



Research Report (Anno)

KPS AG



Internationalization is successfully continued

-

Margins slightly under pressure due to earn-outs

Target price: 13.00 € (previously: 13.20 €)

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 § 85 WpHG und Art. 20 MAR on page 17

Note on research as a “minor non-monetary benefit” according to the MiFID II regulation: This research meets the requirements for being classified as a “minor non-monetary benefit”. For more information, see the disclosure under “1. Research under MiFID II”

Date and time of completion of this research: 31.03.2020 (15:20)

Date and time of first distribution: 01.04.2020 (12:00)

Target price valid until: max. 30.09.2021

KPS AG*5a;7;11

Rating: Buy

Target price: 13.00 €
(previously: 13.20 €)

Current price: 5.64
26.03.2020 / ETR 16:29
Currency: EUR

Key Information:

ISIN: DE000A1A6V48
WKN: A1A6V4
Ticker symbol: KSC

Number of shares³: 37.37
Marketcap³: 210.77
Enterprise Value³: 218.50
³in m / in m EUR

Freefloat: 36.1%

Transparency Level:
Prime Standard

Market Segment:
Regulated Market

Accounting Standard:
IFRS

Financial Year: 30/09/

Designated Sponsor:
Oddo Seydler Bank AG

Analysts:

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* List of possible conflicts of interest on page 18

Company profile

Sector: Services

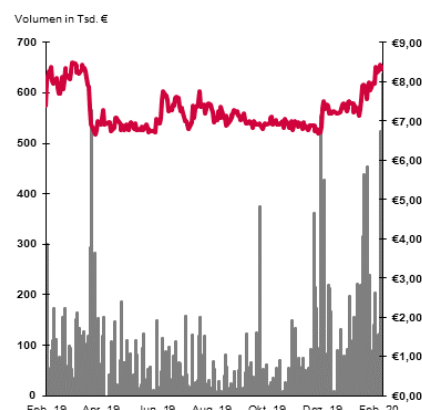
Focus: consulting for business transformation and process optimisation

Employees: 618 as of 30.09.2019

Established: 2000

Headquarter office: Unterföhring

CEO: Leonardo Musso



KPS is the leading European transformation consultant for innovative digital processes and technology implementation. KPS is a one-stop shop for everything from strategy consulting and industry-specific process chains to the implementation of state-of-the-art technologies. The KPS team advises companies end-to-end and integrates merchandise management, B2B and B2C e-commerce with marketing & sales processes. Especially in a digital world with the customer in focus, the ability to implement projects quickly is a significant competitive advantage. The KPS Rapid Transformation® method accelerates projects by up to 50% and the experience and industry knowledge of KPS consultants ensure the success of every project initiative. With around 1,100 consultants in 9 countries, KPS is continuously expanding its market position globally through trend-setting projects in digital and technological change.

P&L in m EUR, financial year-end	30.09.2018	30.09.2019	30.09.2020e	30.09.2021e
Sales	172.22	180.66	181.84	190.93
EBITDA	20.02	22.55	24.02	25.51
EBIT	16.59	18.80	20.52	22.31
Net profit	9.83	12.19	13.37	14.67

Key figures in EUR

Earnings per share	0.26	0.33	0.36	0.39
Dividend per share	0.35	0.35	0.37	0.38

Key Figures

EV/Sales	1.27	1.21	1.20	1.14
EV/EBITDA	10.91	9.69	9.10	8.56
EV/EBIT	13.17	11.62	10.65	9.79
P/E	21.44	17.29	15.77	14.37
P/B		2.90		

Financial calendar

29.05.2020: Publication of the figures for the half-year 2019/2020
24.07.2020: Publication of the figures for the third quarter 2019/2020

** Last research by GBC:

Date: publication/target price in EUR/rating

30.07.2019: RS / 13.20 / BUY

05.06.2019: RS / 13.20 / BUY

06.03.2019: RS / 13.20 / BUY

14.08.2018: RS / 12.50 / BUY

25.06.2018: RS / 12.50 / 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

- In the past financial year 2018/19, revenues increased by 4.9% to € 180.66 million (previous year: € 172.22 million). While revenues with the largest customer declined, this effect was more than offset by new business with existing and new customers. In particular, the acquisitions made proved to be very successful and the share of sales outside Germany rose by 79.5% from € 42.9 million to € 77.0 million. This reflects the good implementation of the internationalization strategy.
- At the same time, a disproportionately high improvement in earnings was achieved and EBITDA rose by 12.6% to € 22.55 million (previous year: € 20.02 million). The very good operating development of the acquisitions made had a profit-minimizing effect due to agreed earn-out payments. A further € 4.8 million in earn-outs were paid out. Adjusted for this effect, EBITDA amounted to € 27.31 million, which corresponds to an EBITDA margin of 15.1%. Thus, the high margins of the past would almost be reached again.
- In terms of the balance sheet, the company is still in an excellent position with an equity ratio of 45.2% (30.09.2018: 46.5%) and net debt of € 7.72 million (30.09.2018: € 12.12 million).
- The first quarter of 2019/20 developed in line with the guidance and KPS is showing a stable development. Revenues increased by 0.7% to € 44.7 million (previous year: € 44.4 million) and EBITDA fell by 10.4% to € 5.9 million (previous year: € 6.6 million), which corresponds to a reduction in the EBITDA margin from 14.9% (Q1 18/19) to 13.2% (Q1 19/20). This development is mainly due to the earn-out payments to ICE Consultants.

In the medium term, the three-pillar strategy should take effect and solid sales growth should be achieved. This includes internationalization, innovation and industrialization. Currently, there are still declining sales with the largest customer, which limits sales growth. The guidance therefore envisages conservative sales growth of 0.2% - 5.7% (€ 181 - 191 million). The guidance includes the expectation that new projects can be acquired in addition to the existing projects. In the context of the corona crisis, we consider the acquisition of new projects to be difficult and have issued a conservative forecast. However, the forecasts are subject to a high degree of uncertainty due to the corona virus. We expect sales to increase to € 181.84 million in the current financial year 2019/20, and sales of € 190.93 million in the financial year 2020/21. We also expect a slight improvement in margins, especially through the industrialisation of the consulting approach, the focus on employee acquisition in countries with lower wage levels and the increased use of our own employees instead of freelancers. The earnings guidance is for EBITDA between € 28 to 36 million, but the first-time application of lease accounting in accordance with IFRS 16 should result in a cash-neutral positive earnings effect of € 3.80 million. Adjusted for the IFRS 16 effect, the guidance is € 24.20 to 32.20 million. We expect a slight improvement in earnings and anticipate EBITDA of € 24.02 million in the current financial year 2019/20 and € 25.51 million in the financial year 2020/21.

- **Based on our DCF model, we have reduced our price target to € 13.00 (previously: € 13.20) and assign a Buy rating.**

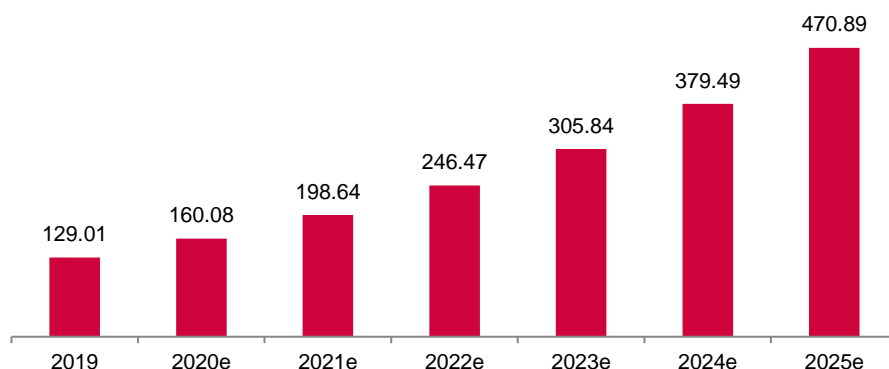
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MARKET UND MARKET ENVIRONMENT

The market for digital transformation is still on a dynamic growth path. According to estimates by Intrado, the European market for digital transformation has a market potential of approximately € 470.89 billion by 2025; this corresponds to an annual average growth rate of 24.0%. The industry is therefore in a current, very attractive market environment. In terms of market share, the European market is the second largest driver after North America for the global digital transformation market. In particular, countries such as Norway, Germany, the United Kingdom and Spain are making a major contribution to the implementation of digital technologies at the enterprise level in order to optimize business and production processes with the help of cloud computing or artificial intelligence, for example. This shows that KPS is already present in the most attractive European regions.

Development of the digital transformation industry in Europe (in billion €)



Sources: Intrado, GBC AG

Digital transformation systems have gained immense importance in recent years, as they allow business processes to be further optimized. Digital technologies are increasingly being used to achieve competitive advantages despite strong competition. This is possible through the use of digital technologies, as these generally result in an increase in the efficiency of business processes. Therefore, a major growth driver is also the manufacturing industry, which is increasingly relying on AI. Usually, the core competence of these companies does not lie in the integration or implementation of digital technologies, so this specific area of competence is usually carried out by external consulting firms such as KPS AG. Outsourcing the integration of these digital technologies enables companies to focus on their core competencies and at the same time introduce process-optimizing measures through external expertise.

Furthermore, it is expected that factors such as the increasing spread of 5G technology, the accelerated increase in innovation in the area of digitization technologies and the increasing focus of companies on optimizing their business processes will be the future growth drivers in the area of digital transformation and should therefore be essential pillars for sustainable growth rates until 2025.

Based on these factors, it can be said that KPS AG is active in an extremely positive industry environment and has positioned itself excellently. In addition, the company was again included in a top 10 ranking of German management consultancies, which illustrates the successful development of the company. The ranking is done annually by the market research company Lünendonk in order to declare the ten leading consulting firms in Germany. The market research institute also published that stable double-digit sales growth (+10.4%) is expected in the consulting sector in the current financial year and the following year 2021.

CORPORATE DEVELOPMENT & FORECAST

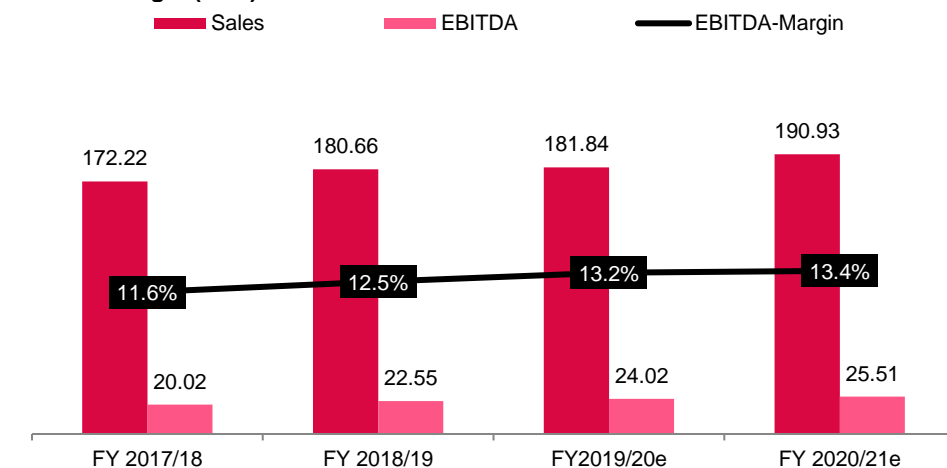
Key figures at a glance

	FY 2017/18	FY 2018/19	FY 2019/20e	FY 2020/21e
Sales	172.22	180.66	181.84	190.93
own work capitalized	2.83	2.45	2.40	2.40
Other operating income	3.23	0.62	0.50	0.50
Total output	178.29	183.72	184.74	193.83
Cost of materials	-68.49	-62.68	-58.00	-60.32
Personnel expenses	109.80	121.04	126.74	133.51
Other operating expenses	-62.19	-66.41	-70.00	-74.00
EBITDA	-27.59	-32.08	-32.72	-34.00
Depreciation	20.02	22.55	24.02	25.51
EBIT	-3.43	-3.75	-3.50	-3.20
Interest income	16.59	18.80	20.52	22.31
Interest expenses	0.01	0.08	0.00	0.00
EBT	-1.34	-0.95	-1.00	-0.90
Income taxes	15.27	17.93	19.52	21.41
Minority interests	-5.44	-5.74	-6.15	-6.75
Net income	0.00	0.00	0.00	0.00
	9.83	12.19	13.37	14.67

Sales				
EBITDA	172.22	180.66	181.84	190.93
EBITDA-Margin	20.02	22.55	24.02	25.51
EBIT	11.6%	12.5%	13.2%	13.4%
EBIT-Margin	16.59	18.80	20.52	22.31
Net income	9.6%	10.4%	11.3%	11.7%
Net Margin	9.83	12.19	13.37	14.67

Sources: KPS, GBC

Historical and expected development of sales, EBITDA (in million €) and EBITDA margin (in %)



Sources: KPS, GBC

Business performance 2018/19

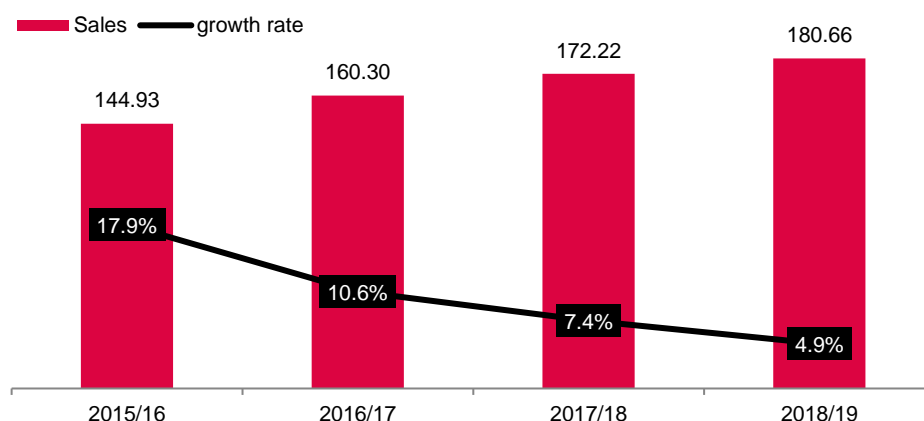
P&L (in €m)	FY 2016/17	FY 2017/18	FY 2018/19
Sales	160,30	172,22	180,66
EBITDA	26,41	20,02	22,55
EBITDA-Margin	16,5%	11,6%	12,5%
EBIT	24,76	16,59	18,80
EBIT-Margin	15,4%	9,6%	10,4%
Net income	19,80	9,83	12,19
EPS in €	0,53	0,26	0,33

Sources: KPS, GBC

Sales performance

In the past 2018/19 financial year KPS AG increased its revenues by 4.9% to € 180.66 million (previous year: € 172.22 million). The main sales driver was transformation projects in the retail and consumer goods industry, with both existing and new customer business contributing to the increase in sales. This growth was achieved despite declining sales with the largest customer. During a transition phase, sales with this customer fell by 30.9% to € 28.9 million (previous year: € 41.8 million). Revenues in the Licenses and Products segment were also down at € 8.42 million (previous year: € 19.72 million), but this was due to exceptionally high license revenues in the previous year.

Development of revenue (in € million) and growth rate (in %)



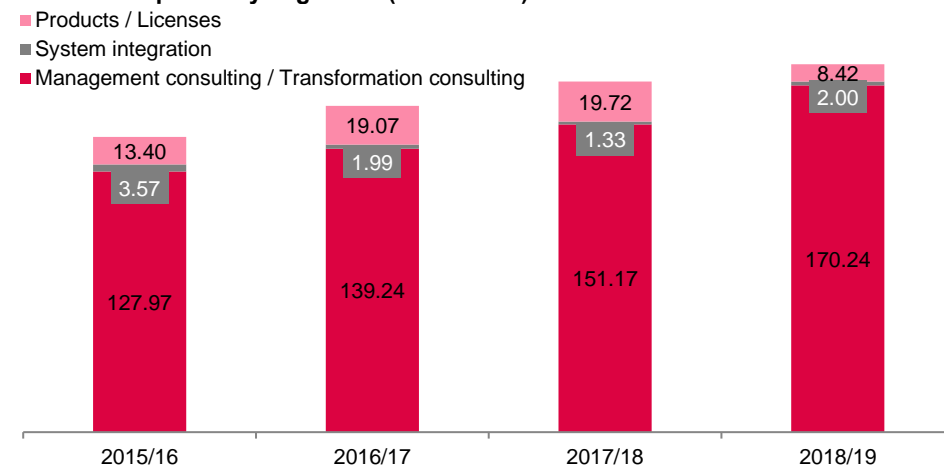
Sources: KPS, GBC

In addition to the newly acquired transformation projects, the companies acquired in the previous year (ICE Consultants, KPS Digital Limited (formerly: Envoy Digital Limited) and Infront Consulting & Management) contributed significantly to revenues increase with € 31.0m (previous year: € 18.5m). Overall, business for KPS abroad is developing very well; ICE Consultants (Spain) and KPS Digital Limited (UK) should also make a significant contribution to this. Sales outside Germany increased by 79.5% to €77 million, accounting for 42.6% of total sales. The company is positioning itself increasingly internationally. This expands the addressable market, but also the utilization of country-specific advantages, such as lower wage levels in certain countries.

KPS benefits from the high demand for digital transformation of business processes and can win numerous projects thanks to its many years of experience and its end-to-end consulting approach. As a result, other industries are now being addressed in addition to the retail sector.

In addition, the new building in Dortmund Phoenix See could be moved into in September 2019. As a result, state-of-the-art workplaces were created for 450 employees in order to advance process industrialization. This should make it possible to further optimize earnings and this also reflects KPS's innovative strength and industrialization approach.

Sales development by segments (in million €)

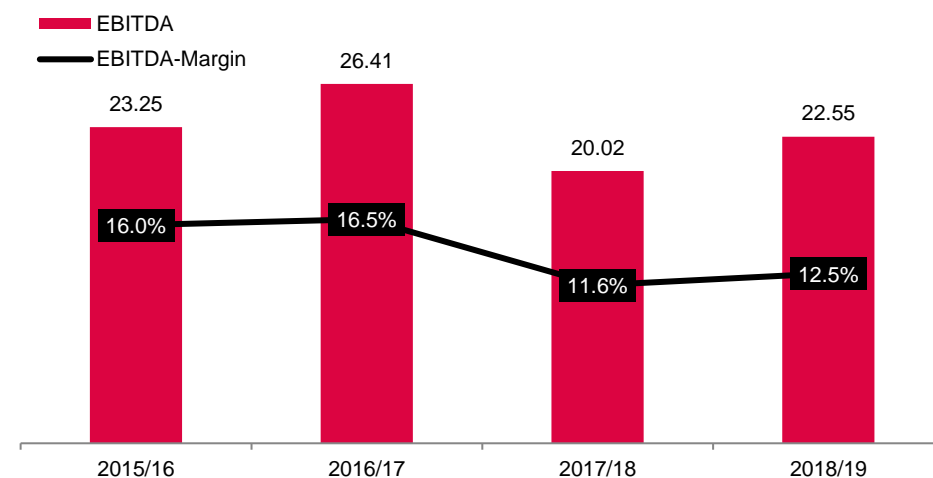


Sources: KPS, GBC

Earnings performance

The EBITDA increased by 12.6% to € 22.6 million (previous year: € 20.02 million). Due to the disproportionate improvement in earnings, the EBITDA margin rose from 11.6% (FY 2017/18) to 12.5% (FY 2018/19). However, this figure was still below the historical margins of well over 15%. Margins were reduced because of earn-out payments for Infront and ICE Consultants Europe. Due to the business performance of these companies, which was significantly better than expected, a further € 4.8m earn-outs were paid out. Adjusted for the earn-out effect, EBITDA amounted to € 27.31 million, representing an EBITDA margin of 15.1% and thus almost reaching historical levels.

Development of EBITDA (in € million) and EBITDA margin (in %)



Sources: KPS, GBC

On the cost side, we can continue to see the development towards our own personnel. This means that more of our own employees are being used, as opposed to freelancers.

This is reflected in the interrelationship between the cost of materials and personnel expenses. While personnel expenses continue to rise, the cost of materials continues to fall. Specifically, personnel expenses rose by 6.8% to € 66.41 million (previous year: € 62.19 million) and the cost of materials fell by 8.5% to € 62.68 million (previous year: € 68.49 million). In terms of employee development, the focus on countries outside Germany is evident. For example, the number of employees in Germany declined, while the number in Spain increased by 36.9% from 65 to 89. In our opinion, the company is using the different wage levels of the countries to its advantage and should be able to achieve further margin improvements in the medium term.

Overall, depreciation and amortization increased by 9.2% to € 3.75 million (previous year: € 3.43 million), whereby the PPA amortization from the acquisitions plays a decisive role here. Thus, M&A-related depreciation and amortization amounted to around € 2.33 million (previous year: € 2.58 million). Thus, EBIT amounted to € 18.80 million (previous year: € 16.59 million) and net income for the year increased disproportionately by 24.0% to € 12.19 million (previous year: € 9.83 million). With earnings per share of € 0.33, the company plans to distribute a dividend of € 0.35.

Balance sheet and financial situation

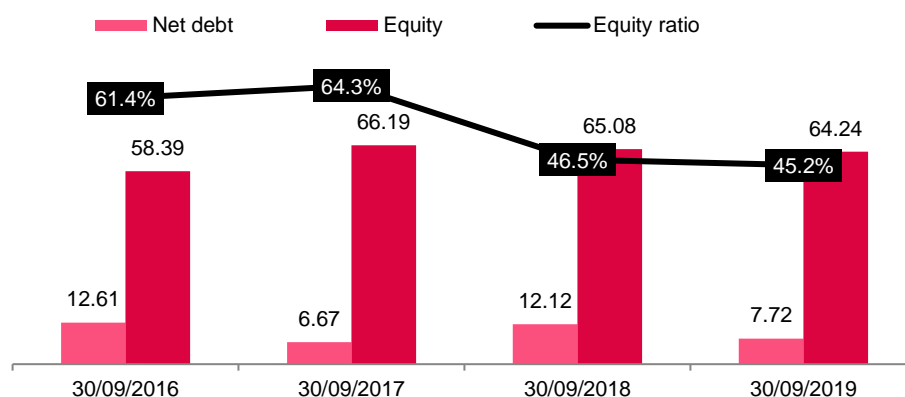
in m €	30.09.2017	30.09.2018	30.09.2019
Equity	66.19	65.08	64.24
Equity Ratio (in %)	64.3%	46.5%	45.2%
Operating Assets	43.28	79.76	79.88
Working Capital	12.26	7.51	-1.31
Net Debt	-6.67	12.12	7.72

Sources: KPS, GBC

At € 64.24 million (previous year: € 65.08 million), equity remained almost at the previous year's level, which, with a similar balance sheet total, led to an only slightly lower equity ratio of 45.2% (30.09.2018: 46.5%).

Non-current liabilities decreased by 13.9% to € 24.01 million (30.09.2019: € 27.96 million), whereby this development was primarily due to a loan within the framework of a company acquisition, which has now already been extensively repaid. The company has already pursued this strategy in the past and we continue to expect a strong repayment strategy from KPS. In contrast, current liabilities increased by 15.2% to € 53.94 million (previous year: € 46.83 million). The background to this development was a money market loan to secure liquidity in the amount of € 5.00 million, a reclassification of existing loans from non-current liabilities to current liabilities in the amount of € 3.8 million and an increase in earn-out liabilities carried as liabilities by 37.2% to € 17.20 million (30.09.2018: € 12.53 million).

Development of equity and net liquidity (in million €)



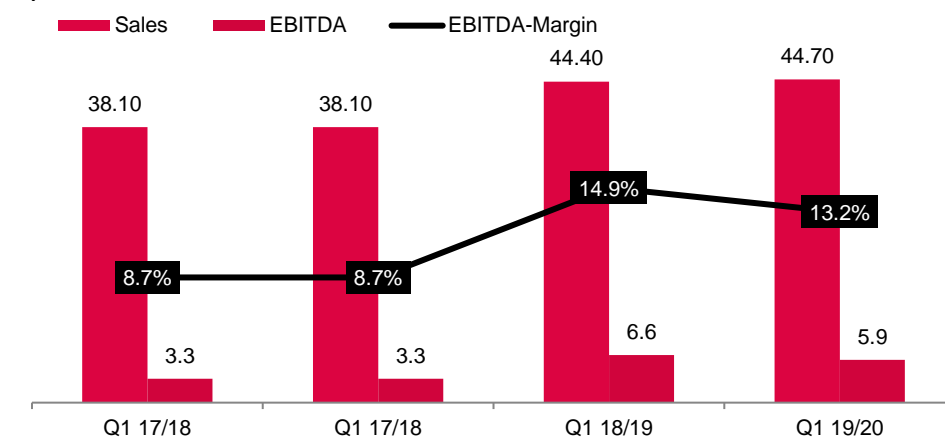
Sources: KPS, GBC

The operating cash flow increased by 34.4% to € 24.00 million (previous year: € 17.85 million) and thus almost corresponded to EBITDA. Thus, a strong cash conversion rate of 1.06x (previous year: 0.76x) was achieved, which is extremely positive.

Performance in Q1 2019/20

The first quarter of 2019/20 is developing in line with the guidance and KPS is showing a stable development. Sales increased by 0.7% to € 44.7 million (previous year: € 44.4 million), which is mainly due to the positive international business development. At the same time, the significance of individual quarters is limited due to KPS's project business.

Development of sales (in million €), EBITDA (in million €) and EBITDA margin (in %)



Source: KPS, GBC

In the same period EBITDA declined by 10.4% to € 5.9 million (previous year: € 6.6 million), which corresponds to an EBITDA margin reduction from 14.9% (Q1 18/19) to 13.2% (Q1 19/20). The background to this development is primarily the earn-out payments to ICE Consultants Europe (Spain), which developed significantly better than expected. Adjusted for this effect, EBITDA amounted to € 6.5 million, which represents a slight decline of 1.5%.

The Q1 figures also confirmed the guidance with revenues of € 181 - 191 million and EBITDA of between € 28 - 36 million.

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 • Reduced dependency on few key customers 	<ul style="list-style-type: none"> • 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 • Long project run times can result in irregular invoicing
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

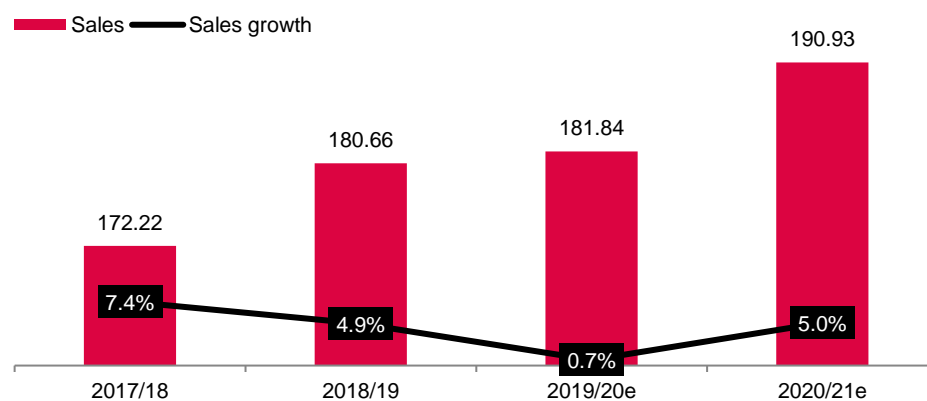
P&L (in m €)	FY 2018/19	FY 2019/20e	FY 2020/21e
Sales	180.66	181.84	190.93
EBITDA	22.55	24.02	25.51
EBITDA-Margin	12.5%	13.2%	13.4%
EBIT	18.80	20.52	22.31
EBIT-Margin	10.4%	11.3%	11.7%
Net income	12.19	13.37	14.67
EPS in €	0.33	0.36	0.39

Source: GBC

Sales forecast

We assume that the high capacity utilization and very high demand will continue for KPS AG. The guidance for the current 2019/20 financial year is sales of between €181 and €191 million and EBITDA of €28 to €36 million. Existing projects as well as new projects should be a particular driver for this. However, this is offset by the expectation of further revenue declines from the largest customer. According to the guidance, revenue growth of only 0.2% to 5.7% is expected, which contrasts with the high-growth years prior to 2018, in which double-digit growth rates were achieved. In the current very volatile market environment caused by the coronavirus, KPS should continue to be able to work very well on existing projects. However, we assume that it will be much more difficult to win new projects in the current 2019/20 financial year than originally assumed in the guidance. We therefore expect sales growth of 0.7% to € 181.84 million in financial year 2019/20, which is at the lower end of the guidance. However, due to the coronavirus, the forecasts are subject to a high degree of uncertainty.

Expected development of revenues (in million €)



Source: GBC

The main drivers of growth should be internationalization, industrialization and further innovation. The international business is being driven forward significantly, as a result of which sales outside Germany had already increased to 42.6% of total sales. We assume that the share of sales outside Germany should increase even further in the future.

The innovation approach should continue to be an important sales driver. We expect Infront to play a significant role in this consulting segment. The design center in Dortmund should also contribute to the further development of the innovation, which should likewise make a significant contribution to the industrialization of the consulting approach.

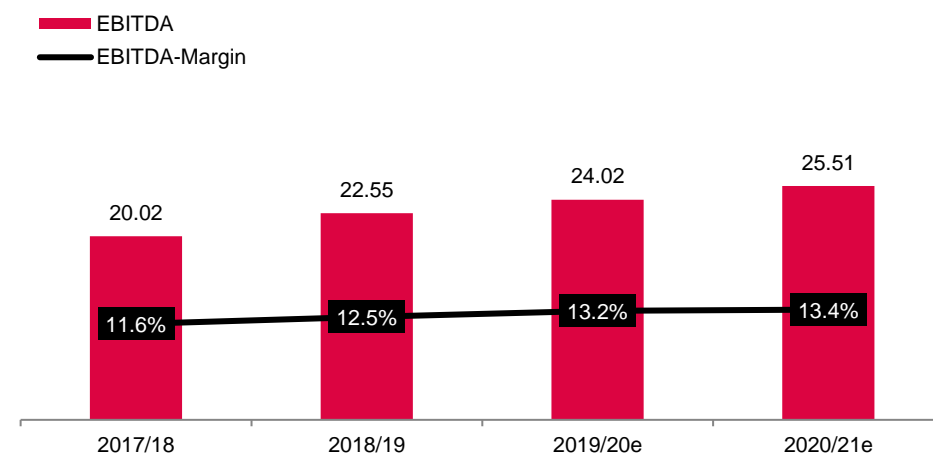
Regarding the industrialization of the consulting approach, there should be numerous positive effects on sales and results. Within the scope of industrialization, innovative and standardized technological concepts and process chains are developed in the design center in Dortmund and used for various projects. This should offer advantages for KPS and its customers, as the project deadlines should be shortened. Furthermore, the implementation will take place mainly in Dortmund and not at the customer's site, which should also reduce the use of resources. KPS's clear stance on even stronger innovation and industrialization is also reflected in the building in Dortmund Phoenix See, which was opened in October 2019 and provides space for around 450 employees.

Earnings forecast

The earnings guidance for the current 2019/20 financial year amounts to € 28 to 36 million, whereby the positive effect on lease accounting in accordance with IFRS 16 of around € 3.80 million should take effect here. Adjusted for this effect, the guidance is thus € 24.20 to 32.2 million.

We assume that an increase in margins should be achieved through the increased deployment of our own employees. Although freelancers (booked under cost of materials) can be deployed much more flexibly, they are generally also much more expensive. Furthermore, it should be possible to achieve margin improvements through the increased use of employees outside Germany. The low wage levels in other countries, with comparable quality, should also have a positive effect. The industrialization of the consulting approach could also have a positive effect on the margin.

Expected development of EBITDA (in million €) and EBITDA margin (in%)



Source: GBC

Overall, we expect a slight increase in EBITDA. We expect EBITDA of € 24.02 million in the current financial year 2019/20, followed by a further slight increase to € 25.51 million in 2020/21. Accordingly, margins should increase from 12.5% (FY 2018/19) to 13.2% (FY 2019/20), and to 13.4% (FY 2020/21), whereby non-cash effects from the first-time application of IFRS 16 accounting are also included here.

VALUATION

Model assumptions

We rated KPS AG using a three-stage DCF model. Starting with the concrete estimations for 2019/20 and 2020/21 in phase 1, in the second phase, from 2021/22 to 2026/27, our forecast uses value drivers. Here we expect a sales increase of 10.9 %. We have assumed an EBITDA margin target of 17.0%. We have taken into account tax rates of 30.0 %. 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 1.00% (before: 1.00%).

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 1.41 (before: 1.41).

Based on these assumptions, the calculated equity costs amount to 8.78 % (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 8.78%.

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 8.78%. The resulting fair value per share at the end of the 2020/21 financial year corresponds to the target price of € 13.00 (before: 13.20€). We have adjusted our target price because of the changed outlook and adjusted forecast.

DCF-Modell

KPS AG - Discounted cash flow (DCF) model scenario

Value driver of the DCF - model according to estimate phase:

consistency - Phase		final - Phase	
Sales growth	10.9%	Eternal growth rate	2.0%
EBITDA-Margin	17.0%	Eternal EBITA - margin	17.0%
Depreciation to fixed assets	6.6%	Eternal effective tax rate	30.0%
Working Capital to sales	1.0%		

Three phases - Model:

phase in €m	estimate		consistency						final Terminal Value
	FY 20e	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	
Sales	181.84	190.93	211.73	234.78	260.35	288.70	320.14	355.01	2.0%
Sales change	0.7%	5.0%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	
Sales to fixed assets	2.39	2.42	2.75	3.13	3.56	4.05	4.60	5.22	17.0%
EBITDA	24.02	25.51	35.99	39.91	44.26	49.08	54.42	60.35	
EBITDA-margin	13.2%	13.4%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	30.0%
EBITA	20.52	22.31	30.78	34.82	39.31	44.26	49.72	55.76	
EBITA-Margin	11.3%	11.7%	14.5%	14.8%	15.1%	15.3%	15.5%	15.7%	60.3%
Taxes on EBITA	-6.46	-7.03	-9.23	-10.45	-11.79	-13.28	-14.92	-16.73	
Taxes to EBITA	31.5%	31.5%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	60.3%
EBI (NOPLAT)	14.05	15.28	21.54	24.38	27.52	30.98	34.81	39.03	
Return on capital	17.9%	20.4%	27.8%	30.8%	35.6%	40.9%	47.0%	53.7%	
Working Capital (WC)	-1.32	-1.39	2.12	2.35	2.60	2.89	3.20	3.55	614.59
WC to sales	-0.7%	-0.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Investment in WC	0.01	0.07	-3.50	-0.23	-0.26	-0.28	-0.31	-0.35	614.59
Operating fixed assets (OAV)	76.10	79.02	77.10	75.02	73.06	71.24	69.54	67.95	
Depreciation on OAV	-3.50	-3.20	-5.22	-5.09	-4.95	-4.82	-4.70	-4.59	614.59
Depreciation to OAV	4.6%	4.0%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Investment in OAV	0.28	-6.12	-3.30	-3.00	-3.00	-3.00	-3.00	-3.00	614.59
Capital employed	74.78	77.63	79.22	77.36	75.67	74.13	72.74	71.50	
EBITDA	24.02	25.51	35.99	39.91	44.26	49.08	54.42	60.35	614.59
Taxes on EBITA	-6.46	-7.03	-9.23	-10.45	-11.79	-13.28	-14.92	-16.73	
Total investment	-2.95	-9.17	-10.03	-6.46	-4.98	-3.28	-3.31	-3.35	614.59
Investment in OAV	0.28	-6.12	-3.30	-3.00	-3.00	-3.00	-3.00	-3.00	
Investment in WC	0.01	0.07	-3.50	-0.23	-0.26	-0.28	-0.31	-0.35	614.59
Investment in Goodwill	-3.23	-3.11	-3.23	-3.23	-1.72	0.00	0.00	0.00	
Free cash flows	14.61	9.32	16.73	23.00	27.49	32.52	36.19	40.27	614.59

Value operating business (due date)	466.77	498.43
Net present value explicit free cash flows	125.75	127.47
Net present value of terminal value	341.02	370.96
Net debt	7.20	12.61
Value of equity	459.57	485.82
Minority interests	0.00	0.00
Value of share capital	459.57	485.82
Outstanding shares in m	37.37	37.37
Fair value per share in €	12.30	13.00

Cost of Capital:

Riskfree rate	1.0%
Market risk premium	5.5%
Beta	1.41
Cost of Equity	8.8%
Target weight	100.0%
Cost of Debt	2.5%
Target weight	0.0%
Taxshield	28.7%
WACC	8.8%

Return on Capital	WACC				
	7.8%	8.3%	8.8%	9.3%	9.8%
59.3%	15.17	13.90	12.83	11.91	11.12
59.8%	15.28	14.00	12.91	11.99	11.19
60.3%	15.38	14.09	13.00	12.07	11.26
60.8%	15.49	14.19	13.09	12.14	11.33
61.3%	15.59	14.28	13.17	12.22	11.40

ANNEX

I.

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2. The research report is simultaneously made available to all interested investment services companies.

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