

Buy EUR 40.00 Price EUR 37.84 Upside 5.7 %	Value Indicators: EUR DCF: 40.00 FCF-Value Potential 16e: 18.60	Share data: Bloomberg: DRI GR Reuters: DRIG ISIN: DE0005545503	Description: Virtual mobile network operator
	Market Snapshot: EUR m Market cap: 2,013 No. of shares (m): 53 EV: 2,091 Freefloat MC: 1,932 Ø Trad. Vol. (30d; EUR): 9.70 m	Shareholders: Freefloat 96.0 % MV GmbH + MV GmbH 1.6 % M. Brucherseifer 2.0 % Union Investment 5.1 % Fidelity 4.1 %	Risk Profile (WRe): 2014e Beta: 1.3 Price / Book: 6.2 x Equity Ratio: 71 %

Prel. Q4/14 results are in line - impressive acceleration of growth in Q4/14

Figures Q4/2014: FY End: 31.12. in EUR m					Comment on Figures: <ul style="list-style-type: none"> ▪ Preliminary figures are in line with expectations. ▪ Acceleration of service revenue growth in Q4/14; service revenues up by +7% in Q4/14 based on a better customer and tariff mix. 			
	Q4 14	Q4 14e	Q4 13	yoy	14	14e	13	yoy
Sales	76	72	73	5 %	289	285	290	-1 %
EBITDA	20	20	19	9 %	85	85	71	20 %

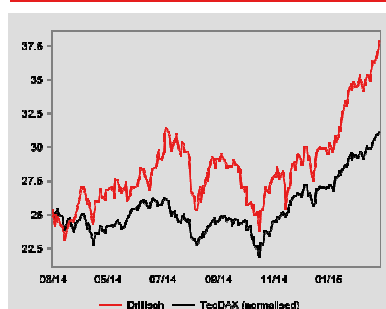
Drillisch reported preliminary figures for 2015 which are in line with our expectations. Furthermore, Drillisch confirmed its guidance for 2015. A dividend proposal was EUR 0.10 below our expectations of EUR 1.80 (proposal: EUR 1.70; consensus: EUR 1.60). Group revenues were flat yoy at EUR 289m (WRe: EUR 285m) which relates to the focus on and transition towards budget customers. Hence, old customers are churning out while there is strong growth at the MVNO customer base. While the budget customer base soared by +41% to 1.21m, the volume customer base decreased by -15% to 0.7m. This transition should have been completed in 2014. The overall MVNO customer base grew by +223k to 1.928m which is in-line with our projections.

Q4/14 trends are impressive and support our case that the transition has been completed. In Q4/14, service revenues (=Number of customers x ARPU) grew by +7% to EUR 75m. The acceleration of service revenues is a clear sign that Drillisch should already show revenue growth in Q1/15 and Q2/15. For the full year 2014, service revenues grew by +2.7% to EUR 284.6m.

Guidance confirmed: Drillisch confirmed its guidance for 2015e and sees a group EBITDA of EUR 95m to EUR 100m. (WRe: EUR 97m). Additionally, it plans to take over 300 shops, which is in line with our projections in our financial model. Furthermore, Drillisch expects that customer growth should substantially pick up in 2015. **However, the most important news is that Drillisch plans to increase its marketing budget by roughly EUR 50m in 2015.** We have only reflected an extra marketing budget of EUR 20m in our model. In other words, either our anticipated expenses for the shop chain are too high or the underlying operating profit is better than reflected. This should leave some room to lift our expectations for the years after 2015e.

Dividend outlook until 2016: Drillisch said it sees at least a stable dividend of EUR 1.70 until 2016. This is a clear sign that there are sufficient liquid funds to finance growth and to distribute cash back to shareholders. At the end of 2014 net cash stood at EUR 240m.

Conclusion: Drillisch delivered as expected and confirmed guidance for 2015 which corresponds with our assumptions. We estimate that group EBITDA should substantially grow from EUR 85m in 2014 to EUR 252m by 2019e. We will fine-tune our model and review our valuation approach. Buy is reiterated for the time being.

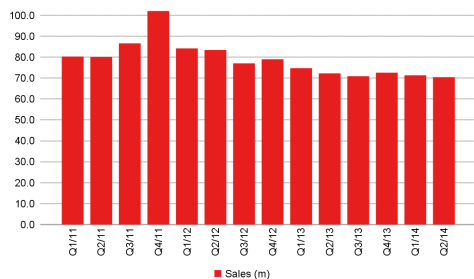


Rel. Performance vs TecDAX:	
1 month:	3.6 %
6 months:	5.4 %
Year to date:	12.8 %
Trailing 12 months:	29.0 %

Company events:	
20.03.15	FY 2014
13.05.15	Q1
21.05.15	AGM
13.08.15	Q2

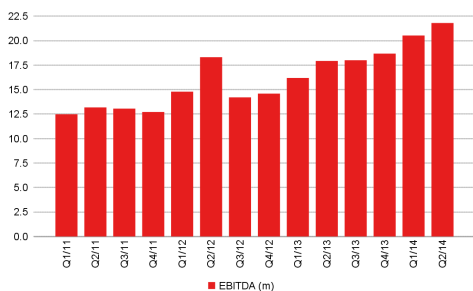
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	35.0 %	362	349	324	290	285	584	714
Change Sales yoy		5.2 %	-3.7 %	-7.3 %	-10.3 %	-1.7 %	104.6 %	22.3 %
Gross profit margin		24.9 %	30.1 %	34.3 %	41.8 %	50.2 %	34.6 %	37.3 %
EBITDA	17.5 %	46	51	62	71	85	97	115
Margin		12.7 %	14.7 %	19.1 %	24.4 %	29.8 %	16.6 %	16.1 %
EBIT	15.0 %	40	48	55	61	75	76	93
Margin		11.1 %	13.8 %	17.1 %	21.1 %	26.4 %	13.0 %	13.0 %
Net income	-29.1 %	31	41	23	156	49	45	56
EPS	-31.6 %	0.58	0.77	0.44	3.25	0.91	0.84	1.04
EPS adj.	7.4 %	0.58	0.77	0.44	0.84	0.91	0.84	1.04
DPS	4.0 %	0.50	0.70	1.30	1.60	1.80	1.80	1.80
Dividend Yield		9.5 %	9.6 %	14.8 %	10.5 %	4.8 %	4.8 %	4.8 %
FCFPS		0.69	0.32	0.02	0.77	0.90	-2.09	0.91
EV / Sales		0.1 x	0.7 x	1.4 x	1.2 x	6.3 x	3.6 x	3.0 x
EV / EBITDA		0.7 x	4.7 x	7.1 x	5.0 x	21.3 x	21.6 x	18.6 x
EV / EBIT		0.7 x	5.1 x	7.9 x	5.8 x	24.0 x	27.6 x	23.0 x
P / E		9.0 x	9.4 x	20.0 x	4.7 x	41.6 x	45.0 x	36.4 x
P / E adj.		9.0 x	9.4 x	20.0 x	18.2 x	41.6 x	45.0 x	36.4 x
FCF Yield Potential		108.1 %	15.6 %	13.1 %	10.9 %	2.9 %	3.2 %	3.7 %
Net Debt		31	138	253	-99	-203	79	126
ROE		21.4 %	26.9 %	16.4 %	92.2 %	18.0 %	15.1 %	22.1 %
ROCE (NOPAT)		15.6 %	15.9 %	18.5 %	21.7 %	43.0 %	22.3 %	18.1 %
Guidance:		EBITDA 2014e: EUR 82m - EUR 85m, dividend per share 2014e: EUR 1.60						

Sales development in EUR m



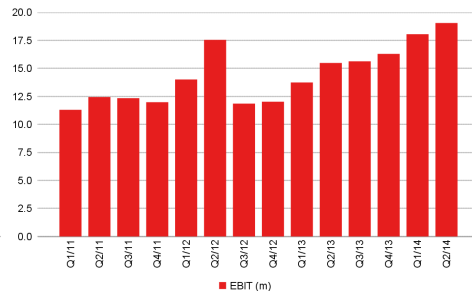
Source: Warburg Research

EBITDA development in EUR m



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

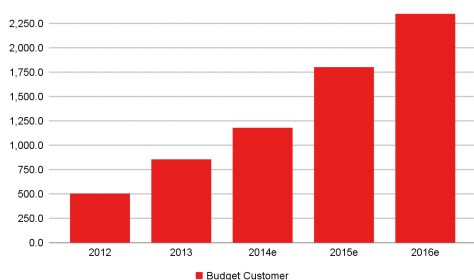
Company Background

- Drillisch has a contract with Telefonica Deutschland about the exclusive access of 20% of the Telefonica Detschland's network capacity in Germany. Capacity is measuered in mobile data volume.
- Drillisch has the obligation to purchase the capacity independently it can sell it or not to its own customer base. The obligation to acquire 20% of the used capacity will start in 2019.
- Between 2015 and 2019, the volume which Drillisch is obliged to purchase, is increasing step by step.
- Drillisch is positioned as a mobile virtual network operator. It has introduced a challenger strategy at the German mobile telecom market. It is establishing beside its current online sales channels a retail network.
- Drillisch sees itself as the price-quality leader for mobile tariffs in the German market. It can offer tariff prices lower than those of network operators or other MVNOs but deliver higher mobile data volumes.

Competitive Quality

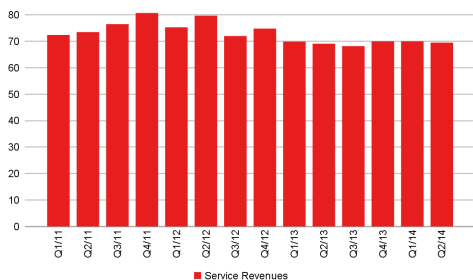
- Management track-record: Since 2003, the management has several times adjusted the strategy and sucessfully reacted on market changes. Drillisch was transferred from a prepaid distributor to a leading MVNO in Germany.
- Network and technolgy access: Drillisch can operate as a mobile network operator without taking CAPEX and technology risks. In addition, it has the best access to capacities and technology compared to competition.
- Attractive purchase conditions: Drillisch's purchase conditions are assumed to be very competitive. Drillisch beats network operativer tariffs by more than 25% and can place itself as the price-quality leader.

Budget customers in k



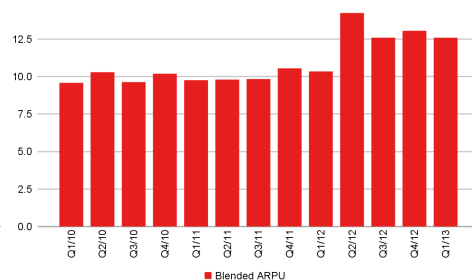
Source: Warburg Research

Service Revenues in EUR m



Source: Warburg Research

Blended ARPU in EUR



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Sales	285	584	714	857	968	1,065	1,097	1,130	1,164	1,199	1,235	1,272	1,272	
Sales change	-1.7 %	104.6 %	22.3 %	20.0 %	13.0 %	10.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	0.0 %
EBIT	75	76	93	147	190	228	241	249	256	264	272	280	280	
EBIT-margin	26.4 %	13.0 %	13.0 %	17.1 %	19.6 %	21.4 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	
Tax rate (EBT)	32.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	51	52	64	101	131	157	167	172	177	182	187	193	193	
Depreciation	10	21	22	27	30	32	33	34	35	36	37	38	25	
in % of Sales	3.4 %	3.6 %	3.1 %	3.1 %	3.1 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	2.0 %	
Changes in provisions	0	0	0	0	-1	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	1	13	11	10	8	7	2	2	3	3	3	3	0	
- Capex	10	164	15	17	19	21	22	23	23	24	25	25	25	
Capex in % of Sales	3.4 %	28.1 %	2.1 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	51	-104	60	100	132	161	175	180	186	191	197	203	193	193
PV of FCF	51	-99	53	83	103	117	120	115	111	107	103	99	89	1,291
share of PVs	0.25 %			44.68 %										55.06 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	25.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.00
Risk free rate	1.50 %	Transparency	1.00
		Others	1.75
WACC	6.86 %	Beta	1.26

Valuation (m)

Present values 2026e	1,054		
Terminal Value	1,291		
Financial liabilities	176		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	115	No. of shares (m)	57.3
Equity Value	2,283	Value per share (EUR)	39.86

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		-0.75 %	-0.50 %	-0.25 %	0.00 %	0.25 %	0.50 %	0.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.50	7.9 %	32.23	32.71	33.22	33.77	34.35	34.97	35.63	1.50	7.9 %	31.13	32.01	32.89	33.77	34.65	35.53	36.41
1.38	7.4 %	34.76	35.34	35.95	36.60	37.30	38.05	38.86	1.38	7.4 %	33.77	34.71	35.66	36.60	37.55	38.49	39.44
1.32	7.1 %	36.15	36.78	37.45	38.17	38.94	39.77	40.67	1.32	7.1 %	35.23	36.21	37.19	38.17	39.15	40.13	41.11
1.26	6.9 %	37.64	38.33	39.07	39.86	40.71	41.63	42.63	1.26	6.9 %	36.80	37.82	38.84	39.86	40.88	41.90	42.92
1.20	6.6 %	39.23	39.98	40.80	41.68	42.62	43.65	44.76	1.20	6.6 %	38.49	39.56	40.62	41.68	42.74	43.80	44.86
1.14	6.4 %	40.93	41.77	42.67	43.64	44.69	45.83	47.08	1.14	6.4 %	40.32	41.43	42.53	43.64	44.75	45.85	46.96
1.02	5.9 %	44.73	45.76	46.87	48.08	49.39	50.83	52.41	1.02	5.9 %	44.46	45.67	46.87	48.08	49.29	50.49	51.70

- In 2015e we assume an upfront investment of EUR 150m related to the contract with Telefonica Deutschland
- Number of shares: 57m; convertible bonds: +4.1m; own shares: +5.1m
- Additional financial debts of EUR 234m are reflected which relates to the factoring transactions for handsets

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived by discounting the "FCF potential" of a given year with the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2010	2011	2012	2013	2014e	2015e	2016e	
Net Income before minorities	31	41	23	156	49	45	56	
+ Depreciation + Amortisation	6	3	6	10	10	21	22	
- Net Interest Income	2	4	-35	117	-4	-11	-13	
- Maintenance Capex	2	2	6	10	10	10	10	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	32	38	58	39	52	67	80	
Free Cash Flow Yield Potential	108.1 %	15.6 %	13.1 %	10.9 %	2.9 %	3.2 %	3.7 %	
WACC	6.86 %	6.86 %	6.86 %	6.86 %	6.86 %	6.86 %	6.86 %	
= Enterprise Value (EV)	30	244	441	356	1,809	2,091	2,139	
= Fair Enterprise Value	473	556	841	564	760	975	1,167	
- Net Debt (Cash)	-100	-100	-100	-100	-205	77	125	
- Pension Liabilities	1	1	1	1	1	1	1	
- Other	-280	-280	-280	-280	0	0	0	
- Market value of minorities	0	0	0	0	0	0	0	
+ Market value of investments	0	0	0	0	0	0	0	
= Fair Market Capitalisation	852	935	1,220	942	963	896	1,041	
No. of shares (total) (m)	53	53	53	53	53	53	53	
= Fair value per share (EUR)	16.02	17.57	22.93	17.72	18.11	16.85	19.58	
premium (-) / discount (+) in %					-52.1 %	-55.5 %	-48.3 %	
Sensitivity Fair value per Share (EUR)								
	9.86 %	13.31	14.39	18.12	14.49	13.77	11.27	12.90
	8.86 %	14.01	15.21	19.36	15.33	14.89	12.71	14.62
	7.86 %	14.88	16.24	20.92	16.37	16.30	14.52	16.78
WACC	6.86 %	16.02	17.57	22.93	17.72	18.11	16.85	19.58
	5.86 %	17.54	19.36	25.63	19.53	20.55	19.98	23.32
	4.86 %	19.68	21.88	29.44	22.08	24.00	24.40	28.61
	3.86 %	22.94	25.70	35.23	25.96	29.23	31.11	36.64

- FCF-Value potential does exclude the growth potential until 2019e
- FCF-Value potential reflects until 2016e the cash outflows which are needed to prepare the assumed growth path.
- The valuation tool ignores the substantial FCF growth after 2016.
- Therefore, results are misleading because it overestimates current growth-related OPEX but ignores FCF growth.

Valuation							
	2010	2011	2012	2013	2014e	2015e	2016e
Price / Book	2.0 x	2.3 x	3.9 x	3.4 x	6.2 x	7.4 x	8.7 x
Book value per share ex intangibles	1.16	1.63	0.24	2.42	4.17	-0.85	-1.36
EV / Sales	0.1 x	0.7 x	1.4 x	1.2 x	6.3 x	3.6 x	3.0 x
EV / EBITDA	0.7 x	4.7 x	7.1 x	5.0 x	21.3 x	21.6 x	18.6 x
EV / EBIT	0.7 x	5.1 x	7.9 x	5.8 x	24.0 x	27.6 x	23.0 x
EV / EBIT adj.*	0.7 x	5.1 x	7.9 x	5.8 x	24.0 x	27.6 x	23.0 x
P / FCF	7.8 x	24.2 x	188.4 x	19.1 x	42.0 x	n.a.	41.5 x
P / E	9.0 x	9.4 x	20.0 x	4.7 x	41.6 x	45.0 x	36.4 x
P / E adj.*	9.0 x	9.4 x	20.0 x	18.2 x	41.6 x	45.0 x	36.4 x
Dividend Yield	9.5 %	9.6 %	14.8 %	10.5 %	4.8 %	4.8 %	4.8 %
Free Cash Flow Yield Potential	108.1 %	15.6 %	13.1 %	10.9 %	2.9 %	3.2 %	3.7 %

*Adjustments made for: -

Company Specific Items							
	2010	2011	2012	2013	2014e	2015e	2016e
Service Revenues	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Budget Customer	n.a.	n.a.	0	0	0	0	0
Blended ARPU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

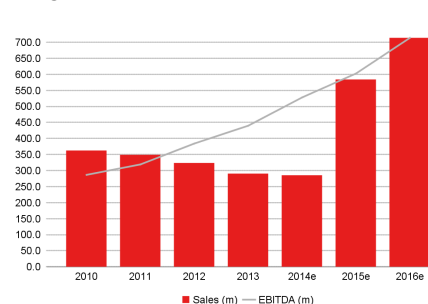
Consolidated profit & loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Sales	362	349	324	290	285	584	714
Change Sales yoy	5.2 %	-3.7 %	-7.3 %	-10.3 %	-1.7 %	104.6 %	22.3 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	2	2	2	2	3	3	4
Total Sales	364	351	326	293	288	587	718
Material Expenses	274	246	215	171	145	385	451
Gross profit	362	349	324	290	285	584	714
<i>Gross profit margin</i>	<i>24.9 %</i>	<i>30.1 %</i>	<i>34.3 %</i>	<i>41.8 %</i>	<i>50.2 %</i>	<i>34.6 %</i>	<i>37.3 %</i>
Personnel expenses	24	21	23	24	24	41	59
Other operating income	3	2	8	4	4	9	6
Other operating expenses	23	34	34	30	38	73	99
Unfrequent items	0	0	0	0	0	0	0
EBITDA	46	51	62	71	85	97	115
<i>Margin</i>	<i>12.7 %</i>	<i>14.7 %</i>	<i>19.1 %</i>	<i>24.4 %</i>	<i>29.8 %</i>	<i>16.6 %</i>	<i>16.1 %</i>
Depreciation of fixed assets	1	1	1	1	1	3	3
EBITA	45	51	61	70	84	95	112
Amortisation of intangible assets	5	3	5	9	9	19	19
Goodwill amortization	0	0	0	0	0	0	0
EBIT	40	48	55	61	75	76	93
<i>Margin</i>	<i>11.1 %</i>	<i>13.8 %</i>	<i>17.1 %</i>	<i>21.1 %</i>	<i>26.4 %</i>	<i>13.0 %</i>	<i>13.0 %</i>
EBIT adj.	40	48	55	61	75	76	93
Interest income	1	1	1	1	1	1	1
Interest expenses	2	5	12	50	5	12	13
Other financial income (loss)	3	8	-24	166	0	0	0
EBT	42	52	21	178	72	65	81
<i>Margin</i>	<i>11.7 %</i>	<i>15.0 %</i>	<i>6.4 %</i>	<i>61.3 %</i>	<i>25.1 %</i>	<i>11.1 %</i>	<i>11.3 %</i>
Total taxes	12	11	-3	22	23	20	25
Net income from continuing operations	31	41	23	156	49	45	56
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	31	41	23	156	49	45	56
Minority interest	0	0	0	0	0	0	0
Net income	31	41	23	156	49	45	56
<i>Margin</i>	<i>8.5 %</i>	<i>11.7 %</i>	<i>7.2 %</i>	<i>53.7 %</i>	<i>17.0 %</i>	<i>7.7 %</i>	<i>7.8 %</i>
Number of shares, average	53	53	53	48	53	53	53
EPS	0.58	0.77	0.44	3.25	0.91	0.84	1.04
EPS adj.	0.58	0.77	0.44	0.84	0.91	0.84	1.04

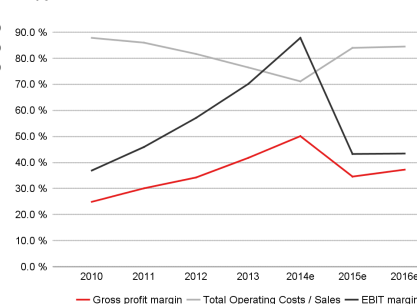
*Adjustments made for:

Guidance: EBITDA 2014e: EUR 82m - EUR 85m, dividend per share 2014e: EUR 1.60
Financial Ratios

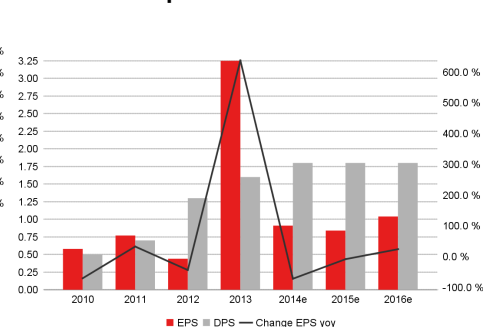
	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	87.8 %	85.9 %	81.6 %	76.4 %	71.1 %	83.9 %	84.4 %
Operating Leverage	-1.8 x	-5.3 x	-2.1 x	-1.0 x	-13.2 x	0.0 x	1.0 x
EBITDA / Interest expenses	23.2 x	10.9 x	5.3 x	1.4 x	18.9 x	8.4 x	8.8 x
Tax rate (EBT)	27.4 %	21.5 %	-12.9 %	12.5 %	32.0 %	31.0 %	31.0 %
Dividend Payout Ratio	86.3 %	90.7 %	294.8 %	49.3 %	196.9 %	213.8 %	172.4 %
Sales per Employee	1,035,689	997,420	924,834	829,911	815,429	1,668,571	2,040,000

Sales, EBITDA
in EUR m


Source: Warburg Research

Operating Performance
in %


Source: Warburg Research

Performance per Share


Source: Warburg Research

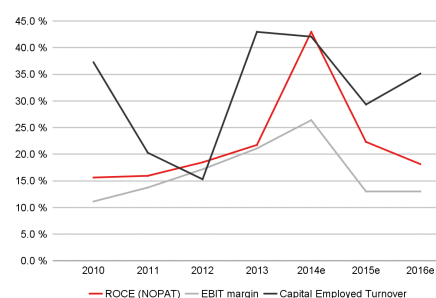
Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Assets							
Goodwill and other intangible assets	78	78	108	101	101	317	304
thereof other intangible assets	11	11	41	34	34	250	237
thereof Goodwill	67	67	67	67	67	67	67
Property, plant and equipment	1	1	1	1	2	3	9
Financial assets	123	236	260	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	203	316	369	103	103	321	314
Inventories	8	9	8	6	7	20	24
Accounts receivable	28	42	42	45	45	80	98
Liquid assets	28	21	77	187	291	69	52
Other short-term assets	8	7	26	11	12	17	17
Current assets	72	78	153	249	355	185	190
Total Assets	275	394	523	352	457	506	504
Liabilities and shareholders' equity							
Subscribed capital	59	57	54	53	53	53	53
Capital reserve	126	120	92	96	96	96	96
Retained earnings	31	31	31	31	-16	78	27
Other equity components	-76	-43	-56	37	190	45	56
Shareholder's equity	140	165	120	218	323	272	232
Minority interest	0	0	0	0	0	0	0
Total equity	140	165	120	218	323	272	232
Provisions	11	7	11	11	12	12	12
thereof provisions for pensions and similar obligations	0	1	1	1	1	1	1
Financial liabilities (total)	58	158	330	87	86	146	176
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	25	25	16	16	16	48	59
Other liabilities	40	39	45	21	21	28	25
Liabilities	134	228	402	135	134	234	272
Total liabilities and shareholders' equity	275	394	523	352	457	506	504

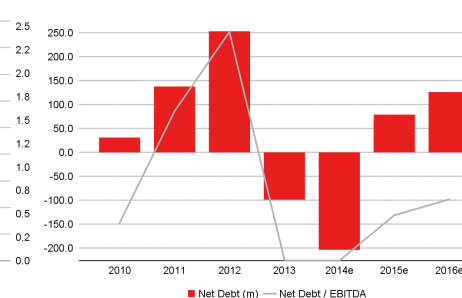
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Efficiency of Capital Employment							
Operating Assets Turnover	-28.2 x	79.7 x	12.4 x	9.8 x	9.2 x	12.7 x	11.3 x
Capital Employed Turnover	2.1 x	1.2 x	0.9 x	2.4 x	2.4 x	1.7 x	2.0 x
ROA	15.2 %	13.0 %	6.4 %	151.5 %	47.3 %	14.0 %	17.7 %
Return on Capital							
ROCE (NOPAT)	15.6 %	15.9 %	18.5 %	21.7 %	43.0 %	22.3 %	18.1 %
ROE	21.4 %	26.9 %	16.4 %	92.2 %	18.0 %	15.1 %	22.1 %
Adj. ROE	21.4 %	26.9 %	16.4 %	23.8 %	18.0 %	15.1 %	22.1 %
Balance sheet quality							
Net Debt	31	138	253	-99	-203	79	126
Net Financial Debt	30	137	252	-100	-205	77	125
Net Gearing	22.1 %	83.3 %	210.0 %	-45.4 %	-63.0 %	29.0 %	54.4 %
Net Fin. Debt / EBITDA	66.1 %	266.5 %	407.8 %	n.a.	n.a.	79.9 %	108.4 %
Book Value / Share	2.6	3.1	2.3	4.5	6.1	5.1	4.4
Book value per share ex intangibles	1.2	1.6	0.2	2.4	4.2	-0.9	-1.4

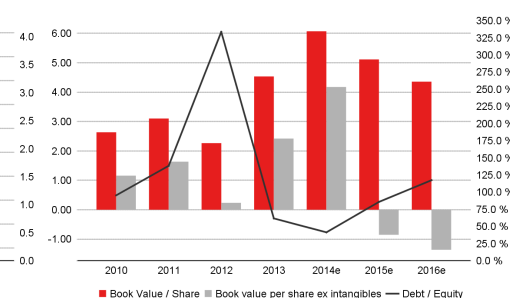
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

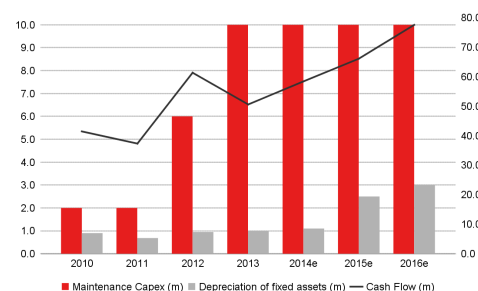
Consolidated cash flow statement

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Net income	31	41	23	156	49	45	56
Depreciation of fixed assets	1	1	1	1	1	3	3
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	5	3	5	9	9	19	19
Increase/decrease in long-term provisions	0	0	0	0	0	0	0
Other non-cash income and expenses	5	-7	31	-115	0	0	0
Cash Flow	41	37	61	51	58	66	78
Increase / decrease in inventory	-1	-1	1	2	-1	-12	-4
Increase / decrease in accounts receivable	5	-13	0	-3	1	-35	-18
Increase / decrease in accounts payable	-3	-3	-22	-2	-1	34	11
Increase / decrease in other working capital positions	-1	0	-16	10	0	0	-3
Increase / decrease in working capital (total)	-1	-17	-37	6	-1	-13	-14
Net cash provided by operating activities	41	20	24	57	58	53	64
Investments in intangible assets	-3	-3	-20	-17	-8	-160	-6
Investments in property, plant and equipment	-2	-2	-2	-2	-2	-4	-9
Payments for acquisitions	0	0	0	0	0	-75	0
Financial investments	0	-67	-75	0	0	0	0
Income from asset disposals	3	0	106	370	0	0	0
Net cash provided by investing activities	-1	-70	8	350	-10	-239	-15
Change in financial liabilities	-23	78	92	-183	-1	60	30
Dividends paid	-16	-27	-36	-62	-85	-96	-96
Purchase of own shares	0	-8	-32	-8	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	0	-1	0	-44	142	0	0
Net cash provided by financing activities	-39	43	25	-298	56	-36	-66
Change in liquid funds	1	-7	57	110	104	-222	-17
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	28	21	77	187	291	69	52

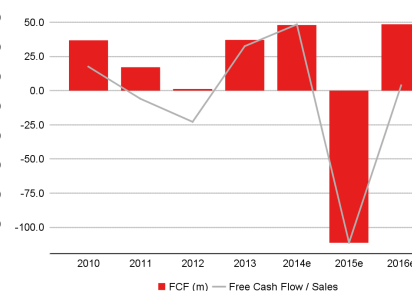
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
FCF	37	17	1	37	48	-111	49
Free Cash Flow / Sales	9.9 %	4.6 %	0.8 %	13.2 %	16.8 %	-19.1 %	6.8 %
Free Cash Flow Potential	32	38	58	39	52	67	80
Free Cash Flow / Sales	9.9 %	4.6 %	0.8 %	13.2 %	16.8 %	-19.1 %	6.8 %
Free Cash Flow / Net Profit	116.3 %	39.0 %	10.6 %	24.7 %	98.7 %	-248.6 %	87.4 %
Interest Received / Avg. Cash	2.9 %	2.2 %	1.9 %	1.0 %	0.3 %	0.3 %	0.8 %
Interest Paid / Avg. Debt	2.9 %	4.4 %	4.8 %	24.2 %	5.2 %	9.9 %	8.1 %
Management of Funds							
Investment ratio	1.4 %	1.1 %	6.7 %	6.4 %	3.4 %	28.1 %	2.1 %
Maint. Capex / Sales	0.6 %	0.6 %	1.9 %	3.4 %	3.5 %	1.7 %	1.4 %
Capex / Dep	84.7 %	119.3 %	337.7 %	191.8 %	99.0 %	777.3 %	68.2 %
Avg. Working Capital / Sales	-3.9 %	-1.6 %	4.3 %	9.1 %	10.0 %	6.1 %	6.8 %
Trade Debtors / Trade Creditors	114.8 %	166.1 %	260.7 %	286.7 %	285.9 %	166.7 %	166.6 %
Inventory Turnover	35.6 x	27.6 x	27.1 x	27.5 x	20.4 x	19.7 x	18.9 x
Receivables collection period (days)	29	44	47	57	57	50	50
Payables payment period (days)	33	37	27	34	39	46	48
Cash conversion cycle (Days)	-56	-56	-28	-34	-36	-33	-33

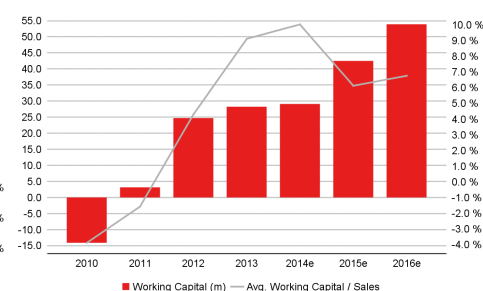
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Drillisch	5, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005545503.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	105	56
Hold	70	37
Sell	10	5
Rating suspended	4	2
Total	189	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	86	59
Hold	51	35
Sell	7	5
Rating suspended	3	2
Total	147	100

PRICE AND RATING HISTORY DRILLISCH AS OF 27.02.2015


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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