

ad pepper media International N.V.

The Netherlands / Internet Services

Frankfurt

Bloomberg: APM GR

ISIN: NL0000238145

Final 2017 figures

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 4.80**

30.4%

High

61% EBITDA INCREASE EXPECTED IN 2018E – UPGRADE TO BUY

ad pepper's final figures corresponded to the preliminaries. 2017 figures showed record sales and earnings. Sales grew 24% y/y to €75.6m and EBITDA 26% y/y to €2.2m. Thanks to the strong Q4, ad pepper topped its EBITDA guidance of >€1.5m. We believe that the buoyant online advertising markets and the company's very good competitive position will continue to drive growth and profitability this year. Although the 2018 guidance ("strong growth with higher EBITDA") does not indicate how strong EBITDA growth could be, we stick to our earnings forecast (2018E EBITDA: €3.6m, +61% y/y). We have lowered revenue estimates in accordance with the changed IFRS regulations. An updated DCF model yields a €4.80 price target (previously: €4.50). Following the recent share price decline, we upgrade the stock from Add to Buy.

All three segments showed strong revenue growth and delivered significant EBITDA contributions All three segments grew at double-digit rates and delivered significant EBITDA contributions of between €1.0 - €1.3m. We view this as a clear sign that all three business models are performing well. Holding costs were slightly lower (Admin segment EBIT: €-1.5m). All three operating subsidiaries are well-positioned in the market and investments in Webgains (artificial intelligence, machine learning, platform relaunch) and ad agents (17 new employees) look set to pay off in 2018E. The holding continues to keep costs firmly under control (G&A slightly lower y/y despite strong growth).

Guidance: Increasing EBITDA ad pepper is guiding towards strong growth with higher EBITDA. This guidance has not yet inspired investors. We believe that each segment will grow at a double digit rate in 2018E and increase earnings. On the group level, we continue to forecast EBITDA of €3.6m (+61% y/y).

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2015 | 2016 | 2017E | 2018E | 2019E | 2020E |
|--------------------|---------|---------|---------|---------|---------|---------|
| Revenue (€m) | 56.01 | 61.16 | 75.56 | 38.89 | 44.54 | 51.03 |
| Y-o-y growth | n.a. | 9.2% | 23.5% | -48.5% | 14.5% | 14.6% |
| EBIT (€m) | 0.24 | 1.61 | 1.82 | 3.14 | 4.52 | 5.80 |
| EBIT margin | 0.4% | 2.6% | 2.4% | 8.1% | 10.1% | 11.4% |
| Net income (€m) | -0.03 | 0.63 | 0.58 | 1.56 | 2.45 | 3.30 |
| EPS (diluted) (€) | 0.00 | 0.03 | 0.03 | 0.07 | 0.11 | 0.15 |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FCF (€m) | 1.60 | -0.54 | 2.67 | 2.14 | 3.12 | 3.62 |
| Net gearing | -107.6% | -126.0% | -128.1% | -128.9% | -128.7% | -126.0% |
| Liquid assets (€m) | 16.93 | 17.86 | 20.13 | 22.27 | 25.39 | 29.01 |

RISKS

The main risks are regulatory changes, technological innovations, dependence on key customers, and intense competition.

COMPANY PROFILE

ad pepper media International N.V. is an international digital performance marketing company, which acts as a holding for its three operating units ad pepper media (lead generation & audience targeting), Webgains (affiliate network), and ad agents (full service agency). The company is headquartered in Nuremberg, Germany.

MARKET DATA

As of 09 Apr 2018

| | |
|-------------------------|---------------|
| Closing Price | € 3.68 |
| Shares outstanding | 21.00m |
| Market Capitalisation | € 77.28m |
| 52-week Range | € 1.91 / 4.42 |
| Avg. Volume (12 Months) | 21,839 |

| Multiples | 2016 | 2017E | 2018E |
|------------|-------|-------|-------|
| P/E | 123.9 | 134.3 | 49.9 |
| EV/Sales | 0.9 | 0.8 | 1.5 |
| EV/EBIT | 35.9 | 31.8 | 18.4 |
| Div. Yield | 0.0% | 0.0% | 0.0% |

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2017

| | |
|----------------------|----------|
| Liquid Assets | € 20.13m |
| Current Assets | € 34.90m |
| Intangible Assets | € 0.36m |
| Total Assets | € 38.62m |
| Current Liabilities | € 21.70m |
| Shareholders' Equity | € 16.52m |

SHAREHOLDERS

| | |
|----------------|-------|
| EMA B.V. | 41.2% |
| Treasury Stock | 8.7% |
| Axxion S.A. | 5.1% |
| Dieter Koppitz | 3.0% |
| Free Float | 42.0% |



Balance sheet remains strong The cash position increased to €20.1m from €17.9m in 2016. As securities available for sale amounted to €2.5m (2016: €1.7m), available liquid funds rose by 15% y/y to €22.6m. Because ad pepper has no financial debt, the net cash position is also €22.6m. In our view, ad pepper thus has ample financial means to develop its business, either organically or via acquisitions. Trade receivables increased from €10.1m to €14.1m, but working capital remained negative (€3.7m) as payables rose from €12.4m to €17.8m. Equity increased from €15.0m to €16.5m (+10% y/y), but the equity ratio declined from 48% to 43% as the balance sheet total increased from €31.4m to €38.6m (+23% y/y).

Strong free cash flow ad pepper's operating cash flow rose to €3.1m (2016: €0.0m). Free cash flow was €2.7m due to CAPEX of €0.4m. Thanks to its profitable business model, low CAPEX requirements and negative working capital, we believe that ad pepper will continue to generate high free cash flows.

Figure 1: Reported segment figures 2017 vs. 2016

| All figures in €m | 2017 | 2016 | Delta |
|---------------------------------|-------|-------|--------|
| ad pepper media | | | |
| Sales | 6.91 | 5.27 | 31.1% |
| EBITDA | 1.07 | 0.49 | 120.6% |
| margin | 15.5% | 9.2% | - |
| Webgains | | | |
| Sales | 51.40 | 43.90 | 17.1% |
| EBITDA | 1.31 | 1.54 | -15.0% |
| margin | 2.5% | 3.5% | - |
| ad agents | | | |
| Sales | 17.35 | 12.01 | 44.5% |
| EBITDA | 1.26 | 1.16 | 8.7% |
| margin | 7.3% | 9.6% | - |
| Admin | | | |
| Sales | 0.27 | 0.24 | 11.5% |
| EBITDA | -1.33 | -1.42 | - |
| Intersegment elimination | | | |
| Sales | -0.37 | -0.26 | - |
| EBITDA | -0.10 | -0.01 | - |
| Group | | | |
| Sales | 75.56 | 61.16 | 23.5% |
| EBITDA | 2.21 | 1.75 | 26.4% |
| margin | 2.9% | 2.9% | - |

Source: First Berlin Equity Research

ad pepper media segment generated significant EBITDA margin increase The ad pepper media segment sales soared more than 29% to €6.9m (2016: €5.3m). Gross profit climbed by almost 37% to €3.2m. The gross margin increased by 2.4PP to 46.7%. Segment EBITDA doubled from €485k in 2016 to €1.070k (see figure 1). The EBITDA margin increased more than 6PP to 15.5%. EBIT amounted to €1,057k (2016: €475k, +123%). ad pepper media's extraordinary profitability is an indication of the very high quality of its services.

ad pepper's subsidiary ad pepper media is a performance marketing company which is specialised in lead generation and audience targeting. The company develops online marketing strategies for its customers in over 50 countries. ad pepper media quickly generates customised campaigns adapted to the client's target markets. Based on its unique



and proprietary platform iLead, the company has successfully launched and managed more than 30,000 campaigns worldwide and generated millions of qualified leads.

Webgains with double-digit sales growth and lower EBITDA The Webgains segment posted a 17% y/y rise in revenues to €51.4m (see figure 1). Gross profit increased by 4% y/y to €9.6m. The gross margin eased from 21.0% to 18.7% due largely to disproportionate growth in high-volume programs. EBITDA fell 15% y/y to €1.31m due to increased operating expenses mainly related to investment into the platform. The EBITDA margin declined from 3.6% to 2.5%. EBIT was €1.10m versus €1.56m in 2016, -29%). In our view, the investment has already started to pay off, as Q4/17 was the strongest quarter ever in terms of sales and EBITDA. The latter reached €755k, a 52% rise over the previous year's period result of €498k. The segment EBITDA margin in Q4/17 was 4.8% (Q4/16: 3.6%).

ad pepper's subsidiary Webgains is an affiliate network which gives its 2,000+ customers access to over 250,000 publishers. In 2018E, investments in technology and personnel (increase from 87 to 100) should pay off. Webgains focuses on artificial intelligence (cooperation with IBM Watson) and machine learning to further simplify the quick roll-out of scalable international campaigns.

ad agents with strongest segment sales growth ad agents had a very successful year with sales increasing by almost 45% y/y to €17.4m. Gross profit amounted to €5.3m (2016: €4.3m, +23%). The gross margin declined from 35.7% to 30.3% due to the substantial rise in media services performed in connection with Google searches. EBITDA rose moderately by almost 9% y/y to €1.26m due mainly to investments which increased segment OPEX. ad agents increased its personnel by 17 to 68 (+33%). The EBITDA margin fell more than 2PP to 7.3% (see figure 1). Segment EBIT amounted to €1.21m (2016: €1.13m, +8%). ad agents benefited from the broadening of its service offer and became a leading provider of Amazon marketing services and analytics for Amazon sellers.

ad pepper's subsidiary ad agents is a full-service performance marketing agency. For many years, customers across many industries have relied on ad agent's digital marketing campaigns due to their outstanding results. As a full-service agency, ad agent has an overview of the entire digital advertising market and provides strategies across all digital channels and devices. We believe that the investments made in 2017 will pave the way for further profitable growth.

Admin segment with moderate cost decrease The Admin segment, which contains the holding costs, reported EBIT of €-1.46m versus €-1.54m in 2016. The cost basis declined 5% y/y. This cost-efficient holding structure is the result of the restructuring initiated back in 2014, which established a decentralised company structure giving the operating segments significant decision autonomy and restricting the holding functions and resources to the necessary functions such as internal controlling and compliance as well as group accounting & financing, and investor relations.

New IFRS standard results in lower revenues On 1 January 2018, IFRS 15 came into effect and replaced several different sales recognition standards by uniform rules. This rule results in lower revenues at the Webgains segment as the website fee to be paid to publishers (affiliate commission) will in the future no longer be recognised as external revenues and cost of sales. IFRS 15 is the new industry standard and will be applied by Axel Springer SE (Awin affiliate network), ad pepper, and other affiliate networks. Since profitability figures, such as EBITDA, remain unchanged, ad pepper's EBITDA margin will increase significantly. Had the standard already been applied to the 2017 financial figures, revenues at Webgains would have amounted to €10.0m instead of €51.4m. Since Webgains' EBITDA remains on the same level (€1.31m), the segment margin would have been 13.1% instead of 2.5%. Group revenues would have amounted to €34.1m instead of €75.6m. Group EBITDA would still have been €2.2m resulting in a considerably higher group EBITDA margin of 6.5% instead of 2.9%.



Buoyant digital marketing sector supports growth The global digital marketing sector looks set to grow at double-digit rates in coming years. E-commerce is gaining market share, and advertising budgets are moving from offline media to the online world. In 2017, global digital advertising spending reached \$209bn (+17% y/y) and exceeded TV advertising (\$178bn) for the first time. In its winter update of December 2017, MAGNA, the central intelligence unit of IPG Mediabrands, predicts global digital ad spending will grow 13% to \$237bn in 2018.

Forecasts adjusted for new IFRS standard We have lowered our revenue forecasts in compliance with the new IFRS 15 standard. Our earnings forecast remain unchanged (see figure 2). We expect strong EPS growth in 2018E and the following years.

Figure 2: Revisions to forecasts

| All figures in €m | 2018E | | | 2019E | | | 2020E | | |
|-------------------|-------|-------|--------|--------|-------|--------|--------|-------|--------|
| | Old | New | Delta | Old | New | Delta | Old | New | Delta |
| Sales | 86.68 | 38.89 | -55.1% | 100.46 | 44.54 | -55.7% | 111.51 | 51.03 | -54.2% |
| EBIT | 3.14 | 3.14 | 0.0% | 4.52 | 4.52 | 0.0% | 5.80 | 5.80 | 0.0% |
| margin | 3.6% | 8.1% | | 4.5% | 10.1% | | 5.2% | 11.4% | |
| Net income | 1.56 | 1.56 | 0.0% | 2.45 | 2.45 | 0.0% | 3.30 | 3.30 | 0.0% |
| margin | 1.8% | 4.0% | | 2.4% | 5.5% | | 3.0% | 6.5% | |
| EPS (diluted) | 0.07 | 0.07 | 0.0% | 0.11 | 0.11 | 0.0% | 0.15 | 0.15 | 0.0% |

Source: First Berlin Equity Research

Upgrade to Buy at increased price target An updated DCF model yields a €4.80 price target (previously: €4.50). Given the very strong balance sheet, the increasing profitability, and strong free cash flows, we have lowered our WACC from 11.0% to 10.5%. Following the recent share price decline we upgrade the stock from Add to Buy as the valuation upside is now >25%.



VALUATION MODEL

| DCF valuation model | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| All figures in EUR '000 | | | | | | | | |
| | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
| Net sales | 38,886 | 44,539 | 51,027 | 56,640 | 62,407 | 68,251 | 74,083 | 79,807 |
| NOPLAT | 2,119 | 3,104 | 4,042 | 5,137 | 5,720 | 6,321 | 6,931 | 7,543 |
| + depreciation & amortisation | 427 | 404 | 395 | 433 | 477 | 519 | 559 | 597 |
| Net operating cash flow | 2,545 | 3,507 | 4,438 | 5,570 | 6,196 | 6,839 | 7,490 | 8,141 |
| - total investments (CAPEX and WC) | -444 | -442 | -874 | 319 | -169 | -208 | -251 | -297 |
| Capital expenditures | -350 | -401 | -459 | -510 | -550 | -589 | -626 | -660 |
| Working capital | -94 | -41 | -415 | 829 | 381 | 381 | 376 | 363 |
| Free cash flows (FCF) | 2,102 | 3,066 | 3,564 | 5,889 | 6,027 | 6,631 | 7,240 | 7,843 |
| PV of FCF's | 1,954 | 2,580 | 2,713 | 4,058 | 3,759 | 3,742 | 3,696 | 3,624 |

| All figures in thousands | |
|---|---------|
| PV of FCFs in explicit period (2018E-2032E) | 47,603 |
| PV of FCFs in terminal period | 30,505 |
| Enterprise value (EV) | 78,109 |
| + Net cash / - net debt | 20,127 |
| + Investments / minority interests | 3,294 |
| Shareholder value | 101,530 |

| | |
|-----------------------------|------|
| Fair value per share in EUR | 4.80 |
|-----------------------------|------|

| WACC | | Terminal growth rate | | | | | | | |
|-----------------------------|--------|----------------------|------|------|------|------|------|-------|-------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% | |
| Cost of equity | 10.5% | 6.5% | 7.51 | 7.85 | 8.25 | 8.75 | 9.37 | 10.16 | 11.22 |
| Pre-tax cost of debt | 6.0% | 7.5% | 6.43 | 6.64 | 6.89 | 7.19 | 7.55 | 7.98 | 8.53 |
| Tax rate | 30.0% | 8.5% | 5.62 | 5.77 | 5.93 | 6.12 | 6.34 | 6.61 | 6.92 |
| After-tax cost of debt | 4.2% | 9.5% | 5.01 | 5.11 | 5.22 | 5.35 | 5.49 | 5.66 | 5.86 |
| Share of equity capital | 100.0% | 10.5% | 4.52 | 4.59 | 4.67 | 4.76 | 4.86 | 4.97 | 5.10 |
| Share of debt capital | 0.0% | 11.5% | 4.13 | 4.18 | 4.24 | 4.30 | 4.37 | 4.45 | 4.54 |
| | | 12.5% | 3.81 | 3.85 | 3.89 | 3.93 | 3.99 | 4.04 | 4.10 |
| | | 13.5% | 3.54 | 3.57 | 3.60 | 3.63 | 3.67 | 3.71 | 3.76 |
| Fair value per share in EUR | 4.80 | | | | | | | | |

* for layout purposes the model shows numbers only to 2025, but runs until 2032



INCOME STATEMENT

| All figures in EUR '000 | 2015A | 2016A | 2017A | 2018E | 2019E | 2020E |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | 56,009 | 61,164 | 75,563 | 38,886 | 44,539 | 51,027 |
| Cost of goods sold | 40,165 | 45,076 | 57,215 | 17,287 | 19,919 | 23,472 |
| Gross profit | 15,844 | 16,088 | 18,348 | 21,599 | 24,620 | 27,555 |
| S&M | 10,575 | 9,055 | 10,771 | 11,615 | 12,730 | 13,973 |
| G&A | 6,382 | 6,155 | 6,087 | 7,021 | 7,540 | 8,006 |
| Other operating income | 1,406 | 1,059 | 723 | 780 | 873 | 1,004 |
| Other operating expenses | 49 | 329 | 396 | 607 | 703 | 781 |
| EBITDA | 540 | 1,748 | 2,208 | 3,563 | 4,924 | 6,194 |
| Depreciation and amortisation | 296 | 140 | 391 | 427 | 404 | 395 |
| Operating income (EBIT) | 244 | 1,608 | 1,817 | 3,136 | 4,520 | 5,799 |
| Net financial result | 199 | 82 | -17 | 43 | 50 | 56 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax income (EBT) | 443 | 1,690 | 1,800 | 3,179 | 4,570 | 5,854 |
| Income taxes | 308 | 594 | 664 | 1,017 | 1,417 | 1,756 |
| Minority interests | -168 | -467 | -556 | -600 | -700 | -800 |
| Net income / loss | -33 | 629 | 580 | 1,562 | 2,453 | 3,298 |
| Diluted EPS (in €) | 0.00 | 0.03 | 0.03 | 0.07 | 0.11 | 0.15 |

Ratios

| | | | | | | |
|---------------------------|-------|-------|-------|-------|-------|-------|
| Gross margin | 28.3% | 26.3% | 24.3% | 55.5% | 55.3% | 54.0% |
| EBITDA margin on revenues | 1.0% | 2.9% | 2.9% | 9.2% | 11.1% | 12.1% |
| EBIT margin on revenues | 0.4% | 2.6% | 2.4% | 8.1% | 10.1% | 11.4% |
| Net margin on revenues | -0.1% | 1.0% | 0.8% | 4.0% | 5.5% | 6.5% |
| Tax rate | 69.5% | 35.1% | 36.9% | 32.0% | 31.0% | 30.0% |

Expenses as % of revenues

| | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| S&M | 18.9% | 14.8% | 14.3% | 29.9% | 28.6% | 27.4% |
| G&A | 11.4% | 10.1% | 8.1% | 18.1% | 16.9% | 15.7% |
| Depreciation and amortisation | 0.5% | 0.2% | 0.5% | 1.1% | 0.9% | 0.8% |
| Other operating expenses | 0.1% | 0.5% | 0.5% | 1.6% | 1.6% | 1.5% |

Y-Y Growth

| | | | | | | |
|------------------|------|--------|-------|--------|-------|-------|
| Revenues | n.a. | 9.2% | 23.5% | -48.5% | 14.5% | 14.6% |
| Operating income | n.a. | 559.0% | 13.0% | 72.6% | 44.1% | 28.3% |
| Net income/ loss | n.a. | n.m. | -7.8% | 169.3% | 57.1% | 34.4% |



BALANCE SHEET

| All figures in EUR '000 | 2015A | 2016A | 2017A | 2018E | 2019E | 2020E |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Assets | | | | | | |
| Current assets, total | 27,726 | 28,672 | 34,896 | 37,294 | 41,280 | 46,423 |
| Cash and cash equivalents | 16,932 | 17,859 | 20,127 | 22,272 | 25,387 | 29,007 |
| Short-term investments | 297 | 138 | 27 | 27 | 27 | 27 |
| Receivables | 9,983 | 10,116 | 14,129 | 14,382 | 15,253 | 16,776 |
| Inventories | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 514 | 559 | 613 | 613 | 613 | 613 |
| Non-current assets, total | 6,314 | 2,706 | 3,719 | 3,642 | 3,639 | 3,703 |
| Property, plant & equipment | 150 | 212 | 424 | 411 | 424 | 476 |
| Goodwill & other intangibles | 349 | 572 | 362 | 298 | 282 | 294 |
| Other assets | 5,815 | 1,922 | 2,933 | 2,933 | 2,933 | 2,933 |
| Total assets | 34,040 | 31,378 | 38,615 | 40,936 | 44,919 | 50,126 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 17,436 | 16,282 | 21,696 | 21,856 | 22,685 | 23,793 |
| Short-term debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts payable | 13,618 | 12,357 | 17,838 | 17,998 | 18,827 | 19,935 |
| Current provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 3,818 | 3,925 | 3,858 | 3,858 | 3,858 | 3,858 |
| Long-term liabilities, total | 96 | 117 | 402 | 402 | 402 | 402 |
| Long-term debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 96 | 117 | 402 | 402 | 402 | 402 |
| Minority interests | 503 | 690 | 779 | 1,379 | 2,079 | 2,879 |
| Shareholders' equity | 16,005 | 14,289 | 15,738 | 17,300 | 19,753 | 23,051 |
| Share capital | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 |
| Capital reserve | 63,305 | 61,116 | 61,312 | 61,312 | 61,312 | 61,312 |
| Other reserves | -2,199 | -2,356 | -1,683 | -1,683 | -1,683 | -1,683 |
| Loss carryforward / retained earnings | -46,250 | -45,621 | -45,041 | -43,479 | -41,026 | -37,728 |
| Total consolidated equity and debt | 34,040 | 31,378 | 38,615 | 40,936 | 44,919 | 50,126 |
| Ratios | | | | | | |
| Current ratio (x) | 1.59 | 1.76 | 1.61 | 1.71 | 1.82 | 1.95 |
| Quick ratio (x) | 1.59 | 1.76 | 1.61 | 1.71 | 1.82 | 1.95 |
| Net debt | -17,229 | -17,997 | -20,154 | -22,299 | -25,414 | -29,034 |
| Net gearing | -107.6% | -126.0% | -128.1% | -128.9% | -128.7% | -126.0% |
| Equity ratio | 48.5% | 47.7% | 42.8% | 45.6% | 48.6% | 51.7% |
| Book value per share (in €) | 0.75 | 0.67 | 0.74 | 0.81 | 0.93 | 1.08 |
| Return on equity (ROE) | -0.2% | 4.4% | 3.7% | 9.0% | 12.4% | 14.3% |
| Return on investment (ROI) | -0.1% | 2.0% | 1.5% | 3.8% | 5.5% | 6.6% |
| Return on assets (ROA) | 0.1% | 2.2% | 1.5% | 3.8% | 5.5% | 6.6% |
| Days of sales outstanding (DSO) | 65.1 | 60.4 | 68.2 | 135.0 | 125.0 | 120.0 |
| Days inventory outstanding | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Days in payables (DIP) | 123.8 | 100.1 | 113.8 | 380.0 | 345.0 | 310.0 |



CASH FLOW STATEMENT

| All figures in EUR '000 | 2015A | 2016A | 2017A | 2018E | 2019E | 2020E |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EBIT | 244 | 1,608 | 1,817 | 3,136 | 4,520 | 5,799 |
| Depreciation and amortisation | 296 | 140 | 391 | 427 | 404 | 395 |
| EBITDA | 540 | 1,748 | 2,208 | 3,563 | 4,924 | 6,194 |
| Changes in working capital | 2,257 | -1,164 | 3,095 | -94 | -41 | -415 |
| Other adjustments | -1,014 | -561 | -2,203 | -974 | -1,367 | -1,701 |
| Operating cash flow | 1,783 | 23 | 3,100 | 2,495 | 3,516 | 4,079 |
| Investments in PP&E | -67 | -144 | -378 | -233 | -267 | -306 |
| Investments in intangibles | -118 | -417 | -55 | -117 | -134 | -153 |
| Free cash flow | 1,598 | -538 | 2,666 | 2,145 | 3,115 | 3,619 |
| Acquisitions & disposals, net | 3,363 | 3,920 | 3 | 0 | 0 | 0 |
| Other investments | 16 | 209 | 0 | 0 | 0 | 0 |
| Investment cash flow | 3,194 | 3,568 | -431 | -350 | -401 | -459 |
| Debt financing, net | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity financing, net | 176 | -2,217 | 105 | 0 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 |
| Other financing | 0 | -280 | -467 | 0 | 0 | 0 |
| Financing cash flow | 176 | -2,497 | -362 | 0 | 0 | 0 |
| FOREX & other effects | 8 | -167 | -39 | 0 | 0 | 0 |
| Net cash flows | 5,162 | 927 | 2,268 | 2,145 | 3,115 | 3,619 |
| Cash, start of the year | 11,926 | 16,932 | 17,859 | 20,127 | 22,272 | 25,387 |
| Cash, end of the year | 17,088 | 17,859 | 20,127 | 22,272 | 25,387 | 29,007 |
| EBITDA/share (in €) | 0.03 | 0.08 | 0.10 | 0.17 | 0.23 | 0.29 |
| Y-Y Growth | | | | | | |
| Operating cash flow | n.a. | -98.7% | 13378.3% | -19.5% | 40.9% | 16.0% |
| Free cash flow | n.a. | n.m. | n.m. | -19.6% | 45.3% | 16.2% |
| EBITDA/share | n.a. | 227.8% | 26.3% | 60.4% | 38.2% | 25.8% |

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 9 January 2018 | €4.06 | Add | €4.30 |
| 2...1 | ↓ | ↓ | ↓ | ↓ |
| 2 | 25 January 2018 | €4.42 | Add | €4.50 |
| 3 | Today | €3.68 | Buy | €4.80 |

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