

<b>Buy</b>  <b>EUR 16.00</b> (EUR 14.00)  Price <b>EUR 12.30</b> <b>Upside 30.1 %</b>	<b>Value Indicators:</b> EUR DCF: 16.17	<b>Share data:</b> Bloomberg: EMH GR Reuters: EMHn.DE ISIN: DE000A2YN777	<b>Description:</b> Online-Sport-Bettingprovider with a strong focus on horse racing
	<b>Market Snapshot:</b> EUR m Market cap: 53.6 No. of shares (m): 4.3 EV: 43.0 Freefloat MC: 21.8 Ø Trad. Vol. (30d): 57.80 th	<b>Shareholders:</b> Freefloat 40.7 % Jochen Dickinger 5.3 % Lars Wilhelm Baumgarten 5.0 % Pierre Hofer 4.3 % Dachverband Rennsport 5.1 %	<b>Risk Profile (WRe):</b> 2020e Beta: 1.4 Price / Book: 3.4 x Equity Ratio: 57 %

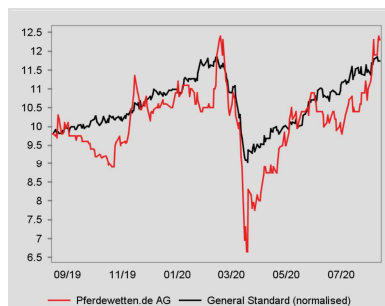
## Visibility increases significantly; Estimates and PT up

Stated Figures Q2/2020:					Comment on Figures: <ul style="list-style-type: none"><li>▪ Considering the developments in the racing sector, the business figures turned out to be extremely satisfactory. Despite the pandemic-related restrictions, the gross betting and gaming revenues (GGR) again increased significantly by 20% to EUR 17.5m compared to the same period in the previous year.</li><li>▪ Racing was prohibited from mid-March as were events in the sports betting area. Nor were there any casino or gaming offerings for regulatory reasons.</li></ul>
in EUR m	6M/20	6M/20e	6M/19	yoy	
Sales	6.0	5.0	5.6	7.7%	
EBIT	0.1	-0.8	0.2	-55.1%	
margin	1.5%	-80.0%	3.6%		

The most important racing nations have been in action again since the end of May. However, COVID-19 continues to cause financial problems for race organisers and existing contracts with several racing organizers have been partly revised at the expense of the company. A further event guarantee could only be given because all bookmakers and betting agents are showing solidarity and foregoing large parts of their income for the benefit of the racing clubs. Until the end of August, pferdewetten.de also voluntarily waived parts of the commission it is due (mid six-digit amount) for the benefit of German horseracing.

In the meantime, pferdewetten.de has repositioned itself in sports betting (platform service provider changed to "BetConstruct"). After three months in live operation, significantly better conversion can be seen here. Significant improvements are also visible in the area of SEO. In 2020 - despite COVID-19 - an increase in earnings of EUR 1m should be achieved compared to last year. Breakeven is to be achieved in 2022 (currently around EUR 3.3m loss). The platform change also meant that the company applied for a sports betting licence in Germany and thus - as in betting on horseracing - appears as a provider (application has been made). In this context, an offer of casino and cash games is planned for the last quarter of 2020. Pferdewetten.de also is currently revising all platforms and systems. This applies to the end customer area (e.g. CRM), the test of algorithms (risk management) but, above all, the position as a service provider is to be strengthened. The aim is to generate additional income from this business area, which has recently been growing very dynamically. The normalisation of the betting business in the second half of the year and the good reported figures provide the basis for an increase in the forecasts (WRe) and a higher PT of EUR 16 (14). **Buy rating maintained.**

<b>Changes in Estimates:</b> FY End: 31.12. in EUR m						<b>Comment on Changes:</b> <ul style="list-style-type: none"> <li>The new estimates reflect the strong H1 and a recovery of the business in H2</li> <li>The model (DCF) now reflects higher visibility (beta reduced from 1.46 to 1.40)</li> </ul>
2020e (old)	+ / -	2021e (old)	+ / -	2022e (old)	+ / -	
<b>Sales</b>	10.5	23.8 %	13.5	11.1 %	16.0	6.3 %
<b>EBIT</b>	0.5	100.0 %	1.8	8.3 %	2.9	9.3 %

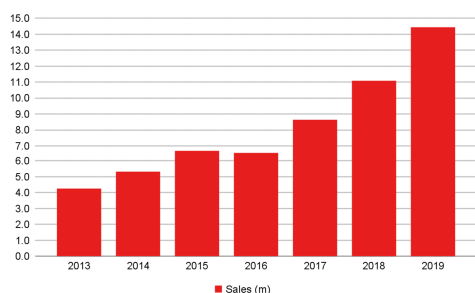


<b>Rel. Performance vs General</b>	
1 month:	13.9 %
6 months:	4.3 %
Year to date:	6.0 %
Trailing 12 months:	4.9 %

<b>Company events:</b>	
12.11.20	Q3

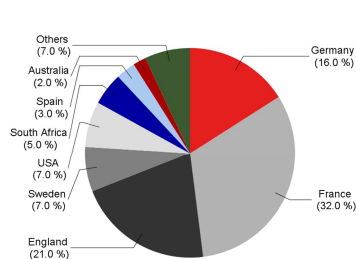
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
<b>Sales</b>	5.6 %	6.6	8.6	11.1	14.4	13.0	15.0	17.0
Change Sales yoy		-2.0 %	31.7 %	28.3 %	30.2 %	-10.0 %	15.4 %	13.3 %
Gross profit margin		79.0 %	75.4 %	56.4 %	57.0 %	57.0 %	58.0 %	61.0 %
<b>EBITDA</b>	9.4 %	2.2	2.6	1.2	3.0	1.7	2.7	4.0
Margin		34.2 %	29.8 %	10.5 %	21.0 %	13.1 %	17.7 %	23.4 %
<b>EBIT</b>	9.2 %	1.9	2.2	0.8	2.4	1.0	2.0	3.2
Margin		29.1 %	26.0 %	7.2 %	16.9 %	7.7 %	13.0 %	18.6 %
<b>Net income</b>	-6.1 %	1.7	2.6	-0.5	3.3	0.9	1.7	2.7
<b>EPS</b>	-6.0 %	0.44	0.60	-0.11	0.77	0.20	0.39	0.64
<b>EPS adj.</b>	-6.0 %	0.44	0.60	-0.11	0.77	0.20	0.39	0.64
<b>DPS</b>	0.0 %	0.12	0.14	0.16	0.20	0.20	0.20	0.20
Dividend Yield		1.8 %	1.1 %	1.5 %	1.9 %	1.6 %	1.6 %	1.6 %
<b>FCF</b>		0.38	0.48	0.44	0.94	0.24	0.39	0.68
<b>FCF / Market cap</b>		5.5 %	3.9 %	4.1 %	9.0 %	1.9 %	3.1 %	5.5 %
<b>EV / Sales</b>		3.0 x	5.3 x	3.5 x	2.4 x	3.3 x	2.8 x	2.4 x
<b>EV / EBITDA</b>		8.8 x	17.8 x	33.0 x	11.5 x	25.3 x	15.9 x	10.1 x
<b>EV / EBIT</b>		10.4 x	20.4 x	47.8 x	14.3 x	43.0 x	21.6 x	12.6 x
<b>P / E</b>		15.4 x	20.3 x	n.a.	13.6 x	62.0 x	31.8 x	19.4 x
<b>P / E adj.</b>		15.4 x	20.3 x	n.a.	13.6 x	62.0 x	31.8 x	19.4 x
<b>FCF Potential Yield</b>		9.9 %	6.2 %	-0.6 %	10.9 %	3.6 %	5.7 %	8.8 %
<b>Net Debt</b>		-6.9	-6.9	-8.3	-10.4	-10.6	-11.4	-13.5
<b>ROCE (NOPAT)</b>		34.3 %	41.3 %	n.a.	63.6 %	16.2 %	31.8 %	52.7 %
<b>Guidance:</b>	2020: Lower revenues and EBIT of EUR 0 - 3m							

### Sales development in EUR m



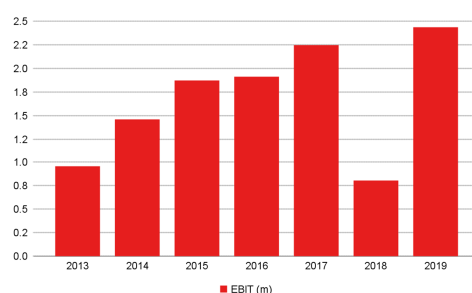
Source: Warburg Research

### Sales by regions (Events) 2020e; WRe; in %



Source: Warburg Research

### EBIT development in EUR m



Source: Warburg Research

## Company Background

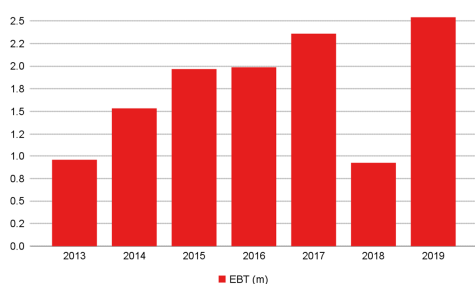
Pferdewetten.de is a online betting provider with a strong focus on horse racing and is one of the top 2 providers in Germany.

In May 2017 the Board announced the reentering of the sportsbetting market with Pferdewetten's two platforms sportwetten.de and sportwetten.com

## Competitive Quality

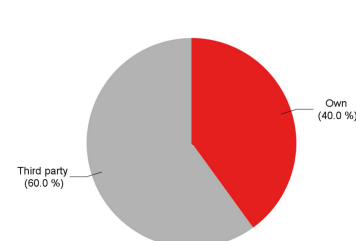
- Pferdewetten.de AG has a very good positioning in the niche market for horse betting and has valuable market know-how thanks to its own bookmaker software.
- The company has an active and loyal customer base in the horse betting sector.
- The outsourcing of platform operations as part of the restart of sportwetten.de and sportwetten.com by the betting odds provider BetConstruct enables a strong focus on customer acquisition.
- Furthermore, BetConstruct offers a state-of-the-art product portfolio, which is always kept at the highest level in terms of technology and product range.

### EBT development in EUR m



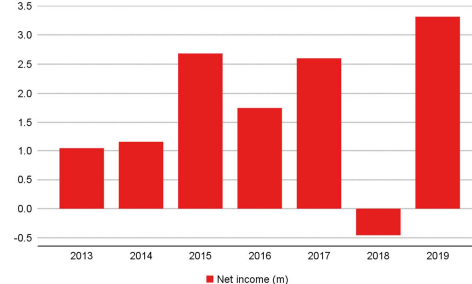
Source: Warburg Research

### Sales by type 2020e; in %



Source: Warburg Research

### Net income development in EUR m



Source: Warburg Research

## DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	13.0	15.0	17.0	19.0	20.6	21.7	22.6	23.4	24.0	24.6	25.2	25.7	26.3	2.0 %
Sales change	-10.0 %	15.4 %	13.3 %	12.0 %	8.0 %	5.6 %	4.2 %	3.3 %	2.8 %	2.5 %	2.3 %	2.2 %	2.1 %	
EBIT	1.0	2.0	3.2	3.6	4.3	5.0	5.7	5.8	6.2	6.4	6.8	6.9	7.1	27.0 %
EBIT-margin	7.7 %	13.0 %	18.6 %	19.0 %	21.0 %	23.0 %	25.0 %	25.0 %	26.0 %	26.0 %	27.0 %	27.0 %	27.0 %	
Tax rate (EBT)	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	13.5 %	6.1
NOPAT	0.9	1.7	2.7	3.1	3.7	4.3	4.9	5.1	5.4	5.5	5.9	6.0	6.1	
Depreciation	0.7	0.7	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	3.1 %
in % of Sales	5.4 %	4.7 %	4.7 %	3.5 %	3.5 %	3.4 %	3.4 %	3.3 %	3.3 %	3.2 %	3.2 %	3.2 %	3.1 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Liquidity from														
- Working Capital	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
- Capex	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	
Capex in % of Sales	4.6 %	4.0 %	3.5 %	3.0 %	3.0 %	2.9 %	2.9 %	2.8 %	2.8 %	2.8 %	2.7 %	2.7 %	2.7 %	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	1.0	1.7	2.9	3.2	3.8	4.4	5.0	5.2	5.5	5.6	6.0	6.1	6.2	6
PV of FCF	1.0	1.5	2.4	2.4	2.6	2.8	2.9	2.7	2.6	2.5	2.4	2.3	2.1	
share of PVs	8.24 %			42.47 %										49.29 %

### Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt (after tax)	3.5 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.50
		Others	1.50
<b>WACC</b>	<b>9.20 %</b>	<b>Beta</b>	<b>1.40</b>

### Valuation (m)

Present values 2032e	30		
Terminal Value	29		
Financial liabilities	1		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	4.3
<b>Equity Value</b>	<b>70</b>	<b>Value per share (EUR)</b>	<b>16.17</b>

### Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	1.25 %	1.50 %	1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.58	10.2 %	13.86	14.00	14.15	14.30	14.47	14.65	14.84	1.58	10.2 %	13.56	13.81	14.06	14.30	14.55	14.80	15.05
1.49	9.7 %	14.65	14.81	14.99	15.18	15.38	15.59	15.82	1.49	9.7 %	14.38	14.65	14.91	15.18	15.44	15.71	15.97
1.45	9.5 %	15.08	15.26	15.45	15.66	15.88	16.12	16.37	1.45	9.5 %	14.84	15.11	15.39	15.66	15.93	16.21	16.48
1.40	9.2 %	15.53	15.73	15.95	16.17	16.42	16.68	16.96	1.40	9.2 %	15.32	15.61	15.89	16.17	16.46	16.74	17.02
1.35	9.0 %	16.02	16.24	16.48	16.73	17.00	17.29	17.60	1.35	9.0 %	15.85	16.14	16.43	16.73	17.02	17.32	17.61
1.31	8.7 %	16.55	16.79	17.05	17.32	17.62	17.95	18.30	1.31	8.7 %	16.41	16.71	17.02	17.32	17.63	17.93	18.24
1.22	8.2 %	17.71	18.00	18.32	18.66	19.03	19.43	19.88	1.22	8.2 %	17.67	18.00	18.33	18.66	18.99	19.32	19.65

- We anticipate strong sales growth as a result of entering the sports betting market.
- Due to the market entry and Corona, we expect a temporarily declining EBIT margin.

Valuation	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	2.3 x	3.8 x	3.6 x	2.9 x	3.4 x	3.2 x	2.9 x
Book value per share ex intangibles	2.17	2.73	2.31	3.04	3.11	3.35	3.85
EV / Sales	3.0 x	5.3 x	3.5 x	2.4 x	3.3 x	2.8 x	2.4 x
EV / EBITDA	8.8 x	17.8 x	33.0 x	11.5 x	25.3 x	15.9 x	10.1 x
EV / EBIT	10.4 x	20.4 x	47.8 x	14.3 x	43.0 x	21.6 x	12.6 x
EV / EBIT adj.*	10.4 x	20.4 x	47.8 x	14.3 x	43.0 x	21.6 x	12.6 x
P / FCF	18.0 x	25.6 x	24.4 x	11.1 x	54.3 x	33.4 x	19.0 x
P / E	15.4 x	20.3 x	n.a.	13.6 x	62.0 x	31.8 x	19.4 x
P / E adj.*	15.4 x	20.3 x	n.a.	13.6 x	62.0 x	31.8 x	19.4 x
Dividend Yield	1.8 %	1.1 %	1.5 %	1.9 %	1.6 %	1.6 %	1.6 %
FCF Potential Yield (on market EV)	9.9 %	6.2 %	-0.6 %	10.9 %	3.6 %	5.7 %	8.8 %
*Adjustments made for: -							

## Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
<b>Sales</b>	<b>6.6</b>	<b>8.6</b>	<b>11.1</b>	<b>14.4</b>	<b>13.0</b>	<b>15.0</b>	<b>17.0</b>
Change Sales yoy	-2.0 %	31.7 %	28.3 %	30.2 %	-10.0 %	15.4 %	13.3 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Sales</b>	<b>6.6</b>	<b>8.6</b>	<b>11.1</b>	<b>14.4</b>	<b>13.0</b>	<b>15.0</b>	<b>17.0</b>
Material expenses	1.4	2.1	4.8	6.2	5.6	6.3	6.6
<b>Gross profit</b>	<b>5.2</b>	<b>6.5</b>	<b>6.2</b>	<b>8.2</b>	<b>7.4</b>	<b>8.7</b>	<b>10.4</b>
<b>Gross profit margin</b>	<b>79.0 %</b>	<b>75.4 %</b>	<b>56.4 %</b>	<b>57.0 %</b>	<b>57.0 %</b>	<b>58.0 %</b>	<b>61.0 %</b>
Personnel expenses	2.1	2.4	3.1	3.3	3.5	3.6	3.7
Other operating income	0.5	0.4	0.3	0.4	0.4	0.4	0.4
Other operating expenses	1.4	1.9	2.3	2.4	2.6	2.9	3.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>2.2</b>	<b>2.6</b>	<b>1.2</b>	<b>3.0</b>	<b>1.7</b>	<b>2.7</b>	<b>4.0</b>
<b>Margin</b>	<b>34.2 %</b>	<b>29.8 %</b>	<b>10.5 %</b>	<b>21.0 %</b>	<b>13.1 %</b>	<b>17.7 %</b>	<b>23.4 %</b>
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>2.2</b>	<b>2.6</b>	<b>1.2</b>	<b>3.0</b>	<b>1.7</b>	<b>2.7</b>	<b>4.0</b>
Amortisation of intangible assets	0.3	0.3	0.4	0.6	0.7	0.7	0.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.9</b>	<b>2.2</b>	<b>0.8</b>	<b>2.4</b>	<b>1.0</b>	<b>2.0</b>	<b>3.2</b>
<b>Margin</b>	<b>29.1 %</b>	<b>26.0 %</b>	<b>7.2 %</b>	<b>16.9 %</b>	<b>7.7 %</b>	<b>13.0 %</b>	<b>18.6 %</b>
<b>EBIT adj.</b>	<b>1.9</b>	<b>2.2</b>	<b>0.8</b>	<b>2.4</b>	<b>1.0</b>	<b>2.0</b>	<b>3.2</b>
Interest income	0.1	0.1	0.1	0.2	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>2.0</b>	<b>2.4</b>	<b>0.9</b>	<b>2.5</b>	<b>1.0</b>	<b>2.0</b>	<b>3.2</b>
<b>Margin</b>	<b>30.3 %</b>	<b>27.3 %</b>	<b>8.3 %</b>	<b>17.6 %</b>	<b>7.7 %</b>	<b>13.0 %</b>	<b>18.6 %</b>
Total taxes	0.3	-0.2	1.4	-0.8	0.1	0.3	0.4
<b>Net income from continuing operations</b>	<b>1.7</b>	<b>2.6</b>	<b>-0.5</b>	<b>3.3</b>	<b>0.9</b>	<b>1.7</b>	<b>2.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>1.7</b>	<b>2.6</b>	<b>-0.5</b>	<b>3.3</b>	<b>0.9</b>	<b>1.7</b>	<b>2.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>1.7</b>	<b>2.6</b>	<b>-0.5</b>	<b>3.3</b>	<b>0.9</b>	<b>1.7</b>	<b>2.7</b>
<b>Margin</b>	<b>26.7 %</b>	<b>30.1 %</b>	<b>-4.1 %</b>	<b>23.0 %</b>	<b>6.7 %</b>	<b>11.2 %</b>	<b>16.1 %</b>
Number of shares, average	3.9	4.3	4.3	4.3	4.3	4.3	4.3
<b>EPS</b>	<b>0.44</b>	<b>0.60</b>	<b>-0.11</b>	<b>0.77</b>	<b>0.20</b>	<b>0.39</b>	<b>0.64</b>
EPS adj.	0.44	0.60	-0.11	0.77	0.20	0.39	0.64

\*Adjustments made for:

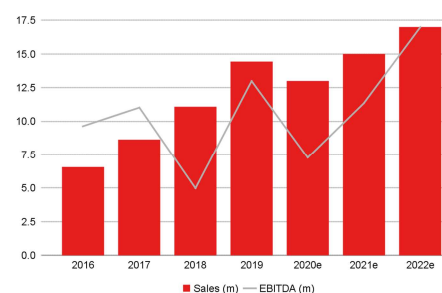
**Guidance: 2020: Lower revenues and EBIT of EUR 0 - 3m**

## Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	65.8 %	70.2 %	89.5 %	79.0 %	86.9 %	82.3 %	76.6 %
Operating Leverage	-1.1 x	0.6 x	-2.3 x	6.7 x	5.9 x	6.2 x	4.7 x
EBITDA / Interest expenses	1123.5 x	367.9 x	n.a.	178.3 x	n.a.	n.a.	n.a.
Tax rate (EBT)	13.9 %	-10.3 %	149.6 %	-30.5 %	13.5 %	13.5 %	13.5 %
Dividend Payout Ratio	27.7 %	23.3 %	n.m.	26.1 %	100.0 %	51.3 %	31.4 %
Sales per Employee	234,357	254,147	263,929	335,744	302,326	348,837	395,349

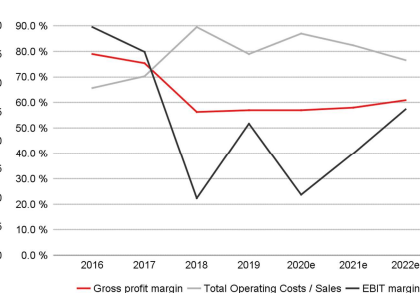
### Sales, EBITDA

in EUR m

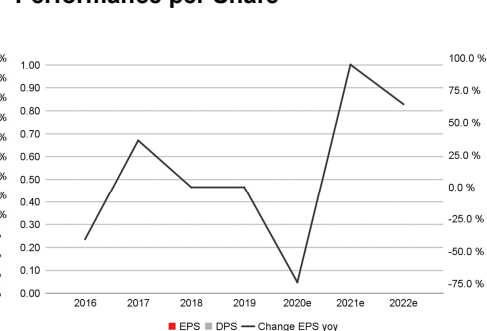


### Operating Performance

in %



### Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

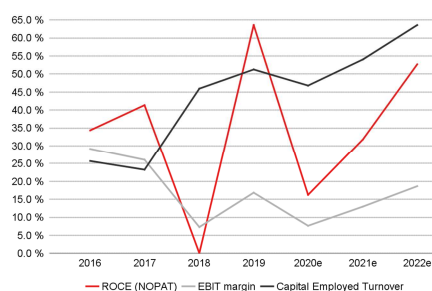
## Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
<b>Assets</b>							
Goodwill and other intangible assets	3.2	3.2	3.0	2.7	2.5	2.3	2.0
thereof other intangible assets	0.9	0.0	0.0	0.0	0.0	0.0	0.0
thereof Goodwill	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Property, plant and equipment	0.1	0.3	0.3	1.3	1.4	1.5	1.6
Financial assets	1.3	4.8	5.5	5.9	5.9	5.9	5.9
Other long-term assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>Fixed assets</b>	<b>5.1</b>	<b>8.9</b>	<b>9.3</b>	<b>10.4</b>	<b>10.3</b>	<b>10.2</b>	<b>10.0</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.0	1.1	1.0	2.1	1.9	2.2	2.5
Liquid assets	6.9	6.9	8.3	11.4	11.6	12.4	14.5
Other short-term assets	1.8	2.2	2.3	4.2	4.2	4.2	4.2
<b>Current assets</b>	<b>9.8</b>	<b>10.2</b>	<b>11.6</b>	<b>17.7</b>	<b>17.6</b>	<b>18.8</b>	<b>21.1</b>
<b>Total Assets</b>	<b>14.9</b>	<b>19.1</b>	<b>20.9</b>	<b>28.0</b>	<b>27.9</b>	<b>28.9</b>	<b>31.1</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Capital reserve	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Retained earnings	5.1	7.2	6.0	8.7	8.7	9.5	11.4
Other equity components	0.1	0.3	0.3	0.6	0.7	0.7	0.7
Shareholders' equity	11.7	14.0	12.9	15.8	15.9	16.8	18.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>11.7</b>	<b>14.0</b>	<b>12.9</b>	<b>15.8</b>	<b>15.9</b>	<b>16.8</b>	<b>18.6</b>
Provisions	0.1	0.1	0.1	0.0	0.0	0.0	0.0
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	0.1	0.0	0.0	1.0	1.0	1.0	1.0
thereof short-term financial liabilities	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Accounts payable	1.6	1.0	1.2	2.1	1.9	2.1	2.4
Other liabilities	1.3	4.0	6.7	9.1	9.1	9.1	9.1
<b>Liabilities</b>	<b>3.1</b>	<b>5.1</b>	<b>8.0</b>	<b>12.1</b>	<b>12.0</b>	<b>12.2</b>	<b>12.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>14.9</b>	<b>19.1</b>	<b>20.9</b>	<b>28.0</b>	<b>27.9</b>	<b>28.9</b>	<b>31.1</b>

## Financial Ratios

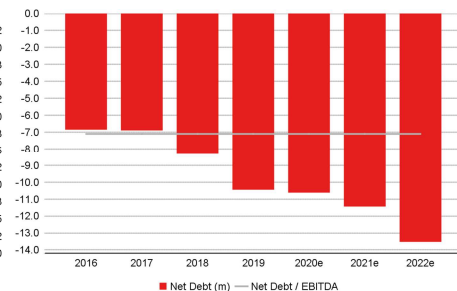
	2016	2017	2018	2019	2020e	2021e	2022e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	-14.1 x	22.1 x	79.2 x	10.5 x	9.2 x	9.3 x	9.9 x
Capital Employed Turnover	1.3 x	1.2 x	2.4 x	2.7 x	2.4 x	2.8 x	3.3 x
ROA	34.3 %	29.1 %	-4.9 %	31.9 %	8.4 %	16.6 %	27.5 %
<b>Return on Capital</b>							
ROCE (NOPAT)	34.3 %	41.3 %	n.a.	63.6 %	16.2 %	31.8 %	52.7 %
ROE	17.9 %	20.2 %	-3.4 %	23.0 %	5.4 %	10.3 %	15.5 %
Adj. ROE	17.9 %	20.2 %	-3.4 %	23.0 %	5.4 %	10.3 %	15.5 %
<b>Balance sheet quality</b>							
Net Debt	-6.9	-6.9	-8.3	-10.4	-10.6	-11.4	-13.5
Net Financial Debt	-6.9	-6.9	-8.3	-10.4	-10.6	-11.4	-13.5
Net Gearing	-58.4 %	-49.2 %	-64.3 %	-66.0 %	-66.7 %	-68.3 %	-72.6 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	3.0	3.6	3.0	3.7	3.7	3.9	4.3
Book value per share ex intangibles	2.2	2.7	2.3	3.0	3.1	3.3	3.9

### ROCE Development



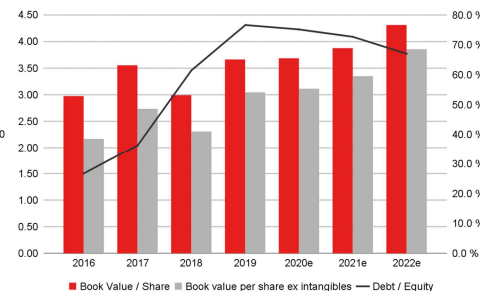
Source: Warburg Research

### Net debt in EUR m



Source: Warburg Research

### Book Value per Share in EUR



Source: Warburg Research

## Consolidated cash flow statement

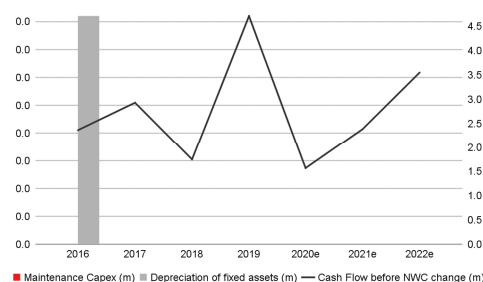
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	1.7	2.6	-0.6	3.3	0.9	1.7	2.7
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.3	0.4	0.6	0.7	0.7	0.8
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.3	0.0	1.9	0.8	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>2.4</b>	<b>2.9</b>	<b>1.7</b>	<b>4.7</b>	<b>1.6</b>	<b>2.4</b>	<b>3.5</b>
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.4	-0.1	0.1	-1.1	0.2	-0.3	-0.3
Increase / decrease in accounts payable	-0.3	-0.6	0.2	0.9	-0.2	0.2	0.3
Increase / decrease in other working capital positions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.7	-0.7	0.3	-0.3	0.1	-0.1	0.0
<b>Net cash provided by operating activities [1]</b>	<b>1.6</b>	<b>2.3</b>	<b>2.0</b>	<b>4.4</b>	<b>1.6</b>	<b>2.3</b>	<b>3.5</b>
Investments in intangible assets	-0.2	-0.2	0.0	0.0	-0.5	-0.5	-0.5
Investments in property, plant and equipment	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.1	0.0	0.0	0.3	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-0.4	-0.5	-0.6	-0.7	-0.9	-0.9	-0.9
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.4	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>2.1</b>	<b>-0.5</b>	<b>-0.6</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-0.9</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>3.6</b>	<b>1.5</b>	<b>1.3</b>	<b>3.1</b>	<b>0.2</b>	<b>0.8</b>	<b>2.1</b>
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	6.9	8.5	8.2	11.4	11.6	12.4	14.5

## Financial Ratios

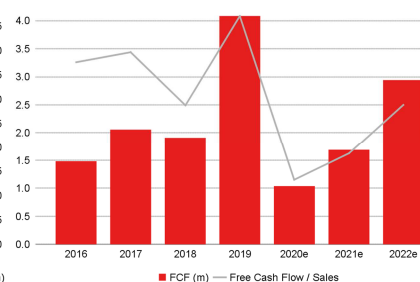
	2016	2017	2018	2019	2020e	2021e	2022e
<b>Cash Flow</b>							
FCF	1.5	2.1	1.9	4.1	1.0	1.7	2.9
Free Cash Flow / Sales	22.6 %	23.8 %	17.2 %	28.3 %	8.0 %	11.2 %	17.3 %
Free Cash Flow Potential	2.0	2.8	-0.2	3.8	1.6	2.4	3.5
Free Cash Flow / Net Profit	84.7 %	79.2 %	-417.5 %	123.2 %	119.9 %	100.0 %	107.3 %
Interest Received / Avg. Cash	1.5 %	1.7 %	1.6 %	1.7 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	2.5 %	14.9 %	n.a.	3.6 %	0.0 %	0.0 %	0.0 %
<b>Management of Funds</b>							
Investment ratio	2.5 %	2.3 %	0.9 %	0.7 %	4.6 %	4.0 %	3.5 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	49.6 %	60.8 %	27.9 %	16.8 %	85.7 %	85.7 %	75.0 %
Avg. Working Capital / Sales	-14.0 %	-3.2 %	-0.7 %	-0.5 %	0.3 %	0.3 %	0.6 %
Trade Debtors / Trade Creditors	62.7 %	105.9 %	82.6 %	103.5 %	100.0 %	104.8 %	104.2 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	57	46	32	54	53	54	54
Payables payment period (days)	434	179	90	121	124	122	132
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### CAPEX and Cash Flow

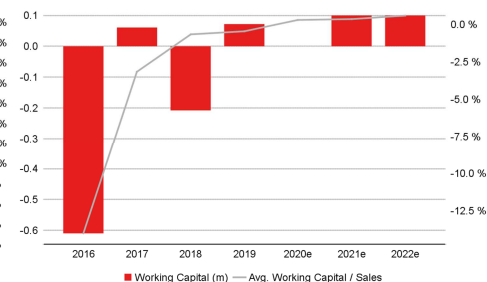
in EUR m



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

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Rating	Number of stocks	% of Universe
Buy	131	65
Hold	56	28
Sell	11	5
Rating suspended	5	2
<b>Total</b>	<b>203</b>	<b>100</b>

## 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	35	88
Hold	3	8
Sell	0	0
Rating suspended	2	5
<b>Total</b>	<b>40</b>	<b>100</b>

## PRICE AND RATING HISTORY PFERDEWETTEN.DE AS OF 14.08.2020



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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