

PSI AG

Germany / Software
 Primary exchange: Frankfurt
 Bloomberg: PSAN GR
 ISIN: DE000A0Z1JH9

2017 results/
 "PSI Vision 2022"

RATING PRICE TARGET

Return Potential
 Risk Rating

ADD
€ 18.00

4.3%
 Medium

"PSI VISION 2022" TARGETS 10-13% EBIT MARGIN

2017 sales were close to our forecast showing a 5.2% increase to €186.1m (FBe: €187.8m; 2016: €176.9m). EBIT climbed 12.9% to €134m (FBe: €14.4m; 2016: €11.8m). EBIT was 7.3% below our forecast because we had assumed a y-o-y improvement in Q4/17 EBIT at all three segments. Q4/17 EBIT at Production Management was €1.2m above the prior year quarter but Q4/17 EBIT numbers at Energy Management and Infrastructure Management were respectively €0.5m and €0.9m below the Q4/16 level. The Production Management segment was the main driver of the improvement in 2017 performance accounting for over 80% of sales growth and over 90% of the improvement in EBIT. PSI's 2018 guidance is for an upper single digit percentage increase in sales and a low double digit increase in EBIT. The businesses within Production Management – PSI Metals, Logistics, Industry and Automotive – are again expected to be the main contributors to growth. Management has also unveiled "PSI Vision 2022" which targets sales of €235m and an EBIT margin of 10-13%. We note that a reduction in R&D spending from 9.9% of sales in 2017 to 8% in 2022 in connection with the completion of the software platform harmonisation programme is expected to deliver 190 basis points of the targeted improvement. PSI's sales target assumes a CAGR to 2022 of 4.8%. Our forecast is more conservative at 4.2% while we also model a 2022 EBIT margin at the lower end (10.0%) of the target range. Adjustments to our valuation model based on the 2017 results and "PSI Vision 2022" cause us to lower our price target to €18.0 (previously: €20.0). We maintain our Add recommendation.

Dividend raised to €0.23 (2016: €0.22) EBIT would have been €1m higher without writedowns of ca. €1m taken throughout the year on old projects. Writedowns on projects at Broner Metals (acquired by PSI in 2014 and integrated into PSI Metals) accounted for over half of this figure. Group order intake climbed 4.4% to €190m (2016: €182m), whereas the order backlog was down slightly at €128m (2016: €129m). Management will propose a dividend of €0.23 (2016: €0.22) to the AGM on 16 May. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2014	2015	2016	2017	2018E	2019E
Revenue (€m)	175.39	183.68	176.85	186.10	198.86	205.82
Y-o-y growth	-0.5%	4.7%	-3.7%	5.2%	6.9%	3.5%
EBIT (€m)	7.66	11.11	11.84	13.37	15.20	16.93
EBIT margin	4.4%	6.0%	6.7%	7.2%	7.6%	8.2%
Net income (€m)	4.10	7.46	8.55	9.50	10.15	11.66
EPS (diluted) (€)	0.26	0.48	0.55	0.61	0.65	0.75
DPS (€)	0.00	0.21	0.22	0.23	0.24	0.25
FCF (€m)	9.74	11.78	10.42	-2.92	5.76	15.05
Net gearing	33.7%	15.9%	12.0%	18.7%	15.8%	2.5%
Liquid assets (€m)	29.31	38.83	43.01	38.13	37.41	48.69

RISKS

Risks include a renewed downturn in the prices of oil, gas and steel.

COMPANY PROFILE

PSI makes software control systems, primarily for energy, utility companies and metals producers. Customers also include manufacturers and the operators of transportation networks. The company's control system products are widespread in its core German market.

MARKET DATA

As of 29 Mar 2018

Closing Price	€ 17.25
Shares outstanding	15.70m
Market Capitalisation	€ 270.78m
52-week Range	€ 12.48 / 20.30
Avg. Volume (12 Months)	12,419

Multiples	2017	2018E	2019E
P/E	28.4	26.5	23.1
EV/Sales	1.5	1.4	1.4
EV/EBIT	21.4	18.8	16.9
Div. Yield	1.3%	1.4%	1.4%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2017

Liquid Assets	€ 38.13m
Current Assets	€ 116.46m
Intangible Assets	€ 56.49m
Total Assets	€ 194.01m
Current Liabilities	€ 59.68m
Shareholders' Equity	€ 80.30m

SHAREHOLDERS

Innogy SE	17.8%
Harvinder Singh	8.1%
Free float	74.1%

2017 orders, sales, profits up at Electrical Energy, down at Gas & Oil 2017 sales at Energy Management were flat at €69.2m while EBIT moved up 4.3% to €6.0m (2016: €5.8m). Energy Management is comprised of two large businesses - Electrical Energy and Gas & Oil and one smaller one - Energy Trading. Orders from German utilities for both the Electrical Energy and Gas & Oil subsegments tend to pick up every four years ahead of and during the German regulatory base years. For Electrical Energy the most recent regulatory base year was 2016 and for Gas & Oil 2015. Although 2017 was a “shadow year” (between regulatory base years) for Electrical Energy, it succeeded in raising its order intake, sales and profit last year due mainly to a higher level of business with the German municipalities. Investment by Gas & Oil's customers remained sluggish in 2017 following the fall in hydrocarbons commodity prices during 2014-2016. In addition, the EU's embargo on trade with Russia hampered ordering from that country including from Gazprom, which is one of Gas & Oil's most important clients. The subsegment's sales and profit fell. Energy Trading's result was flat following the investments of previous years in its product range.

Figure 1: 2017 results versus our forecasts

€m	FY 17A	FY 17E	Δ FY 17A vs. FY 17E	FY 16A	Δ FY 17A vs. FY 16A
External sales	186.1	187.8	-0.9%	176.9	5.2%
by division:					
Energy Management	69.2	72.7	-4.8%	69.2	0.0%
Production Management	91.9	90.9	1.1%	84.2	9.1%
Infrastructure Management	24.9	24.2	3.1%	23.5	6.2%
Total EBIT	13.4	14.4	-7.3%	11.8	12.9%
by division:					
Energy Management	6.0	6.9	-12.0%	5.8	4.3%
Production Management	8.6	7.9	8.8%	7.1	21.3%
Infrastructure Management	-0.4	0.9	n.a.	0.1	-382.7%
Reconciliation	-0.9	-1.3	n.a.	-1.2	
EPS (€)	0.61	0.63	-3.2%	0.55	10.9%

Source: PSI AG; First Berlin Equity Research estimates

Strong 2017 for all three major Production Management subsegments Production Management's sales climbed 9.1% in 2017 to €91.9m (2016: €84.2m) and segment EBIT climbed 21.3% to €8.6m (2016: €7.1m). Production Management's three main subsegments, PSI Metals, Logistics, Automotive and Industry all saw improved sales and results. Sales and orders at PSI Metals benefited from a 5.3% increase in worldwide raw steel output and continued roll-outs to large customers. From talking to management, we gather that sales at the Logistics subsegment jumped by around 25% driven by customers' capacity expansions and new client wins. The most important new client won by Logistics last year was FIEGE Logistik Stiftung & Co. KG. FIEGE is one of the largest logistics companies in Germany with 12,000 employees at 178 locations in 15 countries. Logistics' EBIT margin approached 10% - just behind the 10-11% level achieved by PSI Metals. Automotive and Industry's performance benefited from the migration of its products to the company's common technology platform. Besides lowering costs, the migration also opened up cross-selling possibilities with Logistics.

Ongoing migration to unified software platform continues to lower costs The migration of the product range to a common software platform has been a major theme at PSI for over five years. Ten years ago PSI's various products were based on over 20 different platforms. The creation of a single platform comprised of modules which can be reused across the firm's business segments has been a major driver of cost reduction in recent years and is expected to continue to lower costs in the medium term.



Public transport business a bright spot at Infrastructure Management Sales at Infrastructure Management climbed 6.2% to €24.9m (2016: €23.5m). EBIT at €-0.4m (2016: €0.1m) was adversely affected by writedowns on receivables and the closure of an outsourcing operation in India. The public transport business, which makes most of its sales in Germany, is currently benefiting from a pick-up in order activity.

End 2017 net gearing including pension liabilities at modest 18.7% (2015: 12.0%)

Operating cash flow before expenditure on working capital rose 7.3% to €18.3m (2016: €17.1m) but net cash flow from operations retreated over 90% to €1.2m (2016: €13.3m) mainly because of a decline in prepayments. 2016 saw an outflow in connection with working capital expenditure of €14.6m (2016: an outflow of €1.7m). Free cash flow was €-2.9m (2016: €10.4m). Cashflow after dividends paid and FX gains/losses but before changes in financial debt amounted to €-7.5m (2016: €7.6m). PSI took out new long term debt of €2.6m, while the cash position fell from €43.0m to €38.1m. Net gearing including pension liabilities of €50.5m (2016: €52.0m) was 18.7% (2016: 12.0%).

2018 guidance PSI's 2018 guidance is for an upper single digit percentage increase in sales and a low double digit increase in EBIT. We model a €12.8m or 6.9% rise in sales to €198.9m and an 13.7% rise in EBIT to €15.2m implying a 40 basis point rise in the EBIT margin from 7.2% to 7.6%.

Production Management accounts for over half of forecast incremental sales in 2018. We expect PSI Metals to continue rollouts to large customers and Logistics to benefit from investments to accommodate still expanding e-commerce realisation. Meanwhile, Automotive and Industry should continue to profit from the momentum created by its revamped product range and increasing customer interest in smart manufacturing.

We expect growth at Energy Management to be modest this year. Electrical Energy is two years away from the next regulatory base year in 2020 and activity at Gas & Oil is likely to be constrained by a slow recovery in investment following the collapse in hydrocarbon commodity prices during 2014-2016 as well as by continuing political tensions between the West and Russia.

We expect performance at Infrastructure Management's south east Asian operations to stabilise in 2018 following the restructuring carried out in recent years. However, the European public transport business is currently on a clear upward trend and positive performance from this operation should push segment sales ahead and the result back into the black this year.

"PSI Vision 2022" Management outlined five year targets for PSI in the presentation accompanying the 2017 results conference. "PSI Vision 2022" targets sales of €235m, and an EBIT margin of 10-13%. The EBIT margin target assumes R&D costs equivalent to 8% of sales). In 2017 this figure was 9.9% and averaged 10.2% over the past five years.

PSI has set long term targets before. For example in early 2012, "Vision 2015" stipulated sales of €250m and an EBIT margin of 13-15%. Reported 2015 sales were €184m while the EBIT margin came in at 6.0%.

The main assumptions underlying Vision 2015 were a) that the growth of emerging markets would continue at the pace seen in the first decade of the 21st century; b) that acquisitions would contribute a significant part of the targeted growth; c) that the shift to a single technological platform would generate significant margin uplift; d) and that margins would additionally benefit from a shift in the product mix to more highly complex and higher priced products.

In our view PSI failed to reach the Vision 2015 targets because emerging market growth slowed, management was unable to secure the desired acquisition volume at a suitable price and the shift to a common software platform took longer than expected.

2022 targets are more conservative than 2015 goals As figure 2 shows, the 2022 targets are more conservative than the 2015 targets. Growth is not expected to derive from emerging markets. Indeed the 2017 annual report notes that in recent years the decline in the oil price, embargos and political instability have reduced the company's business in emerging markets by around €20m in sales. The annual report further states that in future years northern Europe will be the focus of growth.

Figure 2: PSI Vision 2022 compared with Vision 2015

	PSI Vision 2022		
	2017A	2022 target	CAGR
Sales (€m)	186.1	235.0	4.8%
Employees	1,665	2,000	3.7%
EBIT margin	7.20%	10-13%	
	Vision 2015		
	2011A	2015 target	CAGR
Sales (€m)	169.5	250.0	10.2%
Employees	1,491	2,000	7.6%
EBIT margin	6.30%	13-15%	

Source: PSI

The 2022 targets imply a revenue CAGR of 4.8%. Figure 3 shows that PSI's revenues grew at a CAGR of 0.6% over the five year period 2012-2017. If we add back in the €20m lost to the oil price/embargo/political instability cocktail mentioned above, growth would still have been only a relatively modest 2.6%. This suggests that either acquisitions or an increase in the company's organic growth rate will be necessary to achieve the targeted 4.8% sales CAGR to 2022.

PSI has made substantial investments in a number of promising growth areas in recent years. Work on the Industrie 4.0 theme includes the development of platforms for the replacement of production lines by swarm manufacturing concepts on the basis of intelligent and self-guiding workpieces.

The company is also working on the intelligent integration of electromobility into local transmission networks, grid configuration taking account of the future structure of electricity generation, and mathematical processes which simulate energy networks under sector coupling scenarios. These projects suggest potential for an acceleration in PSI's organic sales growth over the next five years. However, we base our model on a five year CAGR of 4.2% rather than the targeted 4.8%. Our forecasts do not include acquisitions.

EBIT margin stasis over past five years due to margin collapse at Infrastructure Man.

As figure 3 shows, PSI's EBIT margin has hardly moved over the past five years. The 2017 figure was only 10 basis points above the 2012 level. This stasis is almost entirely attributable to Infrastructure Management where EBIT dropped by €4.7m between 2012 and 2017 equivalent to a margin decline from 12.2% to -1.2%. The largest business within Infrastructure Management is the south east Asian business PSI Incontrol. In recent years this business has been negatively affected by the impact of low commodity prices, political turbulence and management moves to reduce exposure to low margin, capital/hardware intensive lines of business. However, PSI's two largest segments, Energy Management and Production Management appear to have achieved sustainable margin improvements. During the past five years Energy Management's EBIT margin has moved up over 300 basis points and Production Management's EBIT margin by over 150 basis points. These numbers suggest that investment in both product renewal and the move to a common product platform have paid off.

Figure 3: Five year segment growth and margin record

€m	2012A	2013A	2014A	2015A	2016A	2017A	CAGR
Sales	180.9	176.3	190	183.7	176.9	186.1	0.6%
by segment:							
Energy Management	64.2	62.6	65.1	69	70	72.5	2.5%
Production Management	90.5	86.3	81.9	88.3	86.3	94.4	0.8%
Infrastructure Management	35.5	38.1	36.9	36.3	29.1	30.7	-2.9%
Reconciliation	-9.3	-10.7	6.1	-9.9	-8.5	-11.5	
EBIT	12.9	4.2	7.7	11.1	11.8	13.4	0.7%
margin (%)	7.1%	2.4%	4.0%	6.0%	6.7%	7.2%	
by segment:							
Energy Management	3.2	0.6	4.8	5.3	5.8	6.0	13.5%
margin (%)	5.0%	1.0%	7.4%	7.6%	8.3%	8.3%	
Production Management	6.6	1.4	2.2	6.2	7.1	8.6	5.4%
margin (%)	7.3%	1.7%	2.7%	7.0%	8.2%	9.1%	
Infrastructure Management	4.3	3.3	1.8	0.8	0.1	-0.4	n.a.
margin (%)	12.2%	8.6%	4.8%	2.3%	0.5%	-1.2%	
Reconciliation	-1.3	-1.2	-1.2	-1.2	-1.2	-0.9	
R&D as % sales	10.0%	11.6%	9.2%	10.6%	9.5%	9.9%	

Source: PSI

As we noted above, the 2022 margin target incorporates R&D expenditure equivalent to 8% of sales. The 2017 figure was 9.9%. Development of a common software platform has been one of the largest components of R&D expenditure at PSI in recent years. This work will be completed by 2022 - hence the scope for a reduction in R&D spending relative to sales.

10% margin looks readily achievable if we factor in 190 basis point fall in R&D spend

The 2017 EBIT margin was 7.2%. Writedowns on old projects of €1m reduced this figure by 50 basis points. Adding to this the 190 basis points in margin saved through the end of the software platform harmonisation programme indicates that there should be scope to take the EBIT margin to 9.6% without any further operational improvements. We base our model on an EBIT margin of 10% by 2022 i.e. at the lower end of the 2022 target range. We believe that PSI will be able to close the 40 basis point gap between 9.6% and 10.0% through further cost reductions stemming from the platform harmonisation programme and the introduction of higher margin products developed through its R&D programme.

Figure 4 below shows changes to our forecasts. Based on these changes we now see fair value for the PSI share at €18.0. Our recommendation remains Add.

Figure 4: Changes to our forecasts

€m	2018 NEW	2018 OLD	Δ %	2019 NEW	2019 OLD	Δ %
External sales	198.86	202.13	-1.6%	205.82	216.35	-4.9%
by division:						
Energy Management	74.88	78.51	-4.6%	77.12	84.79	-9.0%
Production Management	99.08	97.26	1.9%	103.04	103.10	-0.1%
Infrastructure Management	24.90	26.35	-5.5%	25.65	28.46	-9.9%
Total EBIT	15.20	17.59	-13.6%	16.93	20.32	-16.7%
margin (%)	7.6%	8.7%		8.2%	9.4%	
by division:						
Energy Management	6.66	8.34	-20.1%	7.11	9.43	-24.6%
margin (%)	8.5%	10.5%		8.8%	11.0%	
Production Management	9.57	8.97	6.7%	10.59	10.57	0.2%
margin (%)	9.4%	9.0%		10.0%	10.0%	
Infrastructure Management	0.31	1.63	-81.2%	0.63	1.76	-64.1%
margin (%)	1.0%	5.0%		2.0%	5.0%	
Reconciliation	-1.34	-1.35		-1.39	-1.45	
EPS (€)	0.65	0.79	-17.7%	0.75	0.95	-21.4%

Source: First Berlin Equity Research estimates



Figure 5: Valuation model

€000s	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Net sales	198,859	205,815	213,020	220,482	228,211	238,463	248,886	259,465
NOPLAT	10,637	11,854	13,124	14,469	15,937	17,162	18,184	19,537
+ Depreciation and amortisation	4,971	5,145	5,326	5,512	5,705	5,962	6,222	6,487
= net operating cash flow	15,609	16,999	18,450	19,981	21,643	23,123	24,406	26,024
- total investments (Capex and WC)	-9,709	-1,841	610	-2,196	-4,393	-5,054	-7,619	-7,905
Capital expenditure	-5,916	-5,080	-6,082	-6,075	-6,281	-7,017	-7,296	-7,576
working capital	-3,793	3,239	6,692	3,879	1,888	1,964	-324	-329
= Free cash flow (FCF)	5,900	15,158	19,059	17,785	17,249	18,069	16,786	18,119
PV of FCF's	5,586	13,332	15,572	13,499	12,163	11,836	10,215	10,242

€000s	
PVs of FCFs explicit period (2017-30)*	141,318
PVs of FCFs in terminal period	156,962
Enterprise Value (EV)	298,280
(Net cash)/net debt	15,030
Shareholder value	283,250

Value per share (€)	18.04
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WACC	7.65%
Cost of equity	9.5%
Pre-tax cost of debt	3.0%
Normal tax rate	30.0%
After-tax cost of debt	2.1%
Share of equity	75.0%
Share of debt	25.0%
Terminal growth	2.0%

Sensitivity analysis

	Terminal growth rate (%)						
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
3.65%	40.11	45.52	53.47	66.24	90.16	151.11	630.11
4.65%	29.68	32.30	35.75	40.51	47.47	58.68	79.66
5.65%	23.34	24.80	26.60	28.90	31.93	36.11	42.23
6.65%	19.09	19.97	21.02	22.30	23.89	25.91	28.57
7.65%	16.05	16.61	17.27	18.04	18.97	20.10	21.49
8.65%	13.76	14.14	14.58	15.08	15.66	16.34	17.15
9.65%	11.99	12.26	12.55	12.89	13.27	13.71	14.22
10.65%	10.58	10.77	10.98	11.21	11.47	11.77	12.11

*for layout purposes the model shows numbers only to 2025 but runs until 2030

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in €'000	2015	2016	2017	2018E	2019E
Revenues	183,682	176,854	186,096	198,859	205,815
Cost of materials	-31,596	-26,210	-27,228	-28,835	-29,843
Gross profit	152,086	150,644	158,868	170,024	175,972
Total personnel costs	-106,820	-109,269	-112,343	-117,327	-121,431
Net other operating costs	-29,871	-25,246	-28,809	-32,530	-32,462
Depreciation & amortisation	-4,286	-4,294	-4,351	-4,971	-5,145
EBIT	11,109	11,835	13,365	15,196	16,934
Net interest	-1,811	-749	-983	-924	-512
Associates	140	147	142	160	168
Pretax profit	9,438	11,233	12,524	14,432	16,590
Income taxes	-1,979	-2,682	-3,027	-4,282	-4,927
Net income / loss	7,459	8,551	9,497	10,151	11,664
EPS (€)	0.48	0.55	0.61	0.65	0.75
EBITDA	15,395	16,129	17,716	20,167	22,079
Ratios					
Gross margin	82.8%	85.2%	85.4%	85.5%	85.5%
EBIT margin	6.0%	6.7%	7.2%	7.6%	8.2%
EBITDA margin	8.4%	9.1%	9.5%	10.1%	10.7%
Net income margin	4.1%	4.8%	5.1%	5.1%	5.7%
Tax rate	21.0%	23.9%	24.2%	29.7%	29.7%
Expenses as % of output					
Personnel	-58.2%	-61.8%	-60.4%	-59.0%	-59.0%
Net other operating income/expenses	-16.3%	-14.3%	-15.5%	-16.4%	-15.8%
Depreciation & amortisation	-2.3%	-2.4%	-2.3%	-2.5%	-2.5%
Y-o-y growth					
Total revenues	4.7%	-3.7%	5.2%	6.9%	3.5%
EBIT	45.1%	6.5%	12.9%	13.7%	11.4%
Net income / loss	82.0%	14.6%	11.1%	6.9%	14.9%



BALANCE SHEET

All figures in €'000	2015	2016	2017	2018E	2019E
Assets					
Current assets, total	120,742	120,710	116,463	127,101	139,468
Cash and cash equivalents	38,831	43,008	38,132	37,405	48,692
Trade accounts and notes receivables	36,169	27,466	31,611	31,817	32,930
Inventories	4,184	6,421	7,823	7,954	8,233
Receivables relating to long term contracts	36,366	38,184	33,118	43,749	43,221
Other current assets	5,192	5,631	5,779	6,175	6,391
Non-current assets, total	78,780	78,717	77,547	77,036	77,375
Property, plant and equipment	12,214	12,153	12,531	13,324	13,790
Goodwill	49,559	48,914	48,289	48,289	48,289
Other intangible assets	9,859	8,837	8,200	8,352	7,821
Associates	149	150	150	310	478
Deferred tax assets	6,999	8,663	8,377	6,761	6,998
Other non-current assets	0	0	0	0	0
Total assets	199,522	199,427	194,010	204,137	216,843
Shareholders' equity & debt					
Current liabilities, total	77,343	69,200	59,679	64,629	68,948
Interest bearing debt	3,374	0	2,622	0	0
Trade accounts payable	14,929	12,553	14,564	14,914	15,436
Liabilities relating to long term contracts	28,819	25,728	13,287	17,897	20,582
Provisions	0	0	0	0	0
Other current liabilities	30,221	30,919	29,206	31,817	32,930
Non-current liabilities, total	49,027	54,953	54,034	54,670	55,060
Interest bearing debt	83	0	0	0	0
Pension provisions	46,981	52,037	50,540	50,793	51,047
Deferred tax liabilities	1,963	2,916	3,494	3,878	4,013
Consolidated equity	73,152	75,274	80,297	84,838	92,835
Shareholders' equity	73,152	75,274	80,297	84,838	92,835
Minorities	0	0	0	0	0
Total consolidated equity and debt	199,522	199,427	194,010	204,137	216,843
Ratios					
Current ratio (x)	1.56	1.74	1.95	1.97	2.02
Quick ratio (x)	1.51	1.65	1.82	1.84	1.90
Equity ratio	36.7%	37.7%	41.4%	41.6%	42.8%
Net gearing	15.9%	12.0%	18.7%	15.8%	2.5%
Equity per share	4.66	4.80	5.12	5.40	5.91
Interest coverage ratio (x)	6.13	15.80	13.60	16.45	33.10
Capital employed (CE)	88,045	84,531	89,815	96,776	96,707
Return on capital employed (ROCE)	9.7%	9.8%	10.4%	11.0%	12.3%



CASH FLOW STATEMENT

All figures in €'000	2015	2016	2017	2018E	2019E
Pretax result	9,438	11,233	12,524	14,432	16,590
Depreciation and amortisation	4,286	4,294	4,351	4,971	5,145
Other	-1,685	-479	-1,098	-3,937	-4,841
Operating cash flow	12,039	15,048	15,777	15,467	16,895
Investment in working capital	1,971	-1,713	-14,609	-3,793	3,239
Net operating cash flow	14,010	13,335	1,168	11,674	20,134
Cashflow from investing	-2,234	-2,912	-4,089	-5,916	-5,080
Free cash flow	11,776	10,423	-2,921	5,758	15,054
Dividend paid	0	-3,277	-3,439	-3,610	-3,767
Share buy back	-303	0	-297	-252	0
New share capital	0	0	0	0	0
Debt financing	-1,813	-3,457	2,622	-2,622	0
Other	0	0	0	0	0
Cash flow from financing	-2,116	-6,734	-1,114	-6,484	-3,767
Other	-143	488	-841	0	0
Change in cash	9,517	4,177	-4,876	-727	11,287
Cash, start of the year	29,314	38,831	43,008	38,132	37,405
Cash, end of the year	38,831	43,008	38,132	37,405	48,692
Free cash flow per share in €	0.75	0.67	-0.19	0.37	0.96

Y-o-y growth					
Operating cash flow	28%	25%	5%	-2%	9%
Net operating cash flow	-42%	-5%	-91%	899%	72%
Free cash flow	21%	-11%	-128%	-297%	161%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	15 July 2003	€4.96	Market Perform	€5.00
2...60	↓	↓	↓	↓
61	2 May 2017	€12.91	Add	€14.00
62	31 July 2017	€15.74	Add	€17.00
63	6 November 2017	€17.61	Add	€20.00
64	Today	€17.25	Add	€18.00

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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