i>	<i>21.1 %</i>	<i>26.0 %</i>	<i>11.0 %</i>	<i>8.3 %</i>	<i>15.7 %</i>	<i>19.4 %</i>	<i>22.1 %</i>
EBIT adj.	61	75	69	59	103	145	176
Interest income	1	1	1	1	0	0	0
Interest expenses	50	4	4	4	4	1	1
Other financial income (loss)	166	0	0	0	0	0	0
EBT	178	73	66	56	99	144	175
<i>Margin</i>	<i>61.3 %</i>	<i>25.1 %</i>	<i>10.5 %</i>	<i>7.8 %</i>	<i>15.0 %</i>	<i>19.2 %</i>	<i>21.9 %</i>
Total taxes	22	23	20	29	33	46	56
Net income from continuing operations	156	50	46	26	66	98	119
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	156	50	46	26	66	98	119
Minority interest	0	0	0	0	0	0	0
Net income	156	50	46	26	66	98	119
<i>Margin</i>	<i>53.7 %</i>	<i>17.2 %</i>	<i>7.3 %</i>	<i>3.7 %</i>	<i>10.0 %</i>	<i>13.1 %</i>	<i>14.9 %</i>
Number of shares, average	48	55	55	55	55	59	59
EPS	3.25	0.91	0.84	0.48	1.20	1.66	2.01
EPS adj.	0.84	0.91	0.84	0.48	1.20	1.66	2.01

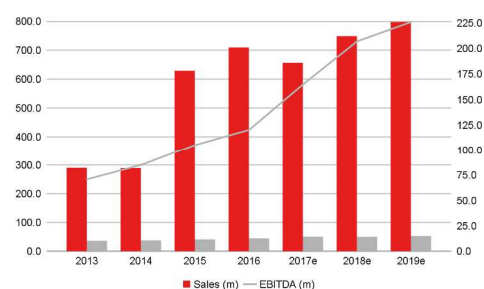
*Adjustments made for:

Guidance: EBITDA 2017e: EUR 160m - EUR 170m

Financial Ratios

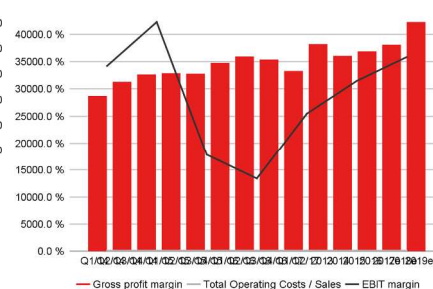
	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	76.4 %	71.2 %	83.6 %	83.3 %	75.3 %	72.9 %	72.2 %
Operating Leverage	-1.0 x	-81.7 x	-0.1 x	-1.2 x	-10.1 x	2.9 x	3.3 x
EBITDA / Interest expenses	1.4 x	23.8 x	26.1 x	27.8 x	39.3 x	207.0 x	226.0 x
Tax rate (EBT)	12.5 %	31.0 %	30.4 %	52.4 %	33.4 %	32.0 %	32.0 %
Dividend Payout Ratio	49.3 %	185.9 %	203.2 %	352.2 %	149.8 %	114.7 %	104.3 %
Sales per Employee	829,911	827,566	1,798,703	2,028,606	1,877,143	2,140,000	2,280,000

Sales, EBITDA
in EUR m



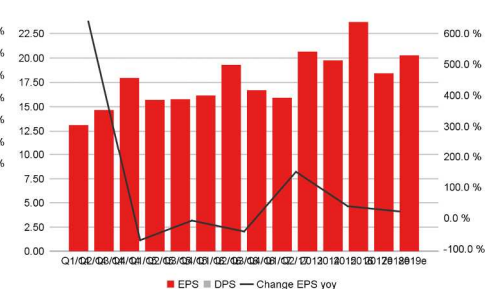
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

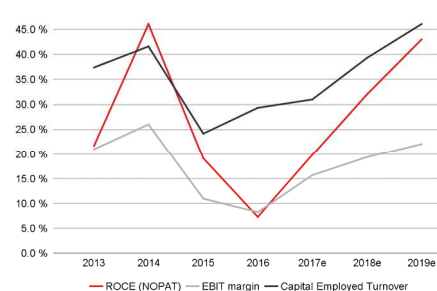
Consolidated balance sheet

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	101	99	378	354	306	261	228
thereof other intangible assets	34	31	271	255	207	162	129
thereof Goodwill	67	67	107	99	99	99	99
Property, plant and equipment	1	3	11	11	13	15	17
Financial assets	0	0	0	1	1	1	1
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	103	101	390	365	319	276	245
Inventories	6	5	32	10	13	15	16
Accounts receivable	45	48	89	93	92	105	114
Liquid assets	187	317	123	93	109	129	132
Other short-term assets	11	4	55	35	34	42	42
Current assets	249	374	299	230	248	290	304
Total Assets	352	476	689	595	567	566	549
Liabilities and shareholders' equity							
Subscribed capital	53	59	60	60	60	65	65
Capital reserve	96	231	296	296	296	391	391
Retained earnings	31	31	31	31	-165	-206	-220
Other equity components	37	10	-34	-104	66	98	119
Shareholders' equity	218	331	353	283	256	348	355
Minority interest	0	0	0	0	0	0	0
Total equity	218	331	353	283	256	348	355
Provisions	11	9	19	24	25	29	30
thereof provisions for pensions and similar obligations	1	2	1	2	2	2	2
Financial liabilities (total)	87	91	167	178	174	70	40
thereof short-term financial liabilities	0	0	0	50	50	50	0
Accounts payable	16	22	81	45	43	49	53
Other liabilities	21	23	69	66	68	70	71
Liabilities	135	144	336	312	310	219	194
Total liabilities and shareholders' equity	352	476	689	595	567	566	549

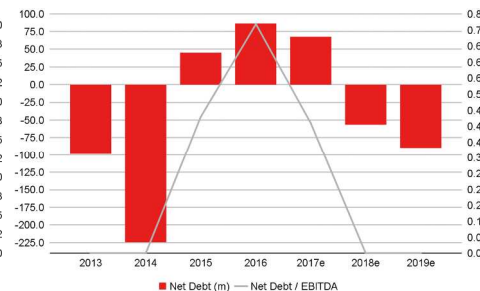
Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	9.8 x	10.4 x	13.7 x	11.1 x	9.5 x	9.5 x	9.3 x
Capital Employed Turnover	2.4 x	2.7 x	1.6 x	1.9 x	2.0 x	2.6 x	3.0 x
ROA	151.5 %	49.1 %	11.9 %	7.2 %	20.6 %	35.5 %	48.6 %
Return on Capital							
ROCE (NOPAT)	21.7 %	46.1 %	19.1 %	7.3 %	19.8 %	32.1 %	43.0 %
ROE	92.2 %	18.1 %	13.5 %	8.3 %	24.4 %	32.4 %	33.9 %
Adj. ROE	23.8 %	18.1 %	13.5 %	8.3 %	24.4 %	32.4 %	33.9 %
Balance sheet quality							
Net Debt	-99	-225	45	86	68	-57	-90
Net Financial Debt	-100	-226	44	85	66	-59	-92
Net Gearing	-45.4 %	-67.9 %	12.8 %	30.5 %	26.4 %	-16.3 %	-25.3 %
Net Fin. Debt / EBITDA	n.a.	n.a.	41.6 %	70.5 %	39.8 %	n.a.	n.a.
Book Value / Share	4.5	6.0	6.4	5.2	4.7	6.4	6.5
Book value per share ex intangibles	2.4	4.2	-0.5	-1.3	-0.9	1.6	2.3

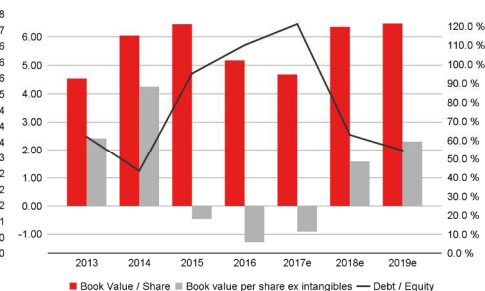
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

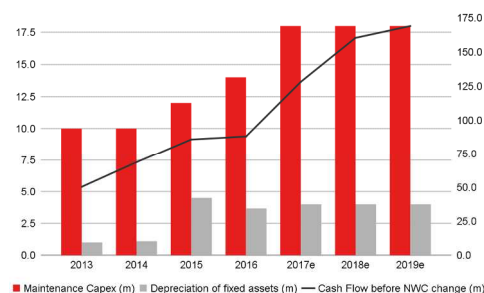
Source: Warburg Research

Consolidated cash flow statement

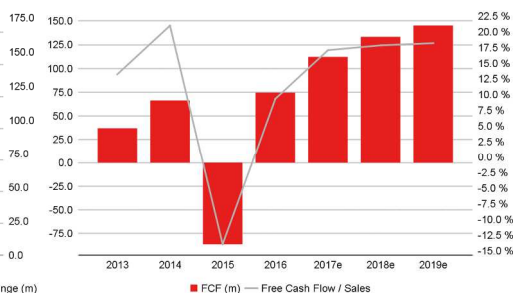
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	156	50	46	26	66	98	119
Depreciation of fixed assets	1	1	5	4	4	4	4
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	9	9	32	58	58	58	46
Increase/decrease in long-term provisions	0	1	0	0	0	0	0
Other non-cash income and expenses	-115	9	4	0	0	0	0
Cash Flow before NWC change	51	69	86	88	128	160	169
Increase / decrease in inventory	2	1	-27	22	-3	-2	-1
Increase / decrease in accounts receivable	-3	-2	-41	-4	1	-13	-9
Increase / decrease in accounts payable	-2	4	58	-37	-1	7	5
Increase / decrease in other working capital positions	10	0	0	11	3	0	0
Increase / decrease in working capital (total)	6	3	-9	-8	0	-8	-5
Net cash provided by operating activities [1]	57	72	76	81	128	152	164
Investments in intangible assets	-17	-9	-160	-9	-10	-13	-13
Investments in property, plant and equipment	-2	-2	-4	-5	-6	-6	-6
Payments for acquisitions	0	0	-7	-20	0	0	0
Financial investments	0	0	1	0	0	0	0
Income from asset disposals	370	1	0	1	0	0	0
Net cash provided by investing activities [2]	350	-5	-169	-25	-16	-19	-19
Change in financial liabilities	-183	0	0	10	-3	-104	-30
Dividends paid	-62	-77	-90	-93	-93	-106	-112
Purchase of own shares	-8	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	-44	140	-10	-4	0	98	0
Net cash provided by financing activities [3]	-298	63	-101	-86	-96	-113	-142
Change in liquid funds [1]+[2]+[3]	110	130	-194	-30	16	20	3
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	187	317	123	93	109	129	132

Financial Ratios

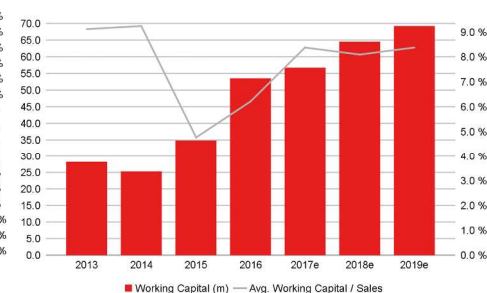
	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	37	66	-87	75	112	133	145
Free Cash Flow / Sales	13.2 %	21.0 %	-13.9 %	9.4 %	17.1 %	17.8 %	18.2 %
Free Cash Flow Potential	39	52	74	77	114	143	152
Free Cash Flow / Net Profit	24.7 %	122.2 %	-189.9 %	251.7 %	170.6 %	136.2 %	122.1 %
Interest Received / Avg. Cash	1.0 %	0.4 %	0.3 %	1.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	24.2 %	4.0 %	3.1 %	2.5 %	2.4 %	0.8 %	1.8 %
Management of Funds							
Investment ratio	6.4 %	3.8 %	26.1 %	2.0 %	2.4 %	2.5 %	2.4 %
Maint. Capex / Sales	3.4 %	3.5 %	1.9 %	2.0 %	2.7 %	2.4 %	2.3 %
Capex / Dep	191.8 %	110.9 %	454.7 %	22.8 %	25.8 %	30.6 %	38.0 %
Avg. Working Capital / Sales	9.1 %	9.2 %	4.8 %	6.2 %	8.4 %	8.1 %	8.4 %
Trade Debtors / Trade Creditors	286.7 %	218.1 %	109.4 %	206.2 %	212.5 %	212.8 %	216.6 %
Inventory Turnover	27.5 x	26.8 x	11.6 x	43.2 x	24.5 x	23.8 x	23.1 x
Receivables collection period (days)	57	60	51	48	51	51	52
Payables payment period (days)	34	54	79	38	49	50	52
Cash conversion cycle (Days)	-34	-53	-48	-32	-38	-39	-42

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.

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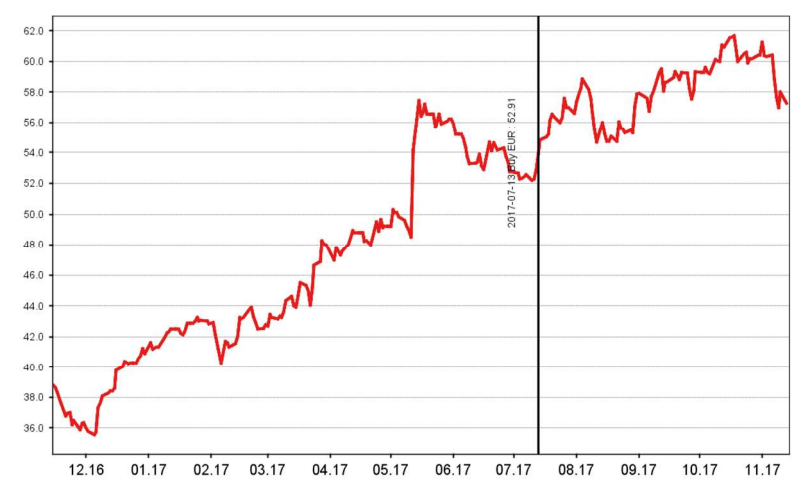
Rating	Number of stocks	% of Universe
Buy	106	52
Hold	89	44
Sell	8	4
Rating suspended	0	0
Total	203	100

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	32	78
Hold	8	20
Sell	1	2
Rating suspended	0	0
Total	41	100

PRICE AND RATING HISTORY DRILLISCH AS OF 14.11.2017



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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