

Hold EUR 40.00 Price EUR 37.82 Upside 5.8 %	Value Indicators: EUR DCF: 40.00 FCF-Value Potential 18e: 38.00	Share data: Bloomberg: DRI GR Reuters: DRIG ISIN: DE0005545503	Description: Virtual mobile network operator
	Market Snapshot: EUR m Market cap: 2,071 No. of shares (m): 55 EV: 2,139 Freefloat MC: 1,654 Ø Trad. Vol. (30d): 7.69 m	Shareholders: Freefloat 79.9 % M Brucherseifer+Management 1.9 % United Internet Ventures AG 20.7 % Allianz Global Investors 6.4 % Alken Luxemburg 4.8 %	Risk Profile (WRe): 2016e Beta: 1.1 Price / Book: 6.8 x Equity Ratio: 49 % Net Fin. Debt / EBITDA: 0.6 x Net Debt / EBITDA: 0.6 x

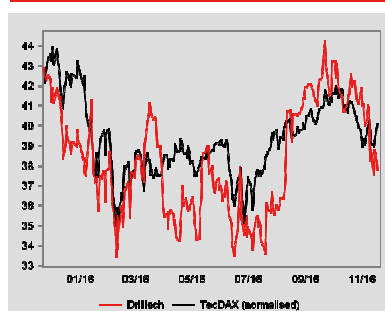
Our view on growth trends in Q3/16

After the Q3/16 results, there has been some controversial discussion about the positive and negative one-item effects (which are well-explained in the Q3/16 report), the definition of service revenues and the blended AGPPU development (Q2/16: EUR 7.85, Q3/16: EUR 7.75). However, in our view, growth trends remain intact in the core business, which we regard as the online segment of Drillisch.

Non-recurring items: Non-recurring effects arose in Q3/15 and Q4/15 resulting from Drillisch's transition to an MBA-MVNO challenger strategy. One-time effects also played a role in Q3/16. Other operating income increased from EUR 3.1m in Q1/16 and EUR 2.1m in Q2/16 to EUR 10.1m in Q3/16. The Q3/16 figure contains EUR 8.3m from the remaining purchase price liabilities related to the earn-out components resulting from the TPH transaction in 2015. That positive effect was offset by personnel restructuring charges of EUR 5m (personnel expenses) and by the final instalment of earn-out components of EUR 3m (again related to the TPH transaction).

Definition of service revenues: Drillisch defines mobile service revenues (MSR) pre-discounts. For instance, a EUR 12/month tariff which is discounted to EUR 8 is shown in MSR at the full amount of EUR 12. One could think that the reported (non IFRS) MSR figure is partially misleading because MSR are higher than cash inflows from current customers. However, MSR defined on the basis of customer cash inflows would result in higher MSR growth rates after 12 or 24 months, which could then be misleading too. In Q3/16, DRI gained 242k net budget subscribers which corresponds with roughly 370k gross additions (which is 11.7% of total MVNO customers and the highest gross additions/subscriber base rate among mobile telecommunication companies in Germany). DRI MSR reporting leads to accordance between MSR- and customer- growth rates. Using a definition as MSR = cash inflows from customers would probably lead to relatively high MSR growth rates once customer growth and the ratio of gross additions/total subscriber base is decreasing. However, maybe the issue should not be accorded so much attention as there are pro and cons for both methods.

Growth trends: In the online segment, which contributes roughly 90% (WRe) to customer gross and net additions, revenues grew by 7% qoq and 32% yoy. Gross profit was up qoq by +3% and yoy by +13%. At the same time, the gross profit margin declined from 53.0% in Q3/15 to 45.2% in Q3/16. Hence, at first sight, one could conclude that revenue growth came along with a decreasing gross margin or in other words that revenue growth came in with higher material expenses. This seems – again at first sight – intuitively illogical because the economics of the MBA-MVNO contract should lead to increasing gross margins. Concluding that the quality of revenues has worsened could be wrong, in our view. In Q3/16, the EBITDA of the online segment grew by yoy +68% and qoq by +10% to EUR 33.3m. EBITDA margin improved from 23.0% in Q3/15 to 29.3% in Q3/16. In Q3/15 marketing expenses stood at EUR 17m and in Q3/16 at EUR 5.5m. Hence, Drillisch simply shifted marketing expenses to direct subsidies for tariff and price schemes. New customers received a discount on the regular monthly tariff which had a negative effect on gross profit. As a result, the net effect of lower marketing expenses and lower revenues resulting from new customers was positive when examining EBITDA dynamics in the segment. Hence, in our view, Q3/16 results back our overall scenario of customer and operating profit growth assumptions which are almost fully reflected at current share price levels (related to our DCF valuation model). Hold is reiterated with a DCF-based PT of EUR 40.



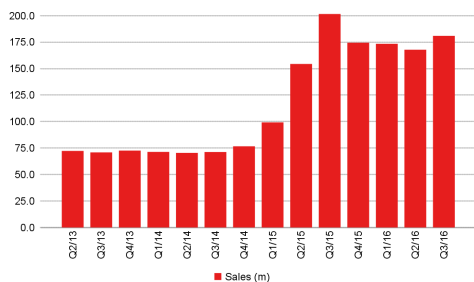
Rel. Performance vs TecDAX:

1 month:	-7.3 %
6 months:	-3.3 %
Year to date:	3.4 %
Trailing 12 months:	-5.9 %

Company events:

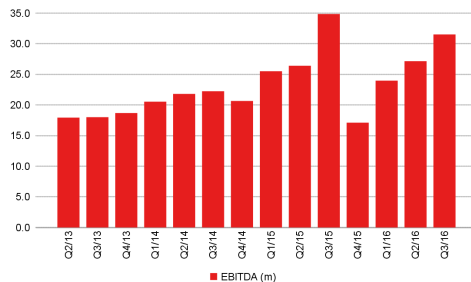
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
Sales	12.7 %	324	290	290	630	695	820	900
Change Sales yoy		-7.3 %	-10.3 %	-0.3 %	117.3 %	10.4 %	18.0 %	9.8 %
Gross profit margin		34.3 %	41.8 %	49.9 %	40.8 %	40.6 %	43.5 %	44.8 %
EBITDA	23.4 %	62	71	85	105	117	162	198
Margin		19.1 %	24.4 %	29.4 %	16.7 %	16.9 %	19.7 %	22.0 %
EBIT	28.6 %	55	61	75	69	67	111	147
Margin		17.1 %	21.1 %	26.0 %	11.0 %	9.7 %	13.5 %	16.3 %
Net income	28.9 %	23	156	50	46	43	72	99
EPS	29.2 %	0.44	3.25	0.91	0.84	0.78	1.32	1.81
EPS adj.	35.3 %	0.44	0.84	0.91	0.84	1.06	1.59	2.08
DPS	1.9 %	1.30	1.60	1.70	1.70	1.70	1.80	1.80
Dividend Yield		14.8 %	10.5 %	6.4 %	4.2 %	4.5 %	4.8 %	4.8 %
FCFPS		0.02	0.77	1.21	-1.58	1.28	1.85	2.42
FCF / Market cap		0.5 %	5.2 %	4.1 %	-4.0 %	3.4 %	4.9 %	6.4 %
EV / Sales		1.4 x	1.2 x	3.3 x	3.1 x	3.1 x	2.6 x	2.2 x
EV / EBITDA		7.1 x	5.0 x	11.3 x	18.6 x	18.3 x	13.2 x	10.1 x
EV / EBIT		7.9 x	5.8 x	12.8 x	28.3 x	31.8 x	19.3 x	13.6 x
P / E		20.0 x	4.7 x	29.4 x	47.7 x	48.5 x	28.6 x	20.9 x
P / E adj.		20.0 x	18.2 x	29.4 x	47.7 x	35.7 x	23.8 x	18.2 x
FCF Yield Potential		13.1 %	10.9 %	5.4 %	3.8 %	3.9 %	5.3 %	6.8 %
Net Debt		253	-99	-225	45	68	60	-71
ROCE (NOPAT)		18.5 %	21.7 %	46.1 %	19.1 %	11.9 %	21.1 %	30.5 %
Guidance:		EBITDA 2016e: EUR 115m - EUR 120m, dividend per share 2015e: EUR 1.7						

Sales development
in EUR m



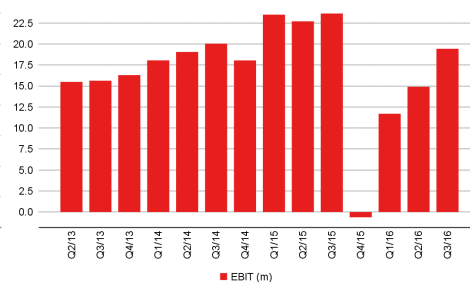
Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

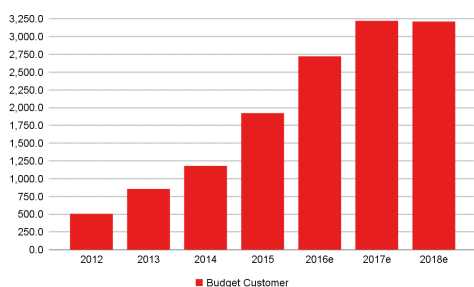
Company Background

- Drillisch (DRI) has a so-called MBA-MVNO contract with Telefonica Deutschland (TD) for exclusive access to 20% of the Telefonica Deutschland network capacity in Germany. Capacity is measured in mobile data volume.
- The obligation to purchase 20% of the capacity starts in 2019. Until then, the volume that DRI is obliged to purchase will increase gradually. DRI also has the option to buy an additional 10% of the capacity.
- The contract secures DRI access to all future network technologies and complete access to LTE. Purchasing conditions should be very attractive providing a competitive advantage.
- DRI is pursuing a challenger strategy in the German mobile telecoms market with a multi-brand strategy. There are two core brands: 'Yourfone' for stationary distribution and 'smartmobil' for online sales.
- Drillisch sees itself as the price-quality leader for mobile tariffs in the German market. Its tariff prices are lower than those of network operators or other MVNOs and it provides higher mobile data volumes.

Competitive Quality

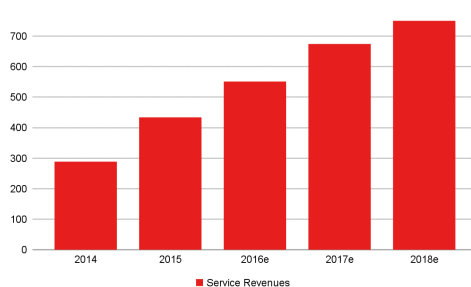
- Management track-record: Since 2003, management has adjusted the strategy several times and successfully adapted to market changes. Drillisch was transformed from a prepaid distributor to a leading MBA-MVNO in Germany
- Network and technology access: Based on its contracts, DRI can operate similar to a mobile network operator without high capex risks. Compared to its competitors it has best access to capacities and technology
- Drillisch's purchasing conditions are assumed to be very competitive. Drillisch beats network operator tariffs by more than 25% and can place itself as the price-quality leader
- Wide range of contracts with network operators: Beside the MBA-MVNO contract with TD, DRI has an MVNO contract with Vodafone and several MSP contracts.

Budget customers
in k



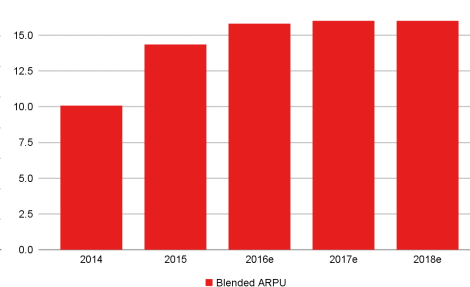
Source: Warburg Research

Service Revenues
in EUR m



Source: Warburg Research

Blended ARPU
in EUR



Source: Warburg Research

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	695	820	900	981	1,020	1,051	1,061	1,061	1,061	1,061	1,061	1,061	1,061	
Sales change	10.4 %	18.0 %	9.8 %	9.0 %	4.0 %	3.0 %	1.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	67	111	148	212	235	242	244	244	239	239	233	233	233	
EBIT-margin	9.7 %	13.5 %	16.4 %	21.6 %	23.0 %	23.0 %	23.0 %	23.0 %	22.5 %	22.5 %	22.0 %	22.0 %	22.0 %	
Tax rate (EBT)	32.0 %	32.0 %	32.0 %	32.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	31.0 %	
NOPAT	46	75	101	144	162	167	168	168	165	165	161	161	161	
Depreciation	50	51	51	33	41	37	32	30	27	25	25	24	24	
in % of Sales	7.2 %	6.2 %	5.7 %	3.4 %	4.0 %	3.5 %	3.0 %	2.8 %	2.5 %	2.4 %	2.4 %	2.3 %	2.3 %	
Changes in provisions	0	0	0	-1	-1	0	0	0	0	0	0	0	0	
Change in Liquidity from														
- Working Capital	6	6	0	4	2	1	-1	0	0	0	0	0	0	
- Capex	14	16	19	23	24	26	28	28	27	24	25	24	24	
Capex in % of Sales	2.0 %	2.0 %	2.1 %	2.3 %	2.4 %	2.5 %	2.6 %	2.6 %	2.5 %	2.3 %	2.4 %	2.3 %	2.3 %	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
Free Cash Flow (WACC Model)	76	104	133	150	175	177	173	171	165	166	161	161	161	161
PV of FCF	76	98	117	123	135	128	117	108	98	92	84	79	74	1,094
share of PVs	11.99 %			42.84 %										45.18 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	10.00 %	Financial Strength	1.00
Cost of debt (after tax)	1.4 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.00
Risk free rate	1.50 %	Transparency	1.00
		Others	1.30
WACC	6.74 %	Beta	1.06

Valuation (m)

Present values 2028e	1,327		
Terminal Value	1,094		
Financial liabilities	90		
Pension liabilities	2		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	60	No. of shares (m)	59.3
Equity Value	2,389	Value per share (EUR)	40.29

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
1.26	7.7 %	33.79	34.19	34.61	35.06	35.54	36.05	36.60	1.26	7.7 %	32.63	33.44	34.25	35.06	35.87	36.68	37.49
1.16	7.2 %	35.97	36.45	36.95	37.49	38.07	38.70	39.37	1.16	7.2 %	34.90	35.77	36.63	37.49	38.36	39.22	40.09
1.11	7.0 %	37.17	37.69	38.24	38.84	39.48	40.17	40.92	1.11	7.0 %	36.16	37.05	37.95	38.84	39.74	40.63	41.52
1.06	6.7 %	38.44	39.01	39.63	40.29	41.00	41.77	42.60	1.06	6.7 %	37.51	38.43	39.36	40.29	41.21	42.14	43.07
1.01	6.5 %	39.80	40.44	41.11	41.85	42.64	43.49	44.42	1.01	6.5 %	38.96	39.92	40.88	41.85	42.81	43.77	44.73
0.96	6.2 %	41.27	41.96	42.72	43.53	44.41	45.36	46.41	0.96	6.2 %	40.53	41.53	42.53	43.53	44.53	45.53	46.53
0.86	5.7 %	44.53	45.39	46.32	47.33	48.44	49.65	50.98	0.86	5.7 %	44.08	45.16	46.25	47.33	48.42	49.50	50.59

■ Number of shares: 57m; convertible bonds: +4.54m

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 via the perpetuity of a given year's "FCF potential" with consideration of 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	2012	2013	2014	2015	2016e	2017e	2018e	
Net Income before minorities	23	156	50	46	43	72	100	
+ Depreciation + Amortisation	6	10	10	36	50	51	51	
- Net Interest Income	-35	117	-3	-3	-4	-4	-1	
- Maintenance Capex	6	10	10	12	14	15	15	
+ Other	0	0	0	0	0	0	0	
= Free Cash Flow Potential	58	39	52	74	83	112	137	
Free Cash Flow Yield Potential	13.1 %	10.9 %	5.4 %	3.8 %	3.9 %	5.3 %	6.8 %	
WACC	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	6.74 %	
= Enterprise Value (EV)	441	356	961	1,961	2,139	2,131	2,000	
= Fair Enterprise Value	856	574	777	1,094	1,233	1,670	2,033	
- Net Debt (Cash)	44	44	44	44	67	58	-73	
- Pension Liabilities	1	1	1	1	2	2	2	
- 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	1,091	809	1,011	1,329	1,164	1,610	2,104	
No. of shares (total) (m)	55	55	55	55	55	55	55	
= Fair value per share (EUR)	19.92	14.77	18.47	24.26	21.26	29.39	38.42	
premium (-) / discount (+) in %					-43.8 %	-22.3 %	1.6 %	
Sensitivity Fair value per Share (EUR)								
	9.74 %	15.11	11.54	14.10	18.11	14.33	20.00	26.98
	8.74 %	16.34	12.37	15.22	19.69	16.11	22.42	29.92
	7.74 %	17.90	13.41	16.64	21.68	18.35	25.45	33.62
WACC	6.74 %	19.92	14.77	18.47	24.26	21.26	29.39	38.42
	5.74 %	22.65	16.59	20.94	27.75	25.18	34.71	44.89
	4.74 %	26.52	19.19	24.46	32.70	30.76	42.27	54.10
	3.74 %	32.47	23.18	29.86	40.30	39.33	53.87	68.23

▪ FCF-Value Potential excludes the growth potential until 2019e

Valuation							
	2012	2013	2014	2015	2016e	2017e	2018e
Price / Book	3.9 x	3.4 x	4.4 x	6.2 x	6.8 x	7.3 x	5.4 x
Book value per share ex intangibles	0.24	2.42	4.25	-0.46	-0.72	-0.45	2.03
EV / Sales	1.4 x	1.2 x	3.3 x	3.1 x	3.1 x	2.6 x	2.2 x
EV / EBITDA	7.1 x	5.0 x	11.3 x	18.6 x	18.3 x	13.2 x	10.1 x
EV / EBIT	7.9 x	5.8 x	12.8 x	28.3 x	31.8 x	19.3 x	13.6 x
EV / EBIT adj.*	7.9 x	5.8 x	12.8 x	28.3 x	31.8 x	19.3 x	13.6 x
P / FCF	188.4 x	19.1 x	24.1 x	n.a.	31.9 x	22.0 x	16.9 x
P / E	20.0 x	4.7 x	29.4 x	47.7 x	48.5 x	28.6 x	20.9 x
P / E adj.*	20.0 x	18.2 x	29.4 x	47.7 x	35.7 x	23.8 x	18.2 x
Dividend Yield	14.8 %	10.5 %	6.4 %	4.2 %	4.5 %	4.8 %	4.8 %
Free Cash Flow Yield Potential	13.1 %	10.9 %	5.4 %	3.8 %	3.9 %	5.3 %	6.8 %

*Adjustments made for: -

Company Specific Items							
	2012	2013	2014	2015	2016e	2017e	2018e
Service Revenues	n.a.	n.a.	0	0	0	0	0
Budget Customer	0	0	0	0	0	0	0
Blended ARPU	n.a.	n.a.	0	0	0	0	0

Consolidated profit & loss

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Sales	324	290	290	630	695	820	900
Change Sales yoy	-7.3 %	-10.3 %	-0.3 %	117.3 %	10.4 %	18.0 %	9.8 %
Increase / decrease in inventory	0	0	0	0	0	0	0
Own work capitalised	2	2	2	2	2	0	0
Total Sales	326	293	291	632	697	820	900
Material expenses	215	171	147	375	415	463	497
Gross profit	111	121	144	257	282	357	403
<i>Gross profit margin</i>	<i>34.3 %</i>	<i>41.8 %</i>	<i>49.9 %</i>	<i>40.8 %</i>	<i>40.6 %</i>	<i>43.5 %</i>	<i>44.8 %</i>
Personnel expenses	23	24	25	47	66	60	63
Other operating income	8	4	1	20	18	10	9
Other operating expenses	34	30	36	125	117	145	151
Unfrequent items	0	0	0	0	0	0	0
EBITDA	62	71	85	105	117	162	198
<i>Margin</i>	<i>19.1 %</i>	<i>24.4 %</i>	<i>29.4 %</i>	<i>16.7 %</i>	<i>16.9 %</i>	<i>19.7 %</i>	<i>22.0 %</i>
Depreciation of fixed assets	1	1	1	5	5	5	5
EBITA	61	70	84	101	112	157	193
Amortisation of intangible assets	5	9	9	32	45	46	46
Goodwill amortisation	0	0	0	0	0	0	0
EBIT	55	61	75	69	67	111	147
<i>Margin</i>	<i>17.1 %</i>	<i>21.1 %</i>	<i>26.0 %</i>	<i>11.0 %</i>	<i>9.7 %</i>	<i>13.5 %</i>	<i>16.3 %</i>
EBIT adj.	55	61	75	69	67	111	147
Interest income	1	1	1	1	0	0	0
Interest expenses	12	50	4	4	4	4	1
Other financial income (loss)	-24	166	0	0	0	0	0
EBT	21	178	73	66	63	106	146
<i>Margin</i>	<i>6.4 %</i>	<i>61.3 %</i>	<i>25.1 %</i>	<i>10.5 %</i>	<i>9.1 %</i>	<i>13.0 %</i>	<i>16.2 %</i>
Total taxes	-3	22	23	20	20	34	47
Net income from continuing operations	23	156	50	46	43	72	99
Income from discontinued operations (net of tax)	0	0	0	0	0	0	0
Net income before minorities	23	156	50	46	43	72	99
Minority interest	0	0	0	0	0	0	0
Net income	23	156	50	46	43	72	99
<i>Margin</i>	<i>7.2 %</i>	<i>53.7 %</i>	<i>17.2 %</i>	<i>7.3 %</i>	<i>6.2 %</i>	<i>8.8 %</i>	<i>11.0 %</i>
Number of shares, average	53	48	55	55	55	55	55
EPS	0.44	3.25	0.91	0.84	0.78	1.32	1.81
EPS adj.	0.44	0.84	0.91	0.84	1.06	1.59	2.08

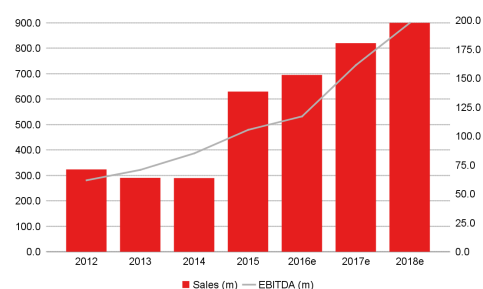
*Adjustments made for:

Guidance: EBITDA 2016e: EUR 115m - EUR 120m, dividend per share 2015e: EUR 1.7

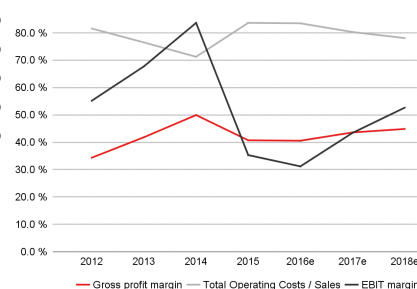
Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	81.6 %	76.4 %	71.2 %	83.6 %	83.5 %	80.3 %	78.0 %
Operating Leverage	-2.1 x	-1.0 x	-81.7 x	-0.1 x	-0.3 x	3.6 x	3.4 x
EBITDA / Interest expenses	5.3 x	1.4 x	23.8 x	26.1 x	27.9 x	38.5 x	198.0 x
Tax rate (EBT)	-12.9 %	12.5 %	31.0 %	30.4 %	32.0 %	32.0 %	32.2 %
Dividend Payout Ratio	294.8 %	49.3 %	185.9 %	203.2 %	217.3 %	136.4 %	99.6 %
Sales per Employee	924,834	829,911	827,566	1,798,703	1,985,714	2,342,857	2,571,429

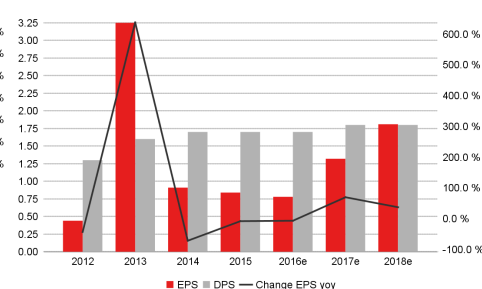
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

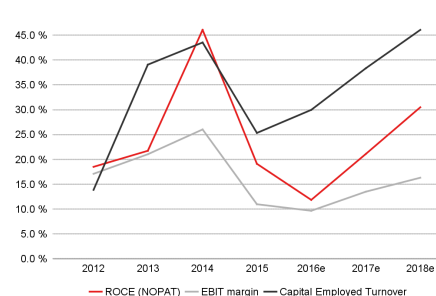
Consolidated balance sheet

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Assets							
Goodwill and other intangible assets	108	101	99	378	342	306	272
thereof other intangible assets	41	34	31	271	235	199	165
thereof Goodwill	67	67	67	107	107	107	107
Property, plant and equipment	1	1	3	11	11	12	14
Financial assets	260	0	0	0	0	0	0
Other long-term assets	0	0	0	0	0	0	0
Fixed assets	369	103	101	390	354	319	287
Inventories	8	6	5	32	35	37	41
Accounts receivable	42	45	48	89	97	117	126
Liquid assets	77	187	317	123	75	83	113
Other short-term assets	26	11	4	55	62	64	72
Current assets	153	249	374	299	269	301	352
Total Assets	523	352	476	689	623	620	639
Liabilities and shareholders' equity							
Subscribed capital	54	53	59	60	60	60	65
Capital reserve	92	96	231	296	296	296	391
Retained earnings	31	31	31	31	-96	-146	-172
Other equity components	-56	37	10	-34	43	72	100
Shareholders' equity	120	218	331	353	303	282	384
Minority interest	0	0	0	0	0	0	0
Total equity	120	218	331	353	303	282	384
Provisions	11	11	9	19	21	22	26
thereof provisions for pensions and similar obligations	1	1	2	1	2	2	2
Financial liabilities (total)	330	87	91	167	141	141	40
thereof short-term financial liabilities	0	0	0	0	0	0	0
Accounts payable	16	16	22	81	86	101	111
Other liabilities	45	21	23	69	72	74	78
Liabilities	402	135	144	336	320	338	255
Total liabilities and shareholders' equity	523	352	476	689	623	620	639

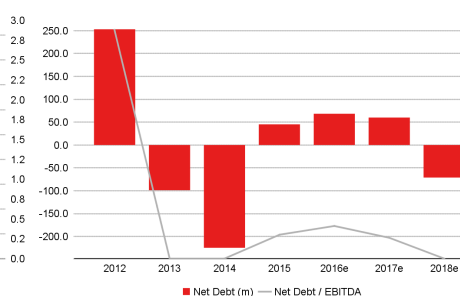
Financial Ratios

	2012	2013	2014	2015	2016e	2017e	2018e
Efficiency of Capital Employment							
Operating Assets Turnover	12.4 x	9.8 x	10.4 x	13.7 x	13.3 x	13.9 x	14.8 x
Capital Employed Turnover	0.9 x	2.4 x	2.7 x	1.6 x	1.9 x	2.4 x	2.9 x
ROA	6.4 %	151.5 %	49.1 %	11.9 %	12.1 %	22.7 %	34.5 %
Return on Capital							
ROCE (NOPAT)	18.5 %	21.7 %	46.1 %	19.1 %	11.9 %	21.1 %	30.5 %
ROE	16.4 %	92.2 %	18.1 %	13.5 %	13.1 %	24.7 %	29.7 %
Adj. ROE	16.4 %	23.8 %	18.1 %	13.5 %	17.6 %	29.9 %	34.3 %
Balance sheet quality							
Net Debt	253	-99	-225	45	68	60	-71
Net Financial Debt	252	-100	-226	44	67	58	-73
Net Gearing	210.0 %	-45.4 %	-67.9 %	12.8 %	22.6 %	21.3 %	-18.5 %
Net Fin. Debt / EBITDA	407.8 %	n.a.	n.a.	41.6 %	57.0 %	36.2 %	n.a.
Book Value / Share	2.3	4.5	6.0	6.4	5.5	5.1	7.0
Book value per share ex intangibles	0.2	2.4	4.2	-0.5	-0.7	-0.4	2.0

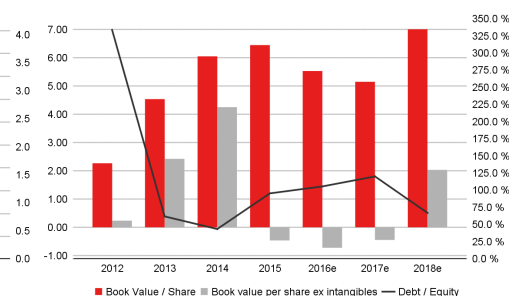
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

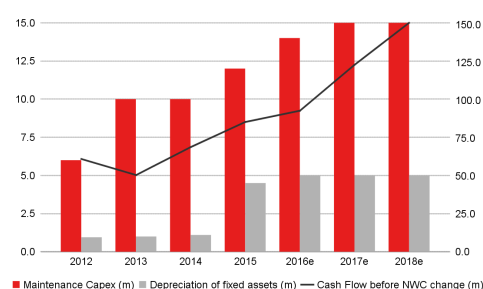
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	23	156	50	46	43	72	100
Depreciation of fixed assets	1	1	1	5	5	5	5
Amortisation of goodwill	0	0	0	0	0	0	0
Amortisation of intangible assets	5	9	9	32	45	46	46
Increase/decrease in long-term provisions	0	0	1	0	0	0	0
Other non-cash income and expenses	31	-115	9	4	0	0	0
Cash Flow before NWC change	61	51	69	86	93	123	151
Increase / decrease in inventory	1	2	1	-27	-2	-3	-4
Increase / decrease in accounts receivable	0	-3	-2	-41	-9	-20	-9
Increase / decrease in accounts payable	-22	-2	4	58	5	16	13
Increase / decrease in other working capital positions	-16	10	0	0	-3	0	0
Increase / decrease in working capital (total)	-37	6	3	-9	-9	-6	0
Net cash provided by operating activities [1]	24	57	72	76	84	117	151
Investments in intangible assets	-20	-17	-9	-160	-9	-10	-12
Investments in property, plant and equipment	-2	-2	-2	-4	-5	-6	-7
Payments for acquisitions	0	0	0	-7	0	0	0
Financial investments	-75	0	0	1	0	0	0
Income from asset disposals	106	370	1	0	0	0	0
Net cash provided by investing activities [2]	8	350	-5	-169	-14	-16	-19
Change in financial liabilities	92	-183	0	0	-26	0	-101
Dividends paid	-36	-62	-77	-90	-93	-93	-99
Purchase of own shares	-32	-8	0	0	0	0	0
Capital measures	0	0	0	0	0	0	0
Other	0	-44	140	-10	0	0	98
Net cash provided by financing activities [3]	25	-298	63	-101	-119	-93	-103
Change in liquid funds [1]+[2]+[3]	57	110	130	-194	-49	8	30
Effects of exchange-rate changes on cash	0	0	0	0	0	0	0
Cash and cash equivalent at end of period	77	187	317	123	75	83	113

Financial Ratios

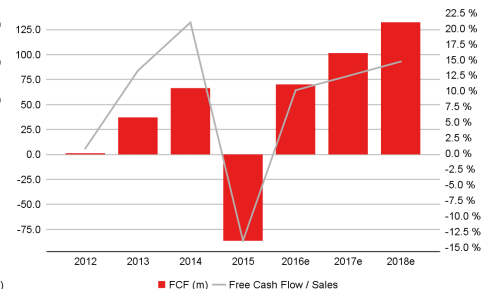
	2012	2013	2014	2015	2016e	2017e	2018e
Cash Flow							
FCF	1	37	66	-87	70	101	132
Free Cash Flow / Sales	0.8 %	13.2 %	21.0 %	-13.9 %	10.1 %	12.4 %	14.7 %
Free Cash Flow Potential	58	39	52	74	83	112	137
Free Cash Flow / Net Profit	10.6 %	24.7 %	122.2 %	-189.9 %	163.8 %	140.4 %	133.8 %
Interest Received / Avg. Cash	1.9 %	1.0 %	0.4 %	0.3 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.8 %	24.2 %	4.0 %	3.1 %	2.7 %	3.0 %	1.1 %
Management of Funds							
Investment ratio	6.7 %	6.4 %	3.8 %	26.1 %	2.0 %	2.0 %	2.1 %
Maint. Capex / Sales	1.9 %	3.4 %	3.5 %	1.9 %	2.0 %	1.8 %	1.7 %
Capex / Dep	337.7 %	191.8 %	110.9 %	454.7 %	28.0 %	31.4 %	37.3 %
Avg. Working Capital / Sales	4.3 %	9.1 %	9.2 %	4.8 %	5.5 %	5.4 %	5.2 %
Trade Debtors / Trade Creditors	260.7 %	286.7 %	218.1 %	109.4 %	113.3 %	115.5 %	113.3 %
Inventory Turnover	27.1 x	27.5 x	26.8 x	11.6 x	11.9 x	12.4 x	12.2 x
Receivables collection period (days)	47	57	60	51	51	52	51
Payables payment period (days)	27	34	54	79	75	80	82
Cash conversion cycle (Days)	-28	-34	-53	-48	-45	-51	-54

CAPEX and Cash Flow

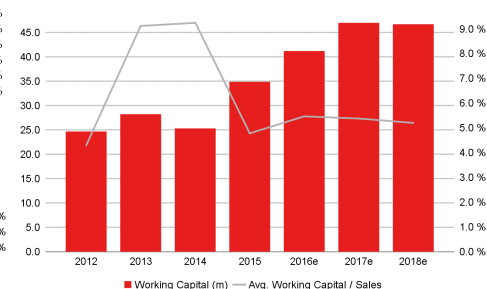
in EUR m



Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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Drillisch	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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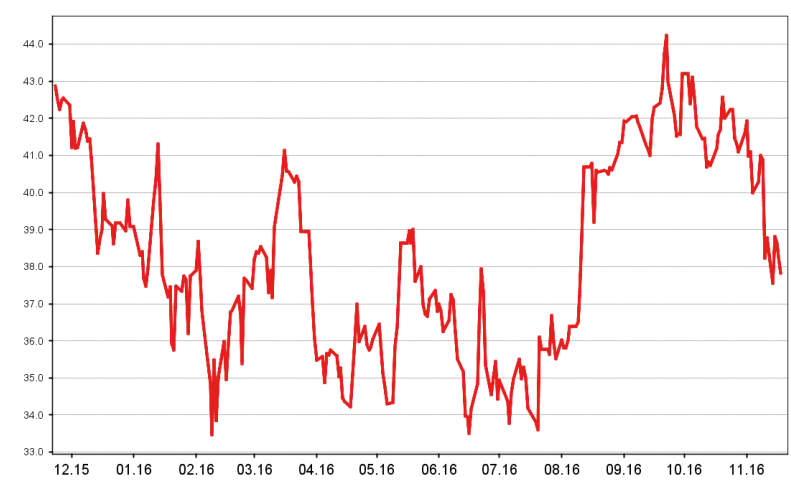
Rating	Number of stocks	% of Universe
Buy	123	64
Hold	64	33
Sell	5	3
Rating suspended	1	1
Total	193	100

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

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	27	73
Hold	9	24
Sell	0	0
Rating suspended	1	3
Total	37	100

PRICE AND RATING HISTORY DRILLISCH AS OF 21.11.2016



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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