

YOUBISHENG Green Paper AG

May 16, 2014



Basic report update

Analysts

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Evaluation result

BUY

(previous: BUY)

Fair value

€14.36

(previous: €13.53)

BankM Research on Bloomberg, Thomson/Reuters, Factset, CapitalIQ and www.BankM.de

Heavy Investments for Capacity Expansion

During FY 2013, operations of YOUBISHENG Green Paper AG were still faced with the limitations of production capacity. This bottleneck is mirrored by an almost stable sales volume (+0.5%, yoy). Through intelligent outsourcing, in-house production resources have been allocated for the production of higher-margin products, whereas low-margin products have been commissioned to third parties. In terms of RMB, sales revenues decreased by 2%, largely due to reduction in selling prices which reflects the price decline of the Company's commodity, i.e. recovered paper. Since the decrease in cost price was not fully passed on to customers, YOUBISHENG was able to maintain or even to slightly increase gross margins for its products (in terms of fractional digits). Overall, gross margin was maintained almost stable on previous year's level (+0.4 pts.).

Already in 3Q13, the Company began to invest into its strategic expansion which aims at removing the shortfall in production capacity. The project already experienced two significant investments: 1. a deposit payment to the local authorities in Huanggang City, where the facility will be built, in order to secure the land use rights. 2. a deposit payment to a contractor for the development and the design of the new project. The new facility is expected to be in operation by early 2016 with capacities of 300,000 tons per year, thereby tripling the current output volume. The Company is in general able to finance the ~€89 mln project independently from third parties out of its operating cash flow. However, the schedule for the construction largely depends on whether the Company will be able to gain access to additional financing sources (equity and/or debt).

In our valuation we explicitly do not consider the envisaged expansion, rather we adhere to our base case scenario. We calculate a fair value of €14.36 per share and confirm our Buy rating. Considering the sentiment of Chinese companies listed in the Prime Standard, we expect a short to mid-term trading target of €4.70.

Key data / Earnings

Year	Sales (€ m)	EBITDA (€ m)	EBIT (€ m)	EBT (€ m)	Net Profit (€ m)	EPS (€)	EBIT- Margin	Net- Margin
2012a	98.6	25.6	23.8	23.9	17.7	1.73	24.1%	18.0%
2013a	96.0	25.7	23.8	23.3	17.2	1.68	24.8%	17.9%
2014e	93.1	24.5	22.4	22.4	16.8	1.64	24.0%	18.0%
2015e	93.1	24.5	21.3	21.3	15.9	1.56	22.8%	17.1%
2016e	93.3	24.6	21.3	21.3	16.0	1.57	22.9%	17.2%
2017e	93.4	24.7	21.4	21.4	16.1	1.57	22.9%	17.2%

Source: YOUBISHENG Green Paper AG, BankM Research

Sector	Paper & Forest
WKN	A1KRLR
ISIN	DE000A1KRLR0
Bloomberg/Reuters	YB1 GY/YB1.XE
Accounting standard	IFRS
Financial year	Dec 31
Financial reporting 1Q14	May 28, 2014
Market segment	Regulated Market
Transparency standard	Prime Standard

Financial ratios	2014e	2015e	2016e
EV/Sales	0.2	0.2	0.2
EV/EBITDA	0.6	0.6	0.6
EV/EBIT	0.7	0.7	0.7
P/E adj.	2.5	2.6	2.6
Price/Bookvalue	0.4	0.4	0.3
Price/FCF	2.3	1.4	2.2
ROE (in %)	18.5	14.9	13.0
Dividend yield (in %)	0.0	0.0	0.0

Number of shares outs. (in '000) 10,218

MarketCap / EV (in € m) 41.89 / 14.54

Free float (in %) 9.5

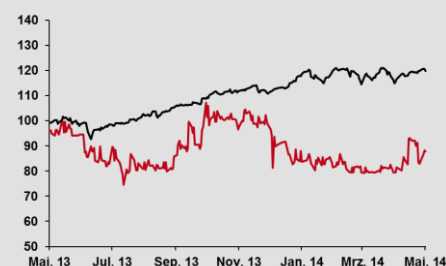
Ø daily trading vol. (3M, in €) 6,400

12M high / low (in €; closing) 5.00 / 3.48

Price May 15, 2014 (in €; closing) 4.10

Performance	1M	6M	12M
absolute (in %)	10.5	-10.3	-12.2
relative (in %)	5.8	-16.3	-26.8

Benchmark index SDAX



YOUBISHENG Green Paper AG (red/grey), Performance since IPO vs. SDAX (black).
Source: Bloomberg

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Discussion of Operations and Outlook

Strong margins offset slightly weaker top line

The Company was able to increase the sales volume of its double-sided testliner (dsTL) by a respectable 13% and continues to enhance comparability and competitiveness to kraftliner, which represents the most robust industry standard. YOUBISHENG's intellectual property consists of its ability to manufacture a testliner produced from 100% recycled paper with similar qualities compared to kraftliner containing only up to 20% recycled paper. This renders YOUBISHENG's products significantly cheaper as well as more environment-friendly.

Due to strong demand, sales revenues of dsTL and anti-counterfeit testliner increased by 10% and 39%, respectively (constant currency). At the same time single-sided testliner (in-house and outsourced production) experienced a decline by 9% and 2%, respectively. The strategy to set the focus on higher-margin products, such as the double-sided and anti-counterfeit testliner as well as the policy to outsource and to cut back the lower margin single-sided testliner has been consistently kept following.

The volatility of the world market price for recycled paper (Recovered Paper Index FOEX PIX OCC) limits the predictability of operating figures as well as margins with regard to our forecasts.

Outlook:

Considering the increase in disposable income of Chinese people, a stronger demand for goods imply an increasing need for packaging material. In addition, the environmental awareness becomes more important for consumers these days, causing recyclable packaging to experience a growth in demand. These market conditions are in favor of YOUBISHENG's business as their products are being made of 100% recycled paper.

Strong commitment for growth

The construction of a new factory will terminate the capacity restraints, which substantially limits the growth dynamics of the Company (as outsourcing potential is also limited due to third parties' capacity constraints). While management is strictly committed to the expansion strategy, the schedule of the construction work depends on whether the Company will be able to raise funds or to rely solely on its internal financing resources. By increasing the output through a new production site, a greater geographical reach towards the middle and the Midwest of China will be achieved.

For 2014, management guides stable sales revenues and an EBIT margin of 22%.

Valuation

Fair value: €14.36

Based on the FY 2013 result we have adjusted our DCF and multiple analysis. We have not factored in capital expenditure for and cash flows from the envisaged expansion since the actual time of completion of the project depends on the financing capabilities. Consequently, we consider the investment in 2013 of €23.5m into land use rights and machinery as fixed capital which has no operating value until the remaining financing of the new factory is secured. Currently it is not predictable when the construction of the new factory is going to

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YOUBISHENG Green Paper AG

May 16, 2014

Valuation - 3/12 -

start, not to mention the start of production. As the construction of the factory *per se* is not in question, we take this matter - as a model approach - into account with a premium of €2.30 per share (€23.5 mln divided by the number of shares).

Valuation Summary

DCF analysis (sum)	€19.07
<i>t/o NPV of FCFs</i>	€16.77
<i>t/o Premium</i>	€ 2.30
Multiple analysis (mean)	€ 9.65
<i>t/o China Prime Standard Peer Group</i>	€ 3.92
<i>t/o Sector Peer Group</i>	€15.39

Equally weighting the result from the DCF and multiple analysis (2014e) we derive a fair value of €14.36 per share and reiterate our “Buy” rating.

DCF Analysis

	2013a	Phase 1				Phase 2				Terminal Value
		2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	
in € '000	Basis	1	2	3	4	5	6	7	8	
Growth	-2.6%	-3.1%	0.1%	0.1%	0.1%	CAGR - 1.0%				1.0%
Revenues	96,025	93,067	93,135	93,273	93,411	94,345	95,289	96,242	97,204	98,176
EBIT	23,814	22,354	21,258	21,336	21,418	20,123	18,799	17,447	16,067	14,726
- Tax	5,954	5,589	5,314	5,334	5,355	5,031	4,700	4,362	4,017	3,682
+ Depreciation and amortization	1,882	2,103	3,245	3,265	3,022	3,042	1,700	1,720	1,740	200
+ Change in long-term provisions	0	0	0	0	0	0	0	0	0	0
- Change in net working capital	9,516	-239	-12,064	11	11	100	100	102	103	0
- Other non-cash items	-186	0	0	0	0	0	0	0	0	0
- Capex	23,552	200	200	200	200	200	200	200	200	200
= Free Cash Flow	-13,140	18,907	31,053	19,056	18,874	17,834	15,499	14,504	13,487	11,045
Terminal Value										104,690
Discount factor	n.a.	0.90	0.81	0.72	0.65	0.58	0.52	0.47	0.42	0.42
NPV of Free Cash Flows	n.a.	16,968	25,010	13,774	12,243	10,375	8,086	6,786	5,659	
NPV of Terminal Value										43,927
Valuation		Proportion of EV								
Result of Future Cash Flows	98,901	69%								
+ Result of Terminal Value	43,927	31%								
= Value of the Entity	142,827									
+ Cash (as of Dec 31)	33,436									
- LT Debt (as of Dec 31)	4,925									
= Value of Equity	171,338									
Current No. of Shares (in '000)	10,218									
Price per Share	16.77									

Source: BankM Research

Key Model Assumptions

	Source	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	TV
Riskfree Return	Bloomberg	0.37%	0.39%	0.46%	0.59%	0.75%	0.92%	1.10%	1.26%	2.17%
Expected Market Return	Bloomberg	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Beta Sector	Damodaran	1.05	1.05	1.05	1.05	0.99	0.99	0.99	0.99	1.00
Country Risk Premium China		1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Company Specific Risk Premium		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Cost of Equity		13.52%	13.51%	13.51%	13.50%	12.99%	12.99%	12.99%	12.99%	13.05%
Target Weight		90%	90%	90%	90%	100%	100%	100%	100%	100%
Cost of Debt		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Target Weight		10%	10%	10%	10%	0%	0%	0%	0%	0%
Tax Shield		25%	25%	25%	25%	25%	25%	25%	25%	25%
WACC		12.91%	12.91%	12.91%	12.90%	12.99%	12.99%	12.99%	12.99%	13.05%

Source: BankM Research

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Sensitivity Analysis

Discount rate of Terminal Value

	9.00%	10.00%	11.00%	11.55%	12.00%	13.00%	14.00%
Growth in Terminal Value -1.00%	16.92	16.51	16.17	16.01	15.89	15.65	15.43
0.00%	17.46	16.96	16.55	16.36	16.21	15.92	15.68
1.00%	18.14	17.51	17.01	16.77	16.59	16.25	15.96
2.00%	19.01	18.20	17.56	17.27	17.05	16.63	16.29
3.00%	20.18	19.08	18.25	17.88	17.61	17.10	16.67

EBIT Margin in TV

	12.00%	13.00%	14.00%	15.00%	16.00%	17.00%	18.00%
Growth in Terminal Value -1.00%	15.30	15.54	15.78	16.01	16.25	16.48	16.72
0.00%	15.58	15.84	16.10	16.36	16.62	16.88	17.14
1.00%	15.91	16.20	16.48	16.77	17.06	17.34	17.63
2.00%	16.31	16.63	16.95	17.27	17.59	17.91	18.23

Peer Group Analysis

China Prime Standard Peer Group

Peer Group	Mkt Cap	EV	Revenues			EBITDA			Net Profit			Book value		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
EUR (in m)														
Asian Bamboo AG	16.66	32.93	32.30	-	-	31.90	-	-	-152.90	-	-	-	-	-
China Specialty Glass AG	34.55	-37.04	159.00	204.00	-	64.70	83.60	-	48.20	62.60	-	-	-	-
FAST Casualwear AG	11.77	21.10	122.97	-	-	-	-	-	15.80	-	-	-	-	-
Firstextile AG	111.44	76.69	200.30	227.00	296.50	47.00	57.95	75.45	32.90	39.60	51.30	11.02	-	-
Haikui Seafood AG	45.21	-1.42	117.64	148.00	167.00	14.30	16.30	18.30	10.23	11.85	11.70	-	-	-
Joyou AG	306.78	300.98	357.84	383.67	414.00	61.38	67.30	73.55	24.02	36.40	41.05	360.16	-	-
Ming Le Sports AG	30.90	-58.20	358.00	393.00	433.00	56.20	62.30	75.10	42.10	46.30	54.10	10.05	-	-
Powerland AG	36.00	75.80	-	-	-	-	-	-	-	-	-	-	-	-
Tinbright AG	39.00	-	132.38	142.75	155.61	31.82	33.96	36.78	21.80	23.48	25.92	-	-	-
Ultrasonic AG	96.27	-9.37	163.80	186.00	210.00	48.85	46.50	52.40	35.01	33.10	37.20	160.12	-	-
United Power Technology AG	34.44	2.54	103.67	98.50	100.00	19.30	17.70	19.70	10.11	9.85	11.50	8.77	-	-
Vancamel AG	58.65	12.07	176.00	184.00	198.00	48.10	45.30	48.70	36.00	33.90	36.50	-	-	-
Vtion Wireless Technology AG	42.25	-80.11	59.95	60.00	60.00	5.70	5.50	5.20	4.40	4.40	4.10	9.40	-	-
Zhongde Waste Technology AG	33.80	-1.38	12.30	35.00	52.30	-2.35	-3.80	1.50	-8.30	-6.20	-1.20	8.60	-	-
Youbisheng Green Paper AG	41.89	18.64	96.03	93.07	93.14	25.70	24.46	24.50	17.19	16.77	15.94	82.17	98.93	114.88

Data not available

*If EV prev. day is not available, the EV current day is displayed without further notice

Peer Group	Mkt Cap	EV	EV/Revenues			EV/EBITDA			P/E			P/B		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
Multiples														
Asian Bamboo AG	16.66	32.93	1.18	-	-	1.20	-	-	neg.	-	-	-	-	-
China Specialty Glass AG	34.55	-37.04	neg.	neg.	-	neg.	neg.	-	0.92	0.55	-	-	-	-
FAST Casualwear AG	11.77	21.10	-	-	-	-	-	-	1.16	-	-	-	-	-
Firstextile AG	111.44	76.69	0.48	0.34	0.26	2.03	1.32	1.02	3.58	2.81	2.17	0.86	0.68	0.53
Haikui Seafood AG	45.21	-1.42	0.07	neg.	neg.	0.59	neg.	neg.	5.12	3.82	3.86	-	0.27	0.25
Joyou AG	306.78	300.98	0.81	0.78	0.73	4.72	4.47	4.09	12.79	8.43	7.47	0.85	0.75	0.70
Ming Le Sports AG	30.90	-58.20	neg.	neg.	neg.	neg.	neg.	neg.	1.77	0.67	0.57	0.20	0.15	0.14
Powerland AG	36.00	75.80	-	-	-	-	-	-	-	-	-	-	-	-
Tinbright AG	39.00	-	-	-	-	-	-	-	-	1.66	1.50	-	-	-
Ultrasonic AG	96.27	-9.37	0.23	neg.	neg.	0.77	neg.	neg.	2.96	2.91	2.59	0.58	-	-
United Power Technology AG	34.44	2.54	0.07	0.03	0.03	0.35	0.14	0.13	3.78	3.50	2.99	0.32	0.30	0.28
Vancamel AG	58.65	12.07	0.02	0.07	0.06	0.09	0.27	0.25	1.41	1.73	1.61	-	-	-
Vtion Wireless Technology AG	42.25	-80.11	-	neg.	neg.	-	neg.	neg.	11.43	9.60	10.31	0.31	0.27	0.26
Zhongde Waste Technology AG	33.80	-1.38	1.90	neg.	neg.	neg.	0.36	neg.	neg.	neg.	neg.	0.30	0.30	0.31
Median	37.50	2.54	0.35	0.20	0.16	0.77	0.36	0.63	3.27	2.86	2.59	0.32	0.30	0.28
Mean (for information purposes, only)	64.12	25.74	0.59	0.30	0.27	1.39	1.31	1.37	4.49	3.57	3.68	0.49	0.39	0.35
Youbisheng Green Paper AG	41.89	18.64	0.05	0.20	0.20	0.19	0.76	0.76	2.54	2.50	2.63	0.53	0.42	0.36

*Multiple based on historical price as of Dec 31 prev. year (not shown); as of publication date, some figures for 2013 may still be estimates														
Enterprise Value Youbisheng	n.a.	18.77	14.88	n.a.	8.89	15.49	n.a.	47.97	41.26	n.a.	29.69	32.13	-	-
-Net Debt	n.a.	-27.35	-27.35	n.a.	-27.35	-27.35	n.a.	42.84	-	-	-	-	-	-
Value of the Equity	n.a.	46.12	42.23	n.a.	36.24	42.84	n.a.	47.97	41.26	n.a.	29.69	32.13	-	-

Year	2014	2015
Implicit Price	3.92	3.88

	2014	2015
Equity value based on EV/Revenues (€ m)	46.12	42.23
Equity value based on EV/EBITDA (€ m)	36.24	42.84
Equity value based on P/E (€ m)	47.97	41.26
Equity value based on P/B (€ m)	29.69	32.13
Mean	40.01	39.62
No. of shares ('000)*	10,218	10,218
Price/share (€)	3.92	3.88

Source: Bloomberg, BankM Research

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YOUBISHENG Green Paper AG

May 16, 2014

Valuation - 5/12 -

Sector Peer Group

Peer Group	Mkt Cap	EV	Revenues			EBITDA			Net Profit			Book Value		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
(EUR in m)														
Cham Paper Holding AG	148.91	146.02	187.98	176.36	185.38	9.67	15.26	19.36	0.32	-	-	-	-	-
Cheng Loong Corp	334.52	622.85	638.31	-	-	60.50	-	-	30.49	40.97	46.13	-	-	-
Fortress Paper Ltd	29.73	155.50	151.98	157.52	194.56	-19.60	-14.46	9.24	39.93	-37.62	-9.24	360.16	-	-
YFY Inc	559.58	896.58	21.28	-	-	16.56	-	-	15.49	34.30	-	9.40	-	-
Youbisheng Green Paper AG	41.89	#N/A N/A	96.03	93.07	93.14	25.70	24.46	24.50	17.19	16.77	15.94	82.17	98.93	114.88

*If EV prev. day is not available, the EV current day is displayed without further notice

Peer Group	Mkt Cap	EV	EV/Revenues			EV/EBITDA			P/E			P/B		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
Multiples														
Cham Paper Holding AG	148.91	146.02	0.71	0.83	0.79	13.76	9.57	7.54	430.08	-	-	-	-	-
Cheng Loong Corp	334.52	622.85	1.04	-	-	10.99	-	-	12.29	8.16	7.25	-	-	-
Fortress Paper Ltd	29.73	155.50	0.83	0.99	0.80	neg.	neg.	16.83	1.05	neg.	neg.	0.85	0.75	0.70
YFY Inc	559.58	896.58	44.21	-	-	56.81	-	-	38.85	16.31	-	0.31	0.27	0.26
Median	241.71	389.17	0.94	0.91	0.79	13.76	9.57	12.19	25.57	12.24	7.25	0.58	0.51	0.48
Mean (for information purposes, only)	268.18	455.24	11.70	0.91	0.79	27.19	9.57	12.19	120.57	12.24	7.25	0.58	0.51	0.48
Youbisheng Green Paper AG	41.89	#N/A N/A	0.05	-	-	0.19	-	-	2.54	2.50	2.63	0.53	0.42	0.36

*Multiple based on historical price as of Dec 31 prev. year (not shown); as of publication date, some figures for 2013 may still be estimates

Enterprise Value Youbisheng	n.a.	84.46	73.90	n.a.	234.07	298.66	n.a.	205.19	115.61	n.a.	50.39	55.13
-net debt	n.a.	-27.35	-27.35	n.a.	-27.35	-27.35	n.a.	205.19	115.61	n.a.	50.39	55.13
Value of the Equity	n.a.	111.81	101.25	n.a.	261.42	326.00	n.a.	205.19	115.61	n.a.	50.39	55.13

Year	2014	2015
Implicit Price	15.39	14.63

	2014	2015
Equity value based on EV/Revenues (€ m)	111.81	101.25
Equity value based on EV/EBITDA (€ m)	261.42	326.00
Equity value based on P/E (€ m)	205.19	115.61
Equity value based on P/B (€ m)	50.39	55.13
Mean	157.20	149.50
No. of shares ('000)*	10,218	10,218
Price/share (€)	15.39	14.63

Source: Bloomberg, BankM Research

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Tables

Profit & Loss Account

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR 2013 - 2017
in € '000							
Total Sales	98,563	96,025	93,067	93,135	93,273	93,411	
<i>Growth Rate (in %)</i>	6.9	-2.6	-3.1	0.1	0.1	0.1	-0.7
Cost of sales	71,818	69,621	67,913	69,078	69,137	69,193	
Gross Profit	26,745	26,404	25,154	24,058	24,136	24,218	
<i>Growth Rate (in %)</i>	16.0	-1.3	-4.7	-4.4	0.3	0.3	-2.1
Selling and Marketing Expenses	754	770	800	800	800	800	
General and Administration Expenses	2,247	1,878	2,000	2,000	2,000	2,000	
Net Other Income	29	58	0	0	0	0	
Other income	77	58	0	0	0	0	
Other expenses	48	0	0	0	0	0	
EBIT	23,773	23,814	22,354	21,258	21,336	21,418	
<i>Growth Rate (in %)</i>	14.5	0.2	-6.1	-4.9	0.4	0.4	-2.6
Net financial result	156	-505	0	0	0	0	
EBT	23,929	23,309	22,354	21,258	21,336	21,418	
<i>Growth Rate (in %)</i>	14.8	-2.6	-4.1	-4.9	0.4	0.4	-2.1
Taxes on Income (Exp./Inc.-)	6,236	6,118	5,589	5,314	5,334	5,355	
Net profit	17,693	17,191	16,766	15,943	16,002	16,064	
<i>Growth Rate (in %)</i>	15.6	-2.8	-2.5	-4.9	0.4	0.4	-1.7
<i>For information purposes</i>							
Depreciation and Amortization	1,870	1,882	2,103	3,245	3,265	3,285	
EBITDA	25,643	25,696	24,457	24,503	24,601	24,703	
No. of Shares (Ø outstanding)	10,218	10,218	10,218	10,218	10,218	10,218	
Net Profit / Share (EPS)	1.73	1.68	1.64	1.56	1.57	1.57	

Source: YOUBISHENG Green Paper AG, BankM Research

Profit & Loss Margins

in %	2012a	2013a	2014e	2015e	2016e	2017e
Gross Profit Margin	27.1	27.5	27.0	25.8	25.9	25.9
EBITDA Margin	26.0	26.8	26.3	26.3	26.4	26.4
EBIT Margin	24.1	24.8	24.0	22.8	22.9	22.9
EBT Margin	24.3	24.3	24.0	22.8	22.9	22.9
Net Profit Margin	18.0	17.9	18.0	17.1	17.2	17.2

Source: YOUBISHENG Green Paper AG, BankM Research

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YOUBISHENG Green Paper AG

May 16, 2014

Tables - 7/12 -

Cash Flow Statement

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR 2013 - 2017
in € '000							
Earnings before Taxes	23,929	23,308	22,354	21,258	21,336	21,418	
+ Depreciation and Amortization	1,870	1,882	2,103	3,245	3,265	3,285	
- Income Taxes paid	6,228	5,513	6,284	5,383	5,329	5,349	
= Cash Earnings	19,571	19,677	18,173	19,120	19,272	19,355	
<i>Growth Rate (in %)</i>	8.5	0.5	-7.6	5.2	0.8	0.4	-0.4
+ Other cash / non-cash items (tax provision, financial result)	800	-186	0	0	0	0	
- Chg. in net Working Capital	1,342	9,516	-239	-12,064	11	11	
= Operating Cash Flow	19,029	9,975	18,411	31,185	19,260	19,342	
<i>Growth Rate (in %)</i>	9.8	-47.6	84.6	69.4	-38.2	0.4	18.0
- Capex	1,257	23,552	200	200	200	200	
= Free Cash Flow	17,772	-13,577	18,211	30,985	19,060	19,142	
<i>Growth Rate (in %)</i>	3.2	-176.4	-234.1	70.1	-38.5	0.4	n.a.
+ Other net Items	156	-540	0	0	0	0	
- Dividends (previous year)	0	0	0	0	0	0	
+ Increase in share capital (net)	0	0	0	0	0	0	
+ Bank Loans	-858	-1,065	0	0	0	0	
+ Increase in related party borrowings	0	550	0	0	0	0	
= Incr. in Cash (+)/Decr. in Cash (-)	17,070	-14,632	18,211	30,985	19,060	19,142	

Source: YOUBISHENG Green Paper AG, BankM Research

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Balance Sheet

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e
in € '000						
Assets						
Tangible Assets	12,795	22,295	20,734	17,953	15,152	12,331
Intangible Assets	660	12,553	12,289	12,026	11,762	11,499
Deferred Tax	43	79	0	0	0	0
Total Fixed Assets	13,498	34,927	33,024	29,979	26,914	23,830
Inventories	2,342	1,891	1,833	1,834	1,837	1,840
Accounts Receivable & Prepaymts.	22,251	22,836	22,133	22,149	22,182	22,214
Other Current Assets	2,587	14,484	14,484	2,414	2,414	2,414
Total Liquid Funds	47,154	33,436	51,647	82,632	101,692	120,834
Total Current Assets	74,334	72,647	90,096	109,029	128,124	147,302
Balance Sheet Total	87,832	107,574	123,120	139,007	155,038	171,132
Shareholder's Equity / Liabilities						
Subscribed Capital	10,218	10,218	10,218	10,218	10,218	10,218
Share Premium	-5,685	-5,685	-5,685	-5,685	-5,685	-5,685
Retained Earnings and other Reserves	59,512	77,635	94,401	110,344	126,346	142,409
Shareholders Equity	64,045	82,168	98,933	114,876	130,879	146,942
Long Term Liabilities	336	0	0	0	0	0
<i>t/o NPV of outstanding installments for land use rights</i>	251	0	0	0	0	0
<i>t/o Deferred Tax</i>	85	0	0	0	0	0
ST Liab. < 1 year	23,451	25,406	24,187	24,131	24,160	24,189
<i>t/o Acc. Payable & Prepaymts.</i>	14,465	16,980	16,457	16,469	16,493	16,518
<i>t/o Bank Loans</i>	5,990	4,925	4,925	4,925	4,925	4,925
<i>t/o Tax Payable</i>	1,447	2,093	1,397	1,329	1,334	1,339
<i>t/o Other current Liabilities</i>	1,549	1,408	1,408	1,408	1,408	1,408
Total Liabilities	23,787	25,406	24,187	24,131	24,160	24,189
Balance Sheet Total	87,832	107,574	123,120	139,007	155,038	171,132

Source: YOUBISHENG Green Paper AG, BankM Research

Balance Sheet Ratios

in % of Total Assets	2012a	2013a	2014e	2015e	2016e	2017e
Total Fixed Assets	15.4	32.5	26.8	21.6	17.4	13.9
Total Current Assets	84.6	67.5	73.2	78.4	82.6	86.1
Inventories	2.7	1.8	1.5	1.3	1.2	1.1
Trade receivables	25.3	21.2	18.0	15.9	14.3	13.0
Total liquid funds	53.7	31.1	41.9	59.4	65.6	70.6
Shareholders Equity	72.9	76.4	80.4	82.6	84.4	85.9
Long Term Liabilities	0.4	0.0	0.0	0.0	0.0	0.0
Short Term Liabilities	26.7	23.6	19.6	17.4	15.6	14.1
Total Liabilities	27.1	23.6	19.6	17.4	15.6	14.1

Source: YOUBISHENG Green Paper AG, BankM Research

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YOUBISHENG Green Paper AG

May 16, 2014

Tables - 9/12 -

Key Ratios

	2010a	2011a	2012a	2013a	2014e	2015e	2016e	2017e
Return on Assets (in %)	34.2	25.8	21.9	17.6	14.5	12.2	10.9	9.8
Return on Equity (in %)	59.3	41.7	31.8	23.5	18.5	14.9	13.0	11.6
Gross Profit Margin (in %)	25.1	25.0	27.1	27.5	27.0	25.8	25.9	25.9
EBIT Margin (in %)	23.4	22.5	24.1	24.8	24.0	22.8	22.9	22.9
Net Profit Margin (in %)	20.5	16.6	18.0	17.9	18.0	17.1	17.2	17.2
Current Ratio	1.65	2.36	3.17	2.86	3.72	4.52	5.30	6.09
Quick Ratio	1.47	2.17	2.96	2.21	3.05	4.34	5.13	5.91
Financial Leverage	1.74	1.55	1.37	1.31	1.24	1.21	1.18	1.16
Gearing	0.74	0.55	0.37	0.31	0.24	0.21	0.18	0.16
Interest Coverage Ratio	1,138.94	741.68	1,080.59	37.27	n.a.	n.a.	n.a.	n.a.
Earnings per Share	0.41	2.41	1.73	1.68	1.64	1.56	1.57	1.57
Dividends per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF per Share	0.40	2.71	1.74	-1.33	1.78	3.03	1.87	1.87
Book Value per Share	0.70	7.45	6.27	8.04	9.68	11.24	12.81	14.38
Days Sales Outstanding	85.31	81.34	84.71	85.69	88.18	86.77	86.74	86.74
Days in Inventory	17.72	17.28	15.64	11.10	10.01	9.69	9.69	9.70
Days in Payables	69.27	87.30	78.80	82.43	89.85	86.99	87.01	87.07
Cash Conversion Cycle	33.76	11.32	21.55	14.36	8.33	9.47	9.42	9.37
Total Asset Turnover	1.67	1.26	1.12	0.89	0.76	0.67	0.60	0.55
Working Capital to Sales	0.28	0.31	0.28	0.41	0.41	0.28	0.28	0.28
CAPEX to Sales	0.04	0.00	0.01	0.25	0.00	0.00	0.00	0.00
Depreciation/Sales	0.04	0.02	0.02	0.02	0.02	0.03	0.04	0.04
Tax Rate (in %)	12.7	26.5	26.1	26.2	25.0	25.0	25.0	25.0
Number of Employees	307	303	302	302	302	302	302	302
Sales/Employee in \$ '000	245.3	304.3	326.4	318.0	308.2	308.4	308.9	309.3
Net Profit/Employee in \$ '000	50.4	50.5	58.6	56.9	55.5	52.8	53.0	53.2

Source: YOUBISHENG Green Paper AG, BankM Research

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Authors: Dr. Roger Becker, CEFA und David Szabadvari, CEFA, Analysts

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Analyst	Date	Evaluation result	Fair value
Dr. Roger Becker	June 16, 2011	Buy	€ 12.30
Dr. Roger Becker	November 21, 2011	Buy	€ 15.75
Dr. Roger Becker, David Szabadvari	June 12, 2012	Buy	€ 14.85
Dr. Roger Becker, David Szabadvari	September 18, 2012	Buy	€ 14.60
Dr. Roger Becker, David Szabadvari	December 6, 2012	Buy	€ 14.60
Dr. Roger Becker, David Szabadvari	September 27, 2013	Buy	€ 15.82
Dr. Roger Becker, David Szabadvari	December 12, 2013	Buy	€ 13.53

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3. Date of first publication of this document:

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4. Date and time of prices of the instruments quoted in this document:

Prices as of May 15, 2014

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May 16, 2014

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