



Research Report (Anno)

KPS AG

KPS

**Guidance FY 2014/15 overfulfilled –
Growth rates to remain strong –
Favourable valuation despite increased share price**

Target price: 9.80 €

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) from page 16

KPS AG^{*5a;7;11}

Rating: BUY
Target price: €9.80

Current price: €6.95
9/2/2016 / ETR
Currency: EUR

Key information:

ISIN: DE000A1A6V48
WKN: A1A6V4
Ticker symbol: KSC

Number of shares³: 33.894
Market Cap³: 235.56
Enterprise Value³: 229.08
³in million / in mEUR

Free float: 21.20 %

Transparency level:
General Standard

Market segment:
Regulierter Markt

Accounting standard:
IFRS

Financial year: 30/9

Designated Sponsor:
DERO Bank

Analysts:

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* List of possible conflicts of interest on page 17

Company profile

Sector: Services

Focus: consulting for business transformation and process optimisation

Employees: 354 (due to: 31/10/2015)

Established: 2000

Registered office: Munich

Board of Management: Dietmar Müller



KPS Consulting is a leading transformation consultancy for the retail and consumer products sectors and combines classic strategy, process, applications and technology consulting with implementation expertise. The KPS Rapid Transformation Method is proven to accelerate projects and KPS Transformation Architects use it for the integrated management of complex corporate transformations, as far as possible in tandem with strategy development, process design and implementation. KPS customers benefit from rapid and successful implementation and excellent project transparency, together with guaranteed top quality consulting and an optimal price-performance ratio. The company's headquarters are in Munich with further branches in Germany, Denmark and Switzerland. KPS Consulting was established in 2000 and employs around 600 consultants.

P&L in mEUR, financial year-end	30/9/2014	30/9/2015	30/9/2016e	30/9/2017e
Sales	111.08	122.92	141.35	155.50
EBITDA	17.48	19.65	23.30	26.10
EBIT	16.69	18.61	22.20	25.00
Net income	16.33	17.93	19.61	22.08

Key figures in EUR

Earnings per share	0.50	0.53	0.58	0.65
Dividend per share	0.28	0.30	0.35	0.40

Key Figures

EV/Sales	2.06	1.86	1.62	1.47
EV/EBITDA	13.10	11.66	9.83	8.78
EV/EBIT	13.73	12.31	10.32	9.16
P/E	14.43	13.14	12.01	10.67
P/B		4.70		

Financial calendar

15/02/2016: Q1-report
15/04/2016: General Shareholder Meeting
31/05/2016: HY-report
16/08/2016: Q3-report

** Last research by GBC:

Date: publication/target price in EUR/rating

03/06/2015: RS / 8.35 / BUY

18/02/2015: RS / 8.35 / BUY

02/02/2015: RG / 7.70 / BUY

08/12/2014: RG / 7.70 / BUY

29/07/2014: RG / 7.70 / BUY

** The research studies indicated above may be viewed at www.gbc-ag.de, or requested from GBC AG, Halderstr. 27, D86150 Augsburg

EXECUTIVE SUMMARY

- With sales of €122.92 million, KPS AG not only generated new record sales and an increase of 10.7% compared to the prior year, but also exceeded its ambitious forecast of €120 million. We also exceeded our revenue estimates.
- The HY2 2014/15 demonstrated particularly strong performance after a less dynamic HY1 2014/15 with a year-on-year increase of 4.4%. The reason for this was the delayed commissioning of a project; however, this was compensated for later on.
- KPS AG also achieved a new record earnings figure. EBIT of €18.61 million was 11.5% higher year-over-year and the EBIT margin recorded a slight increase from 15.0% to 15.1%. The increase in margin was primarily due to lower costs of material, given the lower demand for third-party services and an increased use of own employees.
- The management of KPS AG expects a further increase in sales of 13.9% to €140 million for FY 2015/16. Due to the high level of orders on hand with a forward coverage of more than 18 months, a large number of pending new projects and a “very satisfactory” start to the new FY 2015/16, we expect that the forecast provided by the Executive Board once again will be achieved and have revised our previous forecast up to €141.35 million. We expect the foreign business in particular to be a significant driver for further growth.
- We also expect to see further increases in profits. For FY 2015/16, we are expecting EBIT of €22.20 million, which is also in line with the expectations of the Executive Board of KPS AG. For 2016/17, we expect an increase to €25.00 million, which is equivalent to an EBIT margin of 16.2%. In the medium term, we regard EBIT margins of up to 17% as realistic. From a quarterly point of view, this figure was already achieved in Q4 2014/15.
- **Due to the very strong operating performance, the KPS AG share price is not too ambitious, despite continuing to increase in price over the last few years. Based on our estimates, we have calculated a P/E ratio of 10.7 for FY 2016/17 and EV/EBITDA of 8.8. Given the high quality of the financials, the strong operating cash flow together with low investment requirements and a high return on capital, we see significant upward potential.**
- **Based on the 2014/15 Annual Report, we have revalued the KPS AG share and determined a new fair target price of €9.80 (previously: €8.35). The rating thus remains unchanged: BUY.**

INHALTSVERZEICHNIS

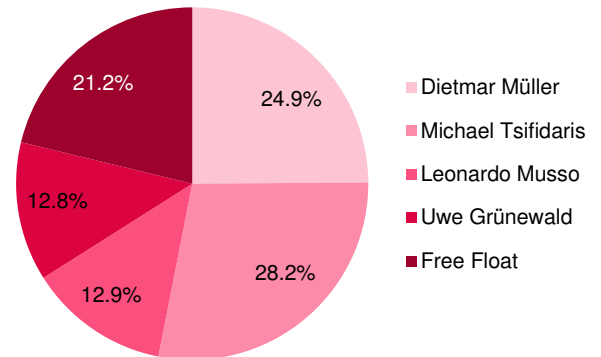
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COMPANY

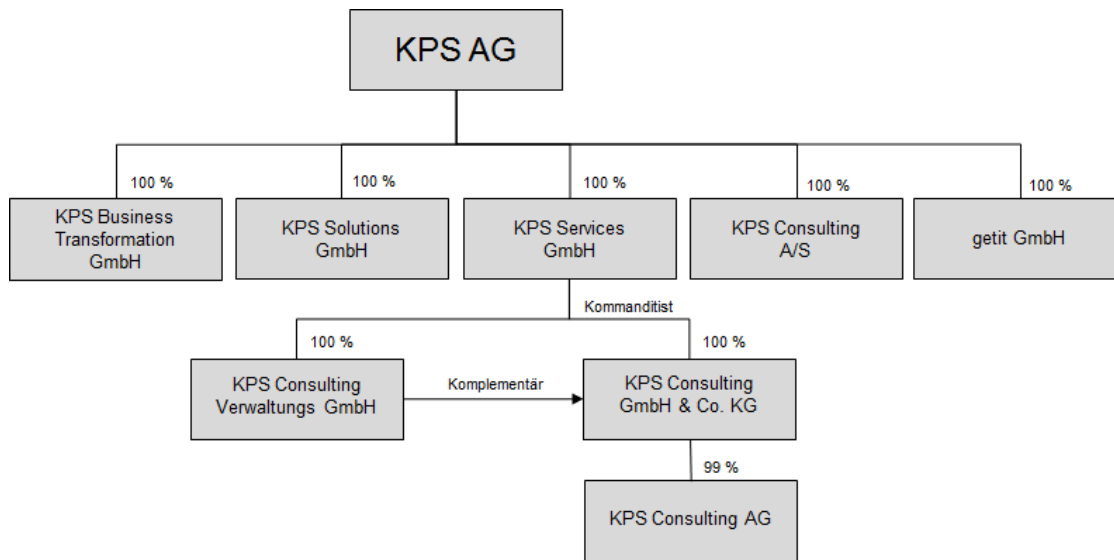
Shareholder Structure

Dietmar Müller	24.9%
Michael Tsifidaris	28.2%
Leonardo Musso	12.9%
Uwe Grünewald	12.8%
Free Float	21.2%
Total	100.0%

Source: KPS AG



Group Structure



Source: KPS AG

Important Customers

The KPS AG's customer base encompasses a range of renowned companies. The focus is on the retail and consumer goods sectors. In the following selected references are displayed:

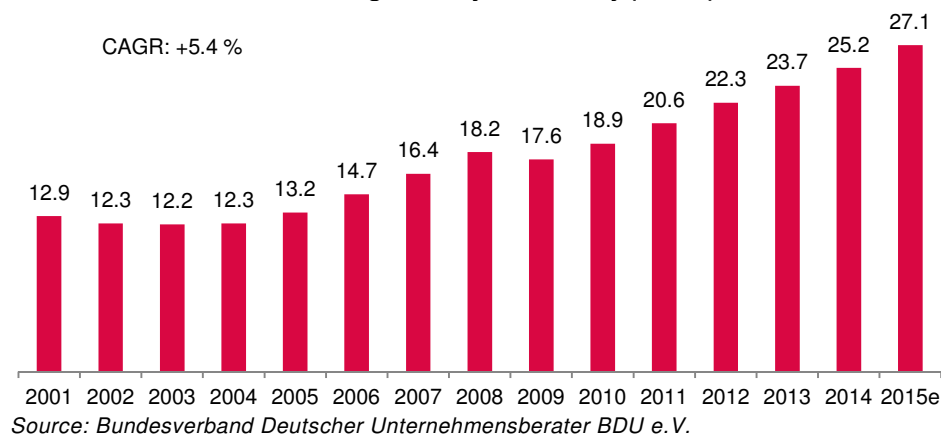


Source: KPS AG

MARKET AND MARKET ENVIRONMENT

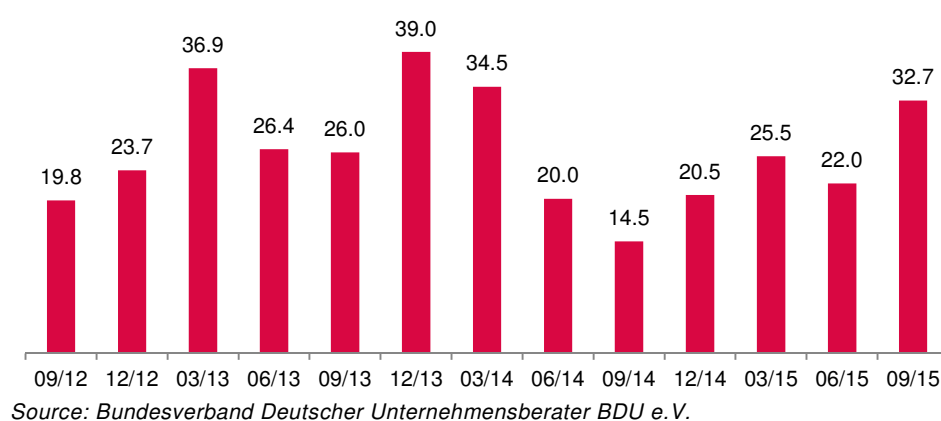
The German management consultancy sector has seen a stable upward trend for many years. Since 2001, the German association of management consultants, Bundesverband Deutscher Unternehmensberater (BDU), has measured a compound annual sector growth rate of 5.4%. The association also expected a growth rate of 7.4% to a market value of €27.1 billion for 2015.

Sales in the business consulting industry in Germany (in bn€)



The latest survey of the BDU Business Climate Index also shows that the positive trend is continuing. Accordingly, the index – published quarterly – jumped to 32.7 points in September 2015, thereby marking the highest level since March 2014. As of the end of September 2015, 48% of management consultants assessed as positive the business prospects for the next six months. A good start to 2016 is thus also expected. Companies with sales exceeding €45 million are in the best position and the Index actually recorded 49.4 points in this category.

BDU Business Climate Index



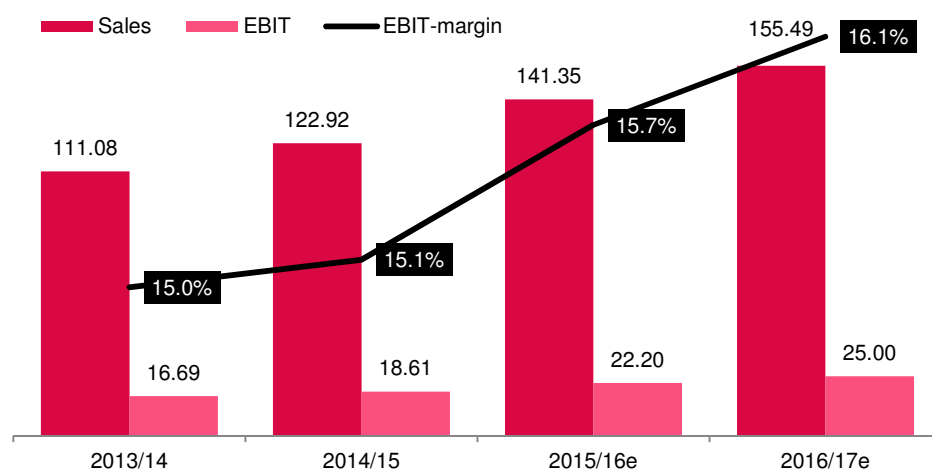
Consulting firms view increasing digitalisation as a significant driver of growth. 78% of consulting firms expect a greater focus on technology-oriented projects in the future. With the takeover of getit at the end of 2014, KPS AG solidified its position in the technological arena at an early stage and strengthened its capability in omnichannel solutions. This allowed customers' technological requirements, for whom online business is increasingly important, to be accommodated appropriately thereby generating further growth potential.

COMPANY PERFORMANCE AND FORECAST

Overview of key figures

P&L (in € millions)	FY 2013/14		FY 2014/15		FY 2015/16e		FY 2016/17e	
Sales	111.08	100.0%	122.92	100.0%	141.35	100.0%	155.49	100.0%
Cost of material	-52.81	-47.5%	-51.98	-42.3%	-57.81	-40.9%	-62.97	-40.5%
Gross profit	58.26	52.5%	70.94	57.7%	83.54	59.1%	92.52	59.5%
Other operating income	0.83	0.7%	0.96	0.8%	1.00	0.7%	1.00	0.6%
Personell expenses	-29.42	-26.5%	-39.51	-32.1%	-47.15	-33.4%	-52.25	-33.6%
Depreciation	-0.79	-0.7%	-1.04	-0.8%	-1.10	-0.8%	-1.10	-0.7%
Other operating expenses	-12.18	-11.0%	-12.73	-10.4%	-14.09	-10.0%	-15.17	-9.8%
EBIT	16.69	15.0%	18.61	15.1%	22.20	15.7%	25.00	16.1%
Interest income	0.28	0.3%	0.02	0.0%	0.05	0.0%	0.05	0.0%
Interest expenses	-0.09	-0.1%	-0.45	-0.4%	-0.10	-0.1%	-0.10	-0.1%
EBT	16.88	15.2%	18.18	14.8%	22.15	15.7%	24.95	16.0%
Income taxes	-0.55	-0.5%	-0.26	-0.2%	-2.54	-1.8%	-2.87	-1.8%
Minority interests	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
Net profit	16.33	14.7%	17.93	14.6%	19.61	13.9%	22.07	14.2%
EBITDA	17.48		19.65		23.30		26.10	
<i>in % of sales</i>	15.7 %		16.0 %		16.5 %		16.8 %	
EBIT	16.69		18.61		22.20		25.00	
<i>in % of sales</i>	15.0 %		15.1 %		15.7 %		16.1 %	
Earnings per share in €	0.50		0.53		0.58		0.65	
Dividend per share in €	0.28		0.30		0.35		0.40	
Number of share in million	32.892		32.894		33.894		33.894	

Historic an expected development of sales, EBIT (in m €) and EBIT-Margin (in %)



Source: KPS, GBC

Business Performance 2014/15

P&L (in € millions)	FY 2013/14	Delta	FY 2014/15
Net sales	111.08	+10.7 %	122.92
EBITDA (margin)	17.48 (15.7 %)	+12.4 %	19.65 (16.0 %)
EBIT (margin)	16.69 (15.0 %)	+11.5 %	18.61 (15.1 %)
Net profit	16.33	+9.8 %	17.93
EPS in €	0.50	+9.8 %	0.53

Source: KPS, GBC

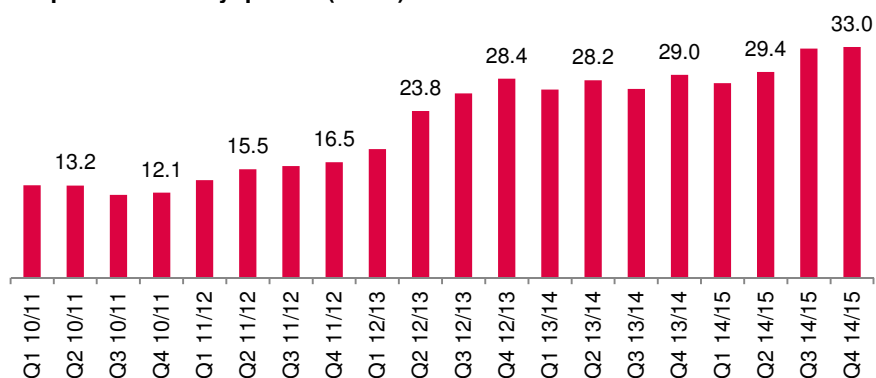
Sales performance

With sales of €122.92 million, KPS AG once again exceeded its forecasts after management had given a guidance of €120 million. We thus also exceeded our expected sales. With a growth rate of 10.7%, the company grew in the double-digit percentage range for the fourth year in a row.

The HY1 2014/15 started off at a slower pace due to the postponement of projects. The growth rate of 4.4% in the HY1 2014/15 was thus comparatively low. However, irrespective of this, KPS AG once again demonstrated its strong market position in FY 2014/15 and won further transformation projects from customers in the retail and consumer products sectors during the course of the year. The strong trend towards digitalisation and the merging of digital and analogue sales channels (omnichannel) are the main growth drivers here.

This was particularly noticeable in the HY2 2014/15 with an emphatic new high being reached in the HY2 with sales of €65.7 million. Q4 was the strongest here with new record quarterly sales of €33.0 million. According to management, this momentum has also carried forward to the new FY 2015/16 and thus ensured a good start to the year.

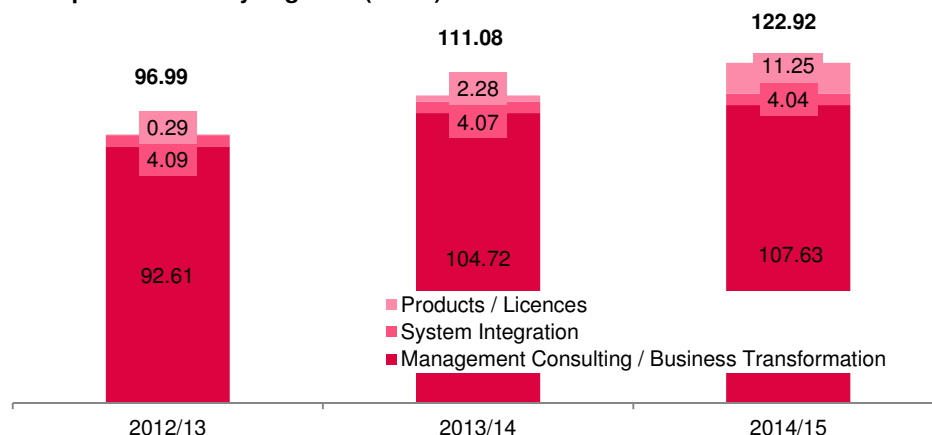
Sales performance by quarter (in m€)



Source: KPS, GBC

The management consulting/transformation consulting segment remained a significant revenue component. As a result of the takeover of getit GmbH at the end of FY 2013/14, the revenue increase in FY 2014/15 included a corresponding inorganic effect. The company does not provide information on the revenue contribution. With a revenue share of 9.2%, the products/licenses segment was of increasing importance in FY 2014/15. In this segment, KPS AG distributes software licenses and maintenance agreements from well-known manufacturers such as SAP, IBM and SAPERION to round off its own range of services in consulting projects. For example, since 2014 KPS has been a certified distribution partner of SAP, which is one reason for the increased revenue in this area. We expect that this segment will further increase in significance in the coming years.

Sales performance by segment (in m€)

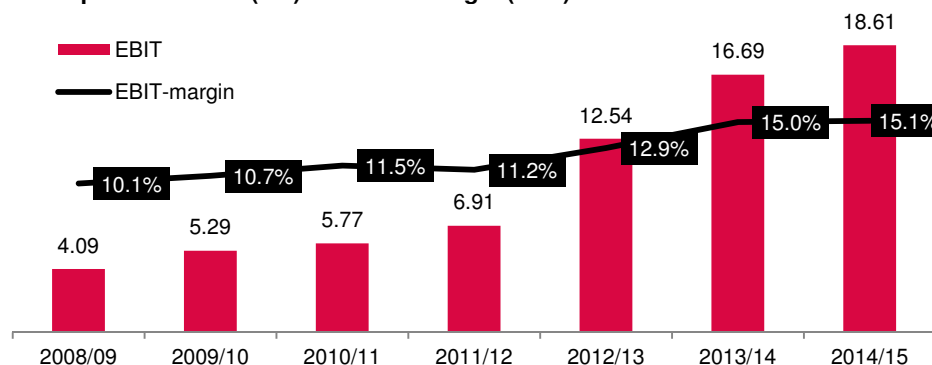


Source: KPS, GBC

Earnings performance

KPS AG also exceeded its forecast on the earnings side with an EBIT of €18 million. At €18.61 million, EBIT was 11.5% higher than in the previous year and increased its share of sales disproportionately. The EBIT margin followed suit by increasing slightly to 15.1%.

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



Source: KPS, GBC

A significant reason for the improvement in earnings is the increase in the gross profit margin. At 57.7%, it reached its highest figure in the company's history. On the one hand, a significantly lower cost of materials ratio was evident, due to the fact that services had been increasingly provided by its own employees in FY 2014/15 thus reducing the need to rely on freelancers.

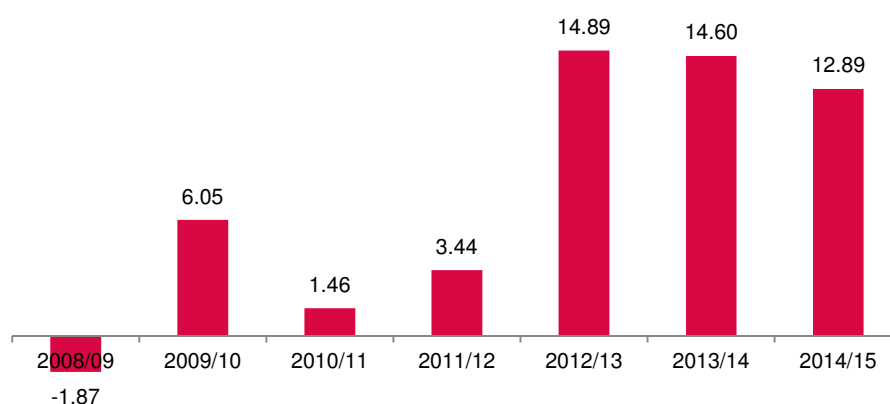
On the other hand, personnel expenses showed a reverse performance. Headcount increased from 317 to 354 by the end of the period, particularly due to the takeover of getit GmbH. For this reason, as well as due to increased bonuses and profit shares, personnel expenses increased significantly by 34.3% to €39.51 million. The increase is expected to come back in line again in future periods due to the drop-off of the effect from the takeover of getit.

EBIT also proved to be particularly strong in the HY2 2014/15 with an EBIT contribution of €10.9 million. An EBIT of €5.7 million was achieved in Q4 2014/15 thus setting a new record. The EBIT margin for Q4 was 17.2% and clearly indicates that there is significant upward potential in the margin situation at KPS AG in the next few years.

In terms of the bottom line, annual net income of €17.93 million was generated – an increase of 9.8% year-over-year. getit GmbH, acquired in the previous year, contributed annual net income of €4.73 million in its first full financial year. In view of this strong result and the company's purchase price of €22.47 million, we have calculated a multiple of just 4.8. getit has thus already distinguished itself as a value-creating acquisition in the first year.

In line with the excellent earnings situation, KPS AG's operating cash flow also proved to be strong. At €12.89 million, operating cash flow was slightly below the previous year's level, primarily due to an increase in receivables of around €5 million as of the reporting date. Adjusted for the effect of short-term working capital, operating cash flow is significantly above the previous year's level of €14.60 million.

Development of operating cashflow (in m€)



Source: KPS, GBC

Consequently, KPS AG has also indicated another dividend increase as a result of the further improvement in earnings. Based on €0.30 per share, this results in an attractive dividend yield of 3.8% at the current price level. In addition, the recent dividend increase is now the sixth in a row and once again highlights the successful performance of KPS AG.

Balance sheet and financial situation

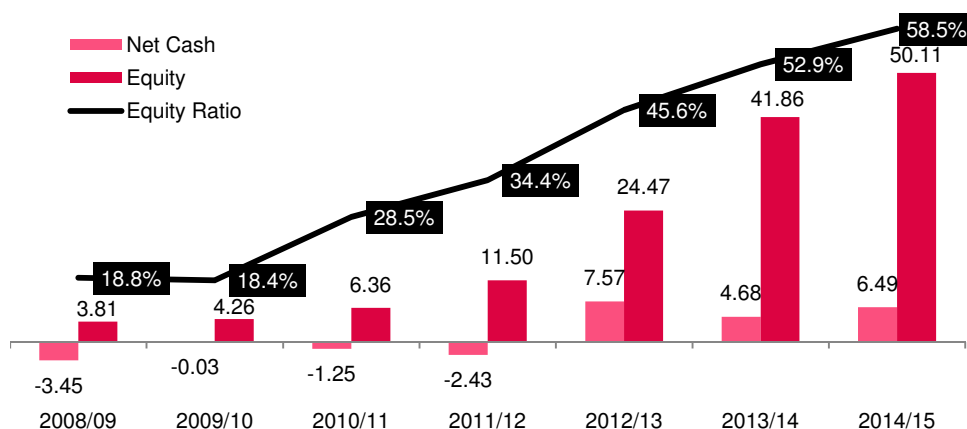
in million €	FY 2012/13	FY 2013/14	FY 2014/15
Equity	24.47	41.86	50.11
Equity ratio (in %)	45.6 %	52.9 %	58.5 %
Financial liabilities	0.00	4.00	0.00
Cash and cash equivalents	7.57	8.68	6.49
Net cash	7.57	4.68	6.49
Net Working Capital	-5.02	-3.06	0.85

Source: KPS, GBC

The balance sheet situation at KPS AG has also improved further in the context of the excellent business performance at the end of FY 2014/15. Due to the satisfactory earnings situation, equity rose to €50.11 million, which corresponds to an equity ratio of 58.5%. Both figures mark new highs in the company's history.

In FY 2013/2014, getit GmbH was acquired at a purchase price of €22.5 million with €10.8 million in cash and cash equivalents. Short-term loans were taken out for this purpose, which amounted to €4.00 million as of the end of FY 2013/14 and €11.57 million as of the HY1 2014/15. However, by the end of FY 2014/15 all financial liabilities had been repaid, so no bank loans are currently being used. In line with this development, net liquidity improved further and amounted to €6.49 million as of 30 September 2015.

Development of Equity and net cash (in m€)



Source: KPS, GBC

On the asset side, the goodwill and receivables items continued to dominate. Goodwill largely resulted from the acquisition of getit GmbH and had a balance sheet value of €30.47 million as of 30 September 2015. Given the high returns generated by getit, we currently do not see any risk of a balance sheet correction through the income statement.

At €29.51 million, receivables accounted for around 34.5% of net assets and increased steadily in the context of the revenue increase over the last few years. However, it must also be noted that the ratio to sales has remained stable for several years at between 22% and 24%. In this regard, we do not see any risks above the usual level arising from this item. However, the increased volume of receivables could lead to reporting date-related deferrals in operating cash flow, which could distort the cash flow picture on the accounting date in the short-term.

SWOT-Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong market position with customers in the consumer products and retail sectors • Solid balance sheet ratios with a 58% equity ratio and €6.5 million net liquidity • Full utilisation of consulting staff and extensive order book • Rapid Transformation Method represents a competitive advantage • High level of tax loss carryforwards will also ensure a reduced tax burden in future years 	<ul style="list-style-type: none"> • Low free float restricts tradability of the share • Currently still a high level of dependency on present management • The rising number of projects and project volumes require a sharp increase in the number of employees, which could lead to bottlenecks depending on the availability of personnel resources
Opportunities	Threats
<ul style="list-style-type: none"> • Takeover of getit GmbH has expanded KPS AG's product range in terms of digital business processing consulting and provides the potential for up-selling • SAP service partner status allows KPS to conclude SAP licensing and maintenance agreements which can have an additional impact on sales • The increasing expansion into foreign markets, in particular Scandinavia, harbours new revenue potential • Exploiting new customer sectors can generate additional potential sales 	<ul style="list-style-type: none"> • Increasing price pressure in the consulting industry could bring consultants' daily rates under pressure • Competitors could copy Rapid Transformation and reduce the competitive advantage of KPS AG • A decline in winning assignments could result in sub-optimal capacity utilisation of the consulting staff • The loss of a major customer could have a negative impact on the revenue and earnings situation of KPS AG

Forecast and model assumptions

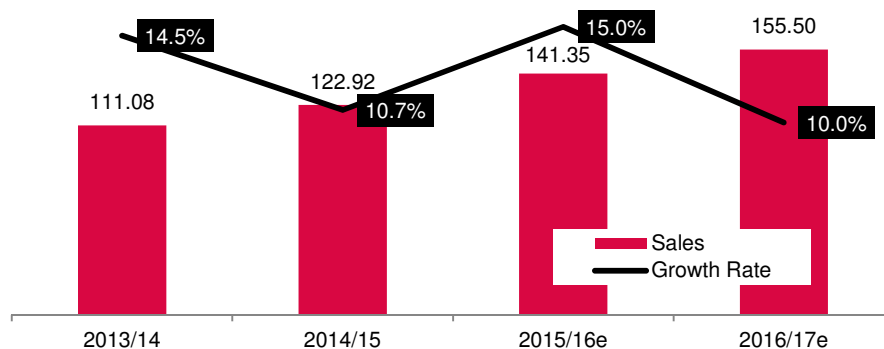
P&L (in million €)	FY 2014/15	FY 2015/16e (old)	FY 2015/16e (new)	FY 2016/17e
Sales	122.92	131.25	141.35	155.50
EBITDA (margin)	19.65 (16.0 %)	22.04 (16.8 %)	23.30 (16.5 %)	26.10 (16.8 %)
EBIT (margin)	18.61 (15.1 %)	20.94 (16.0 %)	22.20 (15.7 %)	25.00 (16.1 %)
Net profit	17.93	18.40	19.61	22.08
EPS in €	0.53	0.54	0.58	0.65

Quelle: GBC

Sales estimates

At the end of FY 2014/15, KPS AG recorded an order volume with a forward coverage of more than 18 months. In addition, the capacity utilisation of the consulting staff was at almost 100% over the past financial year, again representing an increase compared to previous years. Against this background, the sales forecast of €140 million issued by the Management Board again appears to be highly realistic. The underlying growth rate of 13.9% would mean an increase over the past year's growth rate. The "very satisfactory" start to the new FY, as mentioned by the company, underlines the growth expectation for the current year. In recent years, the management of KPS AG has already demonstrated that the company is well able to meet its forecasts.

Expected development of sales (in m€)



Source: GBC

In this regard, we forecast slightly higher sales for FY 2014/15 than expected by management with volumes of €141.35 million. We have thus adjusted our previous forecast upward. In addition to new consultancy projects, we expect that the licensing and maintenance share of revenue will tend to increase. We also anticipate that the growth momentum will continue next year and expect sales to reach €155.50 million.

In addition to the growth in licensing and maintenance sales, we also expect an upturn in foreign sales. For instance, KPS AG is currently well represented in Scandinavia and expects to expand its customer base further there. However, the company also sees good potential in other European markets, such as the Netherlands and Switzerland, for the next few years. Finally, supporting national customers in their internationalisation should be a further growth factor and ensure an increase in sales outside of Europe.

It can also be expected that we have not yet exploited all the up-selling potential from the acquisition of getit. Further momentum can be generated in this regard in future periods.

Earnings estimates

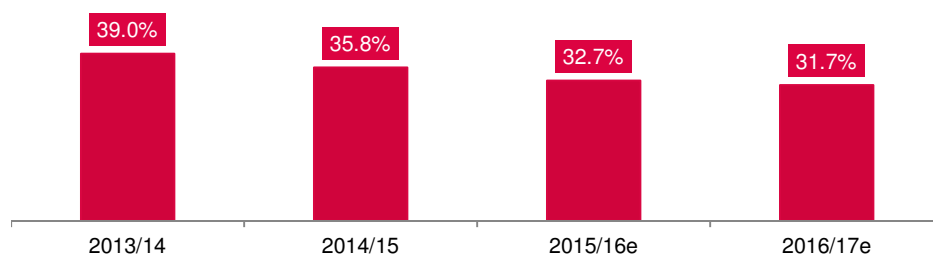
The acquisition of getit GmbH significantly increased KPS AG's workforce. This resulted in a disproportionately high increase in personnel expenses in FY 2014/15. In addition, the personnel expenses ratio of 32.1% was 5.6 percentage points above that of the previous year. Given the high project momentum of KPS AG, we expect the increase in personnel will continue to remain high. By the end of FY 2015/16, we expect the workforce to comprise more than 400 employees.

Nevertheless, we expect that KPS AG will be able to increase its profit margins further. In addition to the scale effects resulting from the increasing sales, new concepts should also make a major contribution to this. For example, KPS AG recently established a smart factory in Dortmund which offers customers standardised, industry-specific process components. This "industrialisation" of the consulting process allows KPS AG to counter any potential price pressure and keep its margins high or even improve them due to this standardisation.

For this reason, it is clear to see why management has forecast an increase in EBIT to €22.0 million for FY 2015/16, so we have also been able to adjust our forecast upwards here. Consequently, the EBIT margin should also rise to 15.7%. In addition, the quarterly figures have already shown that further increases in the margin level are possible. Seen in isolation, the EBIT margin in Q4 2014/15 was 17.2% and indicates the potential for the next few years. We are convinced that KPS AG can reach sustainable EBIT margins of around 17% when viewed across the entire year. Nevertheless, in our forecasts we have initially included expected EBIT of €25.00 million for FY 2016/17, which is equivalent to an EBIT margin of 16.1%.

The tax loss carryforwards of around €120 million, which continue to remain high, should ensure a very low tax burden in the next few years so that further increases can also be expected at the net earnings level. Accordingly, we also expect to see further increases in dividend distributions.

Expected development of return on equity



Source: GBC

It must also be emphasised that we expect that, despite the sharp increase in KPS AG's equity position with an equity ratio of 58.5%, clear double-digit returns on equity can also be generated in the next few years. After a return on equity of 35.8% was achieved in FY 2014/15, we expect to also see figures of more than 30% in the next two financial years. Mainly due to the high equity position, these are exceptionally high figures that are not often seen on the German stock markets. In combination with the high dividend yield (currently 3.8%), we currently assess the KPS AG share to be highly attractive.

VALUATION

Model assumptions

We rated KPS AG using a three-stage DCF model. Starting with the concrete estimations for 2015/16 and 2016/17 in phase 1, in the second phase, from 2017/18 to 2022/23, our forecast uses value drivers. Here we expect a sales increase of 5.0 %. We have assumed an EBITDA margin target of 17.0%. We have taken into account tax rates of 15.0-30.0 % due to the outstanding losses carried forward in phase 2. Additionally, a residual value is determined in the third phase by using the perpetual annuity by the end of the forecast horizon. As the final value, we assume a growth rate of 2.0%.

Determination of capital costs

The weighted average cost of capital (WACC) of KPS AG is calculated using equity costs and debt costs. The market premium, the company-specific beta, as well as the risk-free interest rate have to be determined in order to determine the equity cost.

The risk-free interest rate is derived in accordance with the recommendations of the expert committee for company valuations and business administration (FAUB) of the IDW (Institut der Wirtschaftsprüfer in Deutschland e.V.) from the current interest rate yield curves for risk-free bonds. The zero bond interest rates according to the Svensson method published by the German Federal Bank form the underlying basis. To smooth out short-term market fluctuations, we use the average yields over the previous three months and round up the result to 0.25 basis points. **The value of the currently used risk-free interest rate is 1.50%.**

We set the historical market premium of 5.50% as a reasonable expectation of the market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to be more profitable than low-risk government bonds.

According to GBC estimates, we have determined a beta of 1.30 (unchanged).

Based on these assumptions, equity costs are calculated to amount to 8.6 % (to date: 8.1 %)(beta multiplied by the risk premium plus the risk-free interest rate). Since we assume a sustainable weighting of the equity costs of 100 %, the resulting weighted average costs of capital (WACC) amount to 8.6 % (to date: 8.1 %).

Evaluation result

The discounting of future cash flows is based on the entity approach. In our calculation, the result for the corresponding weighted average costs of capital (WACC) is 8.6 %. The resulting fair value per share at the end of the 2016/17 financial year corresponds to the target price of € 9.80.

DCF-Model

KPS AG - Discounted Cashflow (DCF) model scenario

Value driver of the DCF - model after the estimate phase:

consistency - phase	
Sales growth	5.0%
EBITDA-Margin	17.0%
Depreciation to fixed assets	3.5%
Working Capital to revenue	2.0%

final - phase	
Eternal growth rate	2.0%
Eternal EBITA - margin	16.3%
Eternal effective tax rate	30.0%

dreistufiges DCF - Modell:

Phase	estimate		consistency						final value
	FY 16e	FY 17e	FY 18e	FY 19e	FY 20e	FY 21e	FY 22e	FY 23e	
in €m									
Sales	141.35	155.50	163.28	171.44	180.01	189.01	198.46	208.38	
Sales change	15.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	2.0%
Sales to fixed assets	4.38	4.83	5.00	5.00	5.00	5.00	5.00	5.00	
EBITDA	23.30	26.10	27.76	29.14	30.60	32.13	33.74	35.43	
EBITDA-margin	16.5%	16.8%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
EBITA	22.20	25.00	26.63	28.00	29.40	30.87	32.42	34.04	
EBITA-Margin	15.7%	16.1%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%	16.3%
Taxes on EBITA	-2.54	-2.88	-3.99	-5.60	-7.35	-9.26	-9.72	-10.21	
Taxes to EBITA	11.5%	11.5%	15.0%	20.0%	25.0%	30.0%	30.0%	30.0%	30.0%
EBI (NOPLAT)	19.66	22.12	22.64	22.40	22.05	21.61	22.69	23.83	
Return on capital	59.0%	64.0%	63.9%	62.4%	58.5%	54.6%	54.6%	54.6%	52.8%
Working Capital (WC)	2.29	3.27	3.27	3.43	3.60	3.78	3.97	4.17	
WC to sales	1.6%	2.1%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Investment in WC	-1.44	-0.98	0.00	-0.16	-0.17	-0.18	-0.19	-0.20	
Operating fixed assets (OAV)	32.27	32.17	32.66	34.29	36.00	37.80	39.69	41.68	
Depreciation on OAV	-1.10	-1.10	-1.13	-1.14	-1.20	-1.26	-1.32	-1.39	
Depreciation to OAV	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Investment in OAV	-0.92	-1.00	-1.61	-2.78	-2.91	-3.06	-3.21	-3.37	
Capital employed	34.56	35.44	35.92	37.72	39.60	41.58	43.66	45.84	
EBITDA	23.30	26.10	27.76	29.14	30.60	32.13	33.74	35.43	
Taxes on EBITA	-2.54	-2.88	-3.99	-5.60	-7.35	-9.26	-9.72	-10.21	
Total investment	-2.36	-1.98	-1.60	-2.94	-3.09	-3.24	-3.40	-3.57	
Investment in OAV	-0.92	-1.00	-1.61	-2.78	-2.91	-3.06	-3.21	-3.37	
Investment in WC	-1.44	-0.98	0.00	-0.16	-0.17	-0.18	-0.19	-0.20	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cashflows	18.39	21.24	22.16	20.61	20.17	19.63	20.61	21.64	351.27

Value operating business (due date)	303.31	308.25
Net present value explicit free Cashflows	106.53	94.48
Net present value of terminal value	196.78	213.77
Net debt	-14.66	-23.99
Value of equity	317.98	332.24
Minority interests	0.00	0.00
Value of share capital	317.98	332.24
Outstanding shares in m	33.89	33.89
Fair value per share in €	9.38	9.80

Cost of capital:

Riskfree rate	1.5%
Market risk premium	5.5%
Beta	1.30
Cost of equity	8.6%
Target weight	100.0%
Cost of Debt	2.5%
Target weight	0.0%
Taxshield	28.7%
WACC	8.6%

Return on Capital	WACC				
	7.6%	8.1%	8.6%	9.1%	9.6%
51.8%	11.19	10.37	9.68	9.09	8.58
52.3%	11.27	10.44	9.74	9.14	8.63
52.8%	11.35	10.51	9.80	9.20	8.68
53.3%	11.42	10.58	9.86	9.26	8.73
53.8%	11.50	10.65	9.93	9.31	8.78

ANNEX

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