

Buy (old: Buy)

Price target: EUR 118.00 (old: EUR 118.00)

| | | | |
|-------------------|-----------|--------------------------|---------------|
| Price: | EUR 86.53 | Next result: | Q4/FY 16: tba |
| Bloomberg: | PAL:GR | Market cap: | EUR 95.2 m |
| Reuters: | PALG.XE | Enterprise Value: | EUR 87.6 m |

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Former Apple/iTunes manager to steer PANTAFLIX roll-out

Yesterday, Pantaleon appointed Stefan Langefeld (former executive manager at Apple/iTunes) as **PANTAFLIX' new CEO** as of May 1, 2017. He will also hold a seat in the management board of Pantaleon Entertainment and will directly report to CEO Dan Maag. In our view, the announcement is positive and supports our view on the future upside potential stemming from the accelerating roll-out of the company's innovative VoD platform PANTAFLIX.

- **Suitable fit for Pantaleon:** Langefeld has built a **strong track record in the global media and VoD/streaming industry**. He has been with Apple since 2007 in several managing roles and was responsible for Apple's TV and film business of iTunes. During this time, Langefeld steered the roll-out of the platform for Central and Eastern Europe, among others. Importantly, he successfully managed several key projects such as the launch of the iTunes TV store in Germany as well as iTunes Video in the German-speaking markets and in more than 50 key emerging markets worldwide. Accordingly, Langefeld's **expertise and broad network should strongly support the global roll-out of PANTAFLIX**.
- **PANTAFLIX' roll-out further gaining traction:** Overall, the appointment should also be seen as a **sign of confidence** (leaving Apple for a niche player). Following the termination of the platform's beta phase in December and the recently launched mobile app (iOS) driving multiple device penetration (access to c. 1bn mobile devices globally), the COO appointment can be considered as the **next milestone in the ramp-up of PANTAFLIX**.
- **Timing and outlook:** Overall, the news supports our positive view on the investment case. **PANTAFLIX is seen to boost sales and earnings are seen to grow disproportionately** after the digestion of launch costs, adding a highly scalable business model which should by far outgrow today's solid core production business (eH&A: 35% of sales in FY 18E vs. 3% in FY 16E). **The expected success of PANTAFLIX explains the substantial sales growth of 50% CAGR 15-18E to € 53m** while the earnings contribution from high-margin incremental sales should become fully visible from FY 18E onwards (c. 80% incremental EBITDA margin).

Overall, a successful roll-out of PANTAFLIX implies significant value accretion, in our view. **BUY, PT € 118 based on DCF** (terminal growth rate of 2%, 10% terminal EBIT margin vs. avg. >25% assuming a successful roll-out of PANTA in FY '20E).

| Y/E 31.12 (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|---------------------|--------|--------|--------|--------|---------|---------|--------|
| Sales | 2.7 | 7.2 | 6.0 | 15.6 | 33.2 | 34.7 | 52.8 |
| Sales growth | n/a | 165 % | -17 % | 160 % | 113 % | 4 % | 52 % |
| EBITDA | 0.4 | 3.1 | -0.3 | 8.8 | -5.7 | -4.0 | 11.7 |
| EBIT | 0.4 | 2.9 | -0.3 | 0.1 | -6.2 | -4.5 | 10.9 |
| Net income | 0.4 | 2.8 | -0.4 | 0.2 | -6.1 | -4.4 | 7.7 |
| Net debt | -0.7 | -7.0 | -5.9 | -17.9 | -7.6 | -5.9 | -13.2 |
| Net gearing | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS pro forma | 0.37 | 2.76 | -0.39 | 0.18 | -5.57 | -4.01 | 6.99 |
| CPS | 0.37 | 6.45 | -1.08 | 5.44 | -9.35 | -2.01 | 6.60 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Gross profit margin | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| EBITDA margin | 14.0 % | 42.7 % | -5.5 % | 56.3 % | -17.2 % | -11.5 % | 22.2 % |
| EBIT margin | 13.8 % | 40.7 % | -5.8 % | 0.6 % | -18.7 % | -13.0 % | 20.7 % |
| ROCE | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| EV/sales | n/a | 11.0 | 13.4 | 4.9 | 2.6 | 2.6 | 1.6 |
| EV/EBITDA | n/a | 25.8 | n/a | n/a | -15.3 | -22.5 | 7.0 |
| EV/EBIT | n/a | 27.1 | n/a | n/a | -14.1 | -19.9 | 7.5 |
| PER | n/a | n/a | n/a | n/a | -15.5 | -21.6 | 12.4 |
| Adjusted FCF yield | n/a | n/a | -0.6 % | 0.1 % | -7.2 % | -5.1 % | 9.4 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 09.01.2017



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 86.53 / 30.00

Price/Book Ratio: -119.3

Relative performance (SDAX):

3 months 84.6 %

6 months 126.6 %

12 months 51.3 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|-------|
| 2016 | old: | 33.2 | -6.2 | -5.57 |
| | Δ | - | - | - |
| 2017 | old: | 34.7 | -4.5 | -4.01 |
| | Δ | - | - | - |
| 2018 | old: | 52.8 | 10.9 | 6.99 |
| | Δ | - | - | - |

Key share data:

Number of shares: (in m pcs) 1.1

Authorised capital: (in € m) -

Book value per share: (in €) -0.7

Ø trading volume: (12 months) 1,900

Major shareholders:

BlackMars Capital 80.0 %
GmbH

Free Float 20.0 %

Company description:

PANTALEON Entertainment AG develops and produces films in Germany and internationally. It is also involved in the exploitation of the rights to films through international film distributors. In Q2 '16, the company launched a beta version of its online streaming platform PANTAFLIX (PANTA).

Financials

| Profit and loss (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|---|-------------|----------------|----------------|----------------|----------------|--------------|---------------|
| Net sales | 2.7 | 7.2 | 6.0 | 15.6 | 33.2 | 34.7 | 52.8 |
| <i>Sales growth</i> | <i>n/a</i> | <i>164.8 %</i> | <i>-16.6 %</i> | <i>160.2 %</i> | <i>112.5 %</i> | <i>4.3 %</i> | <i>52.2 %</i> |
| Increase/decrease in finished goods and work-in-process | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 2.7 | 7.2 | 6.0 | 15.6 | 33.2 | 34.7 | 52.8 |
| Other operating income | 1.8 | 2.6 | 1.9 | 7.6 | 11.6 | 10.4 | 13.2 |
| Material expenses | 3.7 | 5.7 | 7.0 | 21.8 | 31.6 | 25.9 | 21.1 |
| Personnel expenses | 0.2 | 0.5 | 0.5 | 0.7 | 3.4 | 4.3 | 7.4 |
| Other operating expenses | 0.2 | 0.5 | 0.8 | 1.1 | 15.6 | 18.9 | 25.7 |
| Total operating expenses | 2.3 | 4.1 | 6.3 | 16.0 | 38.9 | 38.7 | 41.1 |
| EBITDA | 0.4 | 3.1 | -0.3 | 8.8 | -5.7 | -4.0 | 11.7 |
| Depreciation | 0.0 | 0.1 | 0.0 | 8.7 | 0.5 | 0.5 | 0.8 |
| EBITA | 0.4 | 2.9 | -0.3 | 0.1 | -6.2 | -4.5 | 10.9 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Impairment charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 0.4 | 2.9 | -0.3 | 0.1 | -6.2 | -4.5 | 10.9 |
| Interest income | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Interest expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Other financial result | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial result | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Recurring pretax income from continuing operations | 0.4 | 2.9 | -0.2 | 0.2 | -6.1 | -4.4 | 11.0 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 0.4 | 2.9 | -0.2 | 0.2 | -6.1 | -4.4 | 11.0 |
| Taxes | 0.0 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 3.3 |
| Net income from continuing operations | 0.4 | 2.8 | -0.4 | 0.2 | -6.1 | -4.4 | 7.7 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 0.4 | 2.8 | -0.4 | 0.2 | -6.1 | -4.4 | 7.7 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (net of minority interest) | 0.4 | 2.8 | -0.4 | 0.2 | -6.1 | -4.4 | 7.7 |
| Average number of shares | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| EPS reported | 0.37 | 2.76 | -0.39 | 0.18 | -5.57 | -4.01 | 6.99 |

| Profit and loss (common size) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Increase/decrease in finished goods and work-in-process | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Total sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Other operating income | 64.9 % | 35.6 % | 31.9 % | 48.7 % | 35.0 % | 30.0 % | 25.0 % |
| Material expenses | 136.1 % | 78.6 % | 116.0 % | 139.4 % | 95.0 % | 74.6 % | 40.0 % |
| Personnel expenses | 6.3 % | 6.8 % | 8.6 % | 4.6 % | 10.2 % | 12.3 % | 14.0 % |
| Other operating expenses | 8.5 % | 7.4 % | 12.7 % | 7.0 % | 47.0 % | 54.6 % | 48.8 % |
| Total operating expenses | 86.0 % | 57.3 % | 105.5 % | 102.3 % | 117.2 % | 111.5 % | 77.8 % |
| EBITDA | 14.0 % | 42.7 % | -5.5 % | 56.3 % | -17.2 % | -11.5 % | 22.2 % |
| Depreciation | 0.2 % | 2.1 % | 0.3 % | 55.6 % | 1.5 % | 1.5 % | 1.5 % |
| EBITA | 13.8 % | 40.7 % | -5.8 % | 0.6 % | -18.7 % | -13.0 % | 20.7 % |
| Amortisation of goodwill | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Amortisation of intangible assets | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Impairment charges | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBIT | 13.8 % | 40.7 % | -5.8 % | 0.6 % | -18.7 % | -13.0 % | 20.7 % |
| Interest income | 0.1 % | 0.1 % | 1.9 % | 0.8 % | 0.4 % | 0.3 % | 0.2 % |
| Interest expenses | 0.4 % | 0.4 % | 0.3 % | 0.1 % | 0.1 % | 0.1 % | 0.1 % |
| Other financial result | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | -0.2 % | -0.2 % | 1.7 % | 0.7 % | 0.3 % | 0.2 % | 0.1 % |
| Recurring pretax income from continuing operations | 13.5 % | 40.4 % | -4.1 % | 1.3 % | -18.4 % | -12.7 % | 20.8 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 13.5 % | 40.4 % | -4.1 % | 1.3 % | -18.4 % | -12.7 % | 20.8 % |
| Tax rate | 0.0 % | 5.4 % | -58.3 % | -58.3 % | -58.3 % | -58.3 % | 30.0 % |
| Net income from continuing operations | 13.5 % | 38.3 % | -6.5 % | 1.3 % | -18.4 % | -12.7 % | 14.6 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 13.5 % | 38.3 % | -6.5 % | 1.3 % | -18.4 % | -12.7 % | 14.6 % |
| Minority interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income (net of minority interest) | 13.5 % | 38.3 % | -6.5 % | 1.3 % | -18.4 % | -12.7 % | 14.6 % |

Source: Company data, Hauck & Aufhäuser

Pantaleon Entertainment AG

| Balance sheet (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Property, plant and equipment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| FIXED ASSETS | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Inventories | 2.9 | 2.3 | 6.2 | 5.2 | 7.4 | 5.8 | 5.9 |
| Accounts receivable | 1.6 | 1.9 | 6.0 | 6.2 | 8.2 | 7.6 | 8.0 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Liquid assets | 0.7 | 7.0 | 5.9 | 17.9 | 7.6 | 5.9 | 13.2 |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred charges and prepaid expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CURRENT ASSETS | 5.2 | 11.3 | 18.1 | 29.3 | 23.2 | 19.3 | 27.0 |
| TOTAL ASSETS | 6.3 | 12.4 | 19.2 | 30.4 | 24.3 | 20.4 | 28.1 |
| SHAREHOLDERS EQUITY | -0.5 | -0.5 | -0.9 | 5.3 | -0.8 | -5.2 | 2.5 |
| MINORITY INTEREST | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other provisions | 0.0 | 0.3 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Non-current liabilities | 0.0 | 0.3 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| short-term liabilities to banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts payable | 0.6 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Advance payments received on orders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities (incl. from lease and rental contracts) | 6.2 | 12.7 | 19.0 | 24.0 | 24.0 | 24.0 | 24.0 |
| Deferred taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 6.8 | 12.8 | 19.3 | 24.3 | 24.3 | 24.3 | 24.3 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 6.3 | 12.5 | 19.2 | 30.4 | 24.3 | 19.9 | 27.6 |

| Balance sheet (common size) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Property, plant and equipment | 0.2 % | 0.2 % | 0.1 % | 0.1 % | 0.1 % | 0.1 % | 0.1 % |
| Financial assets | 17.1 % | 8.6 % | 5.6 % | 3.5 % | 4.4 % | 5.4 % | 3.9 % |
| FIXED ASSETS | 17.3 % | 8.8 % | 5.7 % | 3.6 % | 4.5 % | 5.5 % | 4.0 % |
| Inventories | 46.3 % | 18.6 % | 32.1 % | 17.1 % | 30.4 % | 29.1 % | 21.3 % |
| Accounts receivable | 26.3 % | 15.3 % | 31.4 % | 20.4 % | 33.7 % | 38.2 % | 28.8 % |
| Other current assets | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Liquid assets | 10.4 % | 56.2 % | 30.7 % | 58.8 % | 31.3 % | 29.7 % | 47.7 % |
| Deferred taxes | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Deferred charges and prepaid expenses | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 83.0 % | 90.1 % | 94.1 % | 96.4 % | 95.5 % | 97.0 % | 97.8 % |
| TOTAL ASSETS | 100.3 % | 99.0 % | 99.9 % | 100.0 % | 100.0 % | 102.5 % | 101.8 % |
| SHAREHOLDERS EQUITY | -8.6 % | -4.0 % | -4.5 % | 17.5 % | -3.3 % | -26.2 % | 9.0 % |
| MINORITY INTEREST | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Long-term debt | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Provisions for pensions and similar obligations | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other provisions | 0.5 % | 2.0 % | 3.9 % | 2.5 % | 3.1 % | 3.8 % | 2.8 % |
| Non-current liabilities | 0.5 % | 2.0 % | 3.9 % | 2.5 % | 3.1 % | 3.8 % | 2.8 % |
| short-term liabilities to banks | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Accounts payable | 9.0 % | 0.7 % | 1.6 % | 1.0 % | 1.2 % | 1.5 % | 1.1 % |
| Advance payments received on orders | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Other liabilities (incl. from lease and rental contracts) | 99.1 % | 101.3 % | 99.0 % | 79.0 % | 98.9 % | 120.9 % | 87.1 % |
| Deferred taxes | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Deferred income | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Current liabilities | 108.1 % | 102.0 % | 100.5 % | 80.0 % | 100.2 % | 122.4 % | 88.2 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Source: Company data, Hauck & Aufhäuser

Pantaleon Entertainment AG

| Cash flow statement (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|--|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Net profit/loss | 0.4 | 2.8 | -0.4 | 0.2 | -6.1 | -4.4 | 7.7 |
| Depreciation of fixed assets (incl. leases) | 0.0 | 0.1 | 0.0 | 8.7 | 0.5 | 0.5 | 0.8 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from operations before changes in w/c | 0.4 | 2.9 | -0.4 | 8.9 | -5.6 | -3.9 | 8.5 |
| Increase/decrease in inventory | n/a | 0.6 | -3.8 | 1.0 | -2.2 | 1.6 | -0.1 |
| Increase/decrease in accounts receivable | n/a | -0.3 | -4.1 | -0.2 | -2.0 | 0.6 | -0.4 |
| Increase/decrease in accounts payable | n/a | -0.5 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in other working capital positions | n/a | 3.9 | 7.1 | 5.0 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in working capital | 0.0 | 3.7 | -0.7 | 5.8 | -4.2 | 2.2 | -0.4 |
| Cash flow from operating activities | 0.4 | 6.6 | -1.1 | 14.7 | -9.8 | -1.7 | 8.1 |
| CAPEX | 0.0 | 0.0 | 0.0 | 8.7 | 0.5 | 0.5 | 0.8 |
| Payments for acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | 0.0 | 0.0 | 0.0 | -8.7 | -0.5 | -0.5 | -0.8 |
| Cash flow before financing | 0.4 | 6.6 | -1.1 | 6.0 | -10.3 | -2.2 | 7.3 |
| Increase/decrease in debt position | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.0 | 6.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.0 | 0.0 | 0.0 | 6.0 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in liquid assets | 0.4 | 6.6 | -1.1 | 12.0 | -10.3 | -2.2 | 7.3 |
| Liquid assets at end of period | 0.4 | 7.0 | 5.9 | 17.9 | 7.6 | 5.4 | 12.7 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|------------------------|------------|------------|------------|------------|------------|------------|------------|
| Domestic | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Rest of Europe | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| NAFTA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Asia Pacific | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Rest of world | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| TTL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| yoy change | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Source: Company data, Hauck & Aufhäuser

Pantaleon Entertainment AG

| Key ratios (EUR m) | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E |
|--------------------------------------|---------|----------|----------|----------|----------|---------|----------|
| P&L growth analysis | | | | | | | |
| Sales growth | n/a | 164.8 % | -16.6 % | 160.2 % | 112.5 % | 4.3 % | 52.2 % |
| EBITDA growth | n/a | 708.9 % | -110.7 % | -2766.1 | -164.9 % | -30.5 % | -394.8 % |
| EBIT growth | n/a | 683.0 % | -111.8 % | -128.9 % | -6312.2 | -27.7 % | -343.1 % |
| EPS growth | n/a | 649.8 % | -114.1 % | -147.3 % | -3127.3 | -28.0 % | -274.5 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 86.0 % | 57.3 % | 105.5 % | 102.3 % | 117.2 % | 111.5 % | 77.8 % |
| Sales per employee | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| EBITDA per employee | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 146.4 % | 56.4 % | 133.6 % | 73.7 % | 39.7 % | 40.9 % | 25.2 % |
| Inventory turnover (sales/inventory) | 0.9 | 3.1 | 1.0 | 3.0 | 4.5 | 6.0 | 9.0 |
| Trade debtors in days of sales | 221.2 | 96.8 | 367.0 | 145.0 | 90.0 | 80.0 | 55.0 |
| A/P turnover [(A/P*365)/sales] | 75.5 | n/a | n/a | n/a | n/a | n/a | n/a |
| Cash conversion cycle (days) | 451.2 | 241.1 | 674.2 | 227.3 | 171.9 | 157.3 | 151.2 |
| Cash flow analysis | | | | | | | |
| Free cash flow | 0.4 | 6.6 | -1.1 | 6.0 | -10.3 | -2.2 | 7.3 |
| Free cash flow/sales | 13.7 % | 91.6 % | -17.7 % | 38.3 % | -30.9 % | -6.4 % | 13.8 % |
| FCF / net profit | 101.8 % | 239.3 % | 272.8 % | 2958.9 % | 167.9 % | 50.1 % | 94.4 % |
| Capex / depre | 0.0 % | 0.0 % | 0.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Capex / maintenance capex | 0.0 % | 0.0 % | 0.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Capex / sales | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Security | | | | | | | |
| Net debt | -0.7 | -7.0 | -5.9 | -17.9 | -7.6 | -5.9 | -13.2 |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt / equity | 1.2 | 13.9 | 6.9 | -3.4 | 9.5 | 1.1 | -5.3 |
| Interest cover | 36.9 | 112.4 | 0.0 | 5.7 | 0.0 | 0.0 | 207.0 |
| Dividend payout ratio | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | -5.4 | -28.8 | -60.5 | 2.6 | -862.0 | -7.8 | 16.3 |
| Operating assets turnover | 0.7 | 1.7 | 0.5 | 1.4 | 2.2 | 2.6 | 3.9 |
| Plant turnover | 275.0 | 253.7 | 212.8 | 598.4 | 1,271.8 | 1,327.0 | 2,019.1 |
| Inventory turnover (sales/inventory) | 0.9 | 3.1 | 1.0 | 3.0 | 4.5 | 6.0 | 9.0 |
| Returns | | | | | | | |
| ROCE | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| ROE | -68.3 % | -546.6 % | 45.3 % | 3.8 % | 767.9 % | 84.7 % | 309.4 % |
| Other | | | | | | | |
| Interest paid / avg. debt | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| No. employees (average) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of shares | 1.0 | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| DPS | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS reported | 0.37 | 2.76 | -0.39 | 0.18 | -5.57 | -4.01 | 6.99 |
| Valuation ratios | | | | | | | |
| P/BV | -160.8 | -171.6 | -100.8 | 17.9 | -119.3 | -18.3 | 38.3 |
| EV/sales | n/a | 11.0 | 13.4 | 4.9 | 2.6 | 2.6 | 1.6 |
| EV/EBITDA | n/a | 25.8 | n/a | n/a | -15.3 | -22.5 | 7.0 |
| EV/EBITA | n/a | 27.1 | n/a | n/a | -14.1 | -19.9 | 7.5 |
| EV/EBIT | n/a | 27.1 | n/a | n/a | -14.1 | -19.9 | 7.5 |
| EV/FCF | 229.6 | 12.1 | -76.0 | 12.9 | -8.5 | -40.4 | 11.3 |
| Adjusted FCF yield | n/a | n/a | -0.6 % | 0.1 % | -7.2 % | -5.1 % | 9.4 % |
| Dividend yield | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

Source: Company data, Hauck & Aufhäuser

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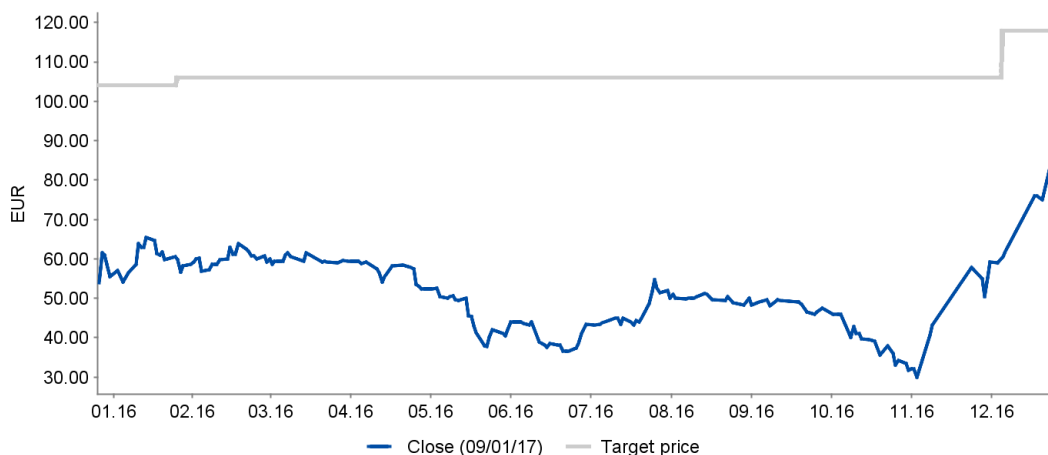
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| Company | Disclosure |
|----------------------------|------------|
| Pantaleon Entertainment AG | 3 |

Historical target price and rating changes for Pantaleon Entertainment AG in the last 12 months

Price and Rating History Pantaleon Entertainment AG as of 10/01/17

Initiation coverage
15-December-15



| Company | Date | Analyst | Rating | Target price | Close |
|----------------------------|------------|----------------------------|--------|--------------|-----------|
| Pantaleon Entertainment AG | 21.12.2016 | Schwenkenbecher, Christian | Buy | EUR 118,00 | EUR 60,50 |
| | 13.12.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 55,00 |
| | 06.12.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 43,20 |
| | 28.11.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 43,20 |
| | 16.09.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 48,22 |
| | 27.07.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 45,00 |

Pantaleon Entertainment AG

| | | | | |
|------------|----------------------------|-----|------------|-----------|
| 15.06.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 42,01 |
| 25.05.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 50,67 |
| 10.02.2016 | Schwenkenbecher, Christian | Buy | EUR 106,00 | EUR 59,88 |
| 05.02.2016 | Schwenkenbecher, Christian | Buy | EUR 104,00 | EUR 59,76 |

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| | | |
|-------------|---------|----------|
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| Hold | 29.10 % | 0.00 % |

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