

**Buy** (old: Buy)

**Price target: EUR 5.50** (old: EUR 5.60)

<b>Price:</b>	EUR 3.30	<b>Next result:</b>	H1 15 30.09.15
<b>Bloomberg:</b>	MU4:GR	<b>Market cap:</b>	EUR 14.8 m
<b>Reuters:</b>	MU4G.F	<b>Enterprise Value:</b>	EUR 15.2 m

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### FY 2014 results: EBIT above estimates, chg est & PT

m4e reported FY 2014 figures last week with EBIT ahead of expectations. This underlines that the **company is fully on track** in its transformation away from a license taker of third-party content and towards an own-developed content and license provider. Moreover, management guided for 8% yoy sales growth and 12% yoy EBITDA growth in 2015.

Although total sales decreased by 6% yoy to € 18.1m (eH&A € 20.4m), this was mainly driven by the low-margin trading goods segment (eg textile) which was down 27% yoy to € 9.8m. Positively, **license sales** (eg TV rights and merchandise) **increased strongly by 45% yoy to € 8.3m**. This should have been achieved mainly on the back of m4e's continuous success story of Mia & Me (50% sales share or € 4m eH&A) but also thanks to new own-developed intellectual property (IP) like Tip the Mouse.

The benefit of the transformation is visible in a **strong increase in EBIT by 71% yoy to € 2.1m** (eH&A € 2m). Thereof the high-margin licensing business generated an EBIT of € 1.8m, more than tripling yoy and explaining 86% of group EBIT. This underlines the true success of the company, to expand its license business with own-developed IP content.

The company's results underline that **sales and returns for m4e should be extremely scalable**. Hence, on the back of a continuation in leveraging its own-developed IP through license deals, m4e's margins should improve significantly going forward. Despite this bright outlook, the company's business is still fairly volatile currently as a deferral in the technical acceptance can lead to shifts in sales and hence earnings.

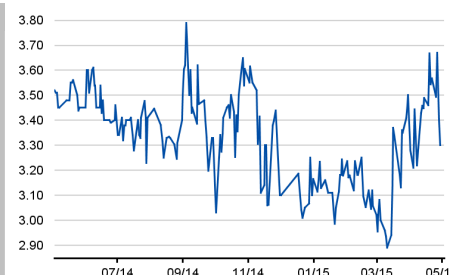
**Action:** against the backdrop of management's FY 2015 outlook which is lower than what we had anticipated previously, we cut our estimates for 2015 (sales: 27%, EBITDA: 34%) and 2016 (sales: 32%, EBITDA: 47%). However positively, as the technical acceptance for Mia & Me's second season only took place in 2015, visibility on FY 2015 is fairly sound. Therefore, we give the company credit and roll over valuation to FCFY 2016E which yields a **new PT of € 5.50** (old: € 5.60).

As 2014 saw the TV launch of Mia & Me in important markets like the US and Mexico the merchandise roll-out which started recently should be promising. Hence positive news flow is seen to continue as the operational performance should remain strong. As a result, we expect a **re-rating of the stock. BUY.**

**-continued-**

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	16.3	19.0	19.1	18.1	19.9	22.3	25.6
Sales growth	69 %	17 %	1 %	-6 %	10 %	12 %	15 %
EBITDA	0.5	2.2	2.2	2.9	3.5	4.5	5.9
EBIT	-0.1	1.1	1.2	2.1	2.5	3.1	4.2
Net income	-0.4	0.2	0.1	0.5	0.7	0.9	1.2
Net debt	2.4	2.2	2.1	0.4	-0.7	-2.5	-5.1
Net gearing	21.3 %	18.9 %	17.9 %	3.3 %	-4.7 %	-14.6 %	-26.3 %
Net Debt/EBITDA	4.9	1.0	0.9	0.2	0.0	0.0	0.0
EPS pro forma	-0.11	0.06	0.02	0.12	0.15	0.19	0.27
CPS	-0.06	-0.10	0.17	0.59	0.36	0.52	0.69
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	28.7 %	34.1 %	33.4 %	40.2 %	39.5 %	40.0 %	n/a
EBITDA margin	3.0 %	11.7 %	11.6 %	16.1 %	17.6 %	20.1 %	23.2 %
EBIT margin	-0.8 %	5.9 %	6.5 %	11.8 %	12.3 %	13.8 %	16.4 %
ROCE	-0.9 %	7.8 %	8.4 %	13.6 %	14.5 %	16.5 %	20.0 %
EV/sales	1.0	0.8	0.8	0.8	0.7	0.6	0.4
EV/EBITDA	32.4	7.0	7.0	5.2	4.0	2.8	1.6
EV/EBIT	-122.9	13.8	12.5	7.2	5.7	4.0	2.3
PER	-30.8	56.4	206.5	28.0	22.4	17.2	12.1
Adjusted FCF yield	-1.3 %	2.9 %	3.1 %	5.9 %	8.0 %	13.8 %	23.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 15.05.2015



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 3.79 / 2.89

**Price/Book Ratio:** 1.1

**Relative performance (SDAX):**

3 months -4.7 %

6 months -35.1 %

12 months -27.8 %

### Changes in estimates

		Sales	EBIT	EPS
2015	old:	27.1	4.1	0.26
	Δ	-26.6%	-40.4%	-44.0%
2016	old:	32.8	7.1	0.48
	Δ	-32.1%	-56.9%	-59.9%
2017	old:	39.4	9.7	0.66
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 4.5

Authorised capital: (in € m) 1.6

Book value per share: (in €) 3.0

Ø trading volume: (12 months) 1,740

### Major shareholders:

Hans-Ulrich Stoef (CEO & founder) 38.7 %

Free Float 33.2 %

TSC/WMG 13.2 %

Michael Büttner (CFO & co-founder) 9.3 %

### Company description:

m4e is a full brand management and media company centred around the development and production of own intellectual property with a clear focus on the family entertainment sector.

EUR		FY 14	FY 13	yoy
<b>Sales</b>		<b>18.1</b>	<b>19.1</b>	-5.5%
	Licenses	8.3	5.7	44.7%
	Trading goods	9.8	13.4	-27.0%
<b>EBITDA</b>		<b>2.9</b>	<b>2.2</b>	30.5%
	EBITDA margin	16.1%	11.6%	+ 4.4 pp
<b>EBIT</b>		<b>2.1</b>	<b>1.2</b>	71.1%
	EBIT margin	11.8%	6.5%	+ 5.3 pp
	Licenses	1.8	0.4	331.4%
	Trading goods	0.4	0.8	-55.7%
<b>Net profit</b>		<b>0.5</b>	<b>0.1</b>	711.0%
	Net margin	2.9%	0.3%	+ 2.6 pp
<b>EPS</b>		<b>0.12</b>	<b>0.02</b>	636.4%

Source: Hauck & Aufhäuser; company data

## Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>16.3</b>	<b>19.0</b>	<b>19.1</b>	<b>18.1</b>	<b>19.9</b>	<b>22.3</b>	<b>25.6</b>
<i>Sales growth</i>	69.0 %	16.8 %	0.6 %	-5.5 %	10.0 %	12.0 %	15.0 %
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>16.3</b>	<b>19.0</b>	<b>19.1</b>	<b>18.1</b>	<b>19.9</b>	<b>22.3</b>	<b>25.6</b>
Other operating income	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Material expenses	11.6	12.5	12.8	10.8	12.0	13.4	15.1
Personnel expenses	2.2	2.1	2.4	2.4	2.4	2.5	2.5
Other operating expenses	2.1	2.3	1.9	2.1	2.1	2.1	2.2
Total operating expenses	15.8	16.8	16.9	15.2	16.4	17.8	19.7
<b>EBITDA</b>	<b>0.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.9</b>	<b>3.5</b>	<b>4.5</b>	<b>5.9</b>
Depreciation	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>EBITA</b>	<b>0.4</b>	<b>2.2</b>	<b>2.2</b>	<b>2.9</b>	<b>3.5</b>	<b>4.4</b>	<b>5.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	1.0	0.9	0.7	1.0	1.4	1.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-0.1</b>	<b>1.1</b>	<b>1.2</b>	<b>2.1</b>	<b>2.5</b>	<b>3.1</b>	<b>4.2</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other financial result	0.0	0.1	0.2	0.2	0.0	0.0	0.0
Financial result	-0.2	-0.2	-0.4	-0.3	-0.2	-0.2	-0.2
<b>Recurring pretax income from continuing operations</b>	<b>-0.4</b>	<b>0.9</b>	<b>0.8</b>	<b>1.8</b>	<b>2.3</b>	<b>2.9</b>	<b>4.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-0.4</b>	<b>0.9</b>	<b>0.8</b>	<b>1.8</b>	<b>2.3</b>	<b>2.9</b>	<b>4.0</b>
Taxes	-0.1	0.4	0.3	0.6	0.8	1.0	1.3
<b>Net income from continuing operations</b>	<b>-0.3</b>	<b>0.6</b>	<b>0.5</b>	<b>1.2</b>	<b>1.5</b>	<b>1.9</b>	<b>2.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.3</b>	<b>0.6</b>	<b>0.5</b>	<b>1.2</b>	<b>1.5</b>	<b>1.9</b>	<b>2.7</b>
Minority interest	0.2	0.3	0.5	0.7	0.9	1.1	1.5
<b>Net income (net of minority interest)</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>0.7</b>	<b>0.9</b>	<b>1.2</b>
Average number of shares	4.1	4.1	4.1	4.5	4.5	4.5	4.5
<b>EPS reported</b>	<b>-0.11</b>	<b>0.06</b>	<b>0.02</b>	<b>0.12</b>	<b>0.15</b>	<b>0.19</b>	<b>0.27</b>

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	0.7 %	0.6 %	0.6 %	0.6 %	0.6 %	0.6 %	0.6 %
Material expenses	71.3 %	65.9 %	66.6 %	59.8 %	60.5 %	60.0 %	59.0 %
Personnel expenses	13.7 %	11.0 %	12.5 %	13.2 %	12.0 %	11.0 %	9.9 %
Other operating expenses	12.7 %	12.0 %	9.8 %	11.6 %	10.5 %	9.5 %	8.5 %
Total operating expenses	97.0 %	88.3 %	88.4 %	83.9 %	82.4 %	79.9 %	76.8 %
<b>EBITDA</b>	<b>3.0 %</b>	<b>11.7 %</b>	<b>11.6 %</b>	<b>16.1 %</b>	<b>17.6 %</b>	<b>20.1 %</b>	<b>23.2 %</b>
Depreciation	0.5 %	0.3 %	0.3 %	0.3 %	0.3 %	0.2 %	0.2 %
<b>EBITA</b>	<b>2.5 %</b>	<b>11.4 %</b>	<b>11.4 %</b>	<b>15.8 %</b>	<b>17.3 %</b>	<b>19.9 %</b>	<b>23.0 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	3.3 %	5.4 %	4.9 %	4.0 %	5.0 %	6.1 %	6.6 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>-0.8 %</b>	<b>5.9 %</b>	<b>6.5 %</b>	<b>11.8 %</b>	<b>12.3 %</b>	<b>13.8 %</b>	<b>16.4 %</b>
Interest income	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.3 %	0.9 %	1.1 %	0.9 %	1.0 %	0.9 %	0.8 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.4 %	-1.0 %	-2.1 %	-1.9 %	-0.9 %	-0.8 %	-0.7 %
<b>Recurring pretax income from continuing operations</b>	<b>-2.2 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>9.8 %</b>	<b>11.4 %</b>	<b>13.0 %</b>	<b>15.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>-2.2 %</b>	<b>4.9 %</b>	<b>4.4 %</b>	<b>9.8 %</b>	<b>11.4 %</b>	<b>13.0 %</b>	<b>15.7 %</b>
Tax rate	30.3 %	40.4 %	36.7 %	33.1 %	33.1 %	33.1 %	33.1 %
<b>Net income from continuing operations</b>	<b>-1.5 %</b>	<b>2.9 %</b>	<b>2.8 %</b>	<b>6.6 %</b>	<b>7.6 %</b>	<b>8.7 %</b>	<b>10.5 %</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</b>	<b>-1.5 %</b>	<b>2.9 %</b>	<b>2.8 %</b>	<b>6.6 %</b>	<b>7.6 %</b>	<b>8.7 %</b>	<b>10.5 %</b>
Minority interest	1.1 %	1.7 %	2.5 %	3.7 %	4.3 %	4.8 %	5.7 %
<b>Net income (net of minority interest)</b>	<b>-2.7 %</b>	<b>1.3 %</b>	<b>0.3 %</b>	<b>2.9 %</b>	<b>3.3 %</b>	<b>3.9 %</b>	<b>4.7 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>12.5</b>	<b>12.2</b>	<b>12.6</b>	<b>14.8</b>	<b>15.0</b>	<b>15.0</b>	<b>14.7</b>
Property, plant and equipment	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Financial assets	0.4	0.8	0.6	0.4	0.4	0.4	0.4
<b>FIXED ASSETS</b>	<b>13.1</b>	<b>13.2</b>	<b>13.3</b>	<b>15.3</b>	<b>15.5</b>	<b>15.5</b>	<b>15.2</b>
Inventories	1.9	1.2	1.0	0.3	0.4	0.4	0.5
Accounts receivable	3.4	4.8	2.6	4.5	4.9	5.5	6.3
Other current assets	3.0	1.6	3.3	1.9	1.9	1.9	1.9
Liquid assets	0.3	0.2	0.2	0.6	1.7	3.5	6.1
Deferred taxes	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>9.0</b>	<b>8.3</b>	<b>7.7</b>	<b>7.9</b>	<b>9.6</b>	<b>12.0</b>	<b>15.5</b>
<b>TOTAL ASSETS</b>	<b>22.0</b>	<b>21.5</b>	<b>21.1</b>	<b>23.3</b>	<b>25.1</b>	<b>27.4</b>	<b>30.7</b>
SHAREHOLDERS EQUITY	11.2	11.5	11.5	13.4	14.9	16.8	19.5
MINORITY INTEREST	0.3	0.6	1.0	1.7	1.7	1.7	1.7
Long-term debt	2.7	2.4	1.3	1.0	1.0	1.0	1.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.1	0.1	0.2	0.1	0.1	0.1	0.1
<b>Non-current liabilities</b>	<b>2.8</b>	<b>2.5</b>	<b>1.5</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
short-term liabilities to banks	0.0	0.0	0.9	0.0	0.0	0.0	0.0
Accounts payable	6.0	4.2	4.0	3.1	3.4	3.8	4.3
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)	1.5	2.2	1.0	2.5	2.5	2.5	2.5
Deferred taxes	0.2	0.6	1.0	1.5	1.5	1.5	1.5
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>7.7</b>	<b>7.0</b>	<b>7.0</b>	<b>7.1</b>	<b>7.4</b>	<b>7.8</b>	<b>8.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>22.0</b>	<b>21.5</b>	<b>21.1</b>	<b>23.3</b>	<b>25.1</b>	<b>27.4</b>	<b>30.7</b>

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>56.6 %</b>	<b>56.6 %</b>	<b>59.7 %</b>	<b>63.6 %</b>	<b>59.8 %</b>	<b>54.5 %</b>	<b>47.8 %</b>
Property, plant and equipment	1.0 %	0.8 %	0.7 %	0.6 %	0.6 %	0.5 %	0.4 %
Financial assets	1.8 %	3.9 %	2.9 %	1.7 %	1.5 %	1.4 %	1.3 %
<b>FIXED ASSETS</b>	<b>59.3 %</b>	<b>61.4 %</b>	<b>63.4 %</b>	<b>65.9 %</b>	<b>61.9 %</b>	<b>56.4 %</b>	<b>49.5 %</b>
Inventories	8.6 %	5.5 %	4.9 %	1.5 %	1.5 %	1.6 %	1.6 %
Accounts receivable	15.3 %	22.1 %	12.3 %	19.2 %	19.6 %	20.1 %	20.6 %
Other current assets	13.5 %	7.3 %	15.5 %	8.2 %	7.6 %	7.0 %	6.2 %
Liquid assets	1.4 %	1.0 %	0.9 %	2.4 %	6.8 %	12.6 %	20.0 %
Deferred taxes	2.0 %	2.7 %	3.1 %	2.8 %	2.6 %	2.3 %	2.1 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>40.8 %</b>	<b>38.6 %</b>	<b>36.6 %</b>	<b>34.0 %</b>	<b>38.1 %</b>	<b>43.6 %</b>	<b>50.5 %</b>
<b>TOTAL ASSETS</b>	<b>100.1 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>99.9 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	51.1 %	53.3 %	54.8 %	57.6 %	59.4 %	61.4 %	63.6 %
MINORITY INTEREST	1.2 %	2.7 %	5.0 %	7.4 %	6.8 %	6.2 %	5.6 %
Long-term debt	12.3 %	11.1 %	6.3 %	4.3 %	4.0 %	3.6 %	3.3 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	0.5 %	0.5 %	0.8 %	0.4 %	0.3 %	0.3 %	0.3 %
<b>Non-current liabilities</b>	<b>12.8 %</b>	<b>11.6 %</b>	<b>7.1 %</b>	<b>4.7 %</b>	<b>4.3 %</b>	<b>4.0 %</b>	<b>3.5 %</b>
short-term liabilities to banks	0.0 %	0.0 %	4.4 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	27.1 %	19.6 %	19.2 %	13.2 %	13.4 %	13.7 %	14.1 %
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)	6.8 %	10.0 %	4.8 %	10.7 %	9.9 %	9.1 %	8.1 %
Deferred taxes	1.1 %	2.8 %	4.7 %	6.6 %	6.1 %	5.6 %	5.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>35.0 %</b>	<b>32.4 %</b>	<b>33.1 %</b>	<b>30.4 %</b>	<b>29.4 %</b>	<b>28.4 %</b>	<b>27.2 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	-0.3	0.6	0.5	1.2	1.5	1.9	2.7
Depreciation of fixed assets (incl. leases)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.5	1.0	0.9	0.7	1.0	1.4	1.7
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	1.7	1.5	2.0	2.6	3.3	4.4
Increase/decrease in inventory	-0.4	0.7	0.2	0.7	0.0	0.0	-0.1
Increase/decrease in accounts receivable	-0.4	-1.4	2.2	-1.9	-0.4	-0.6	-0.8
Increase/decrease in accounts payable	2.6	-1.8	-0.2	-1.0	0.3	0.4	0.6
Increase/decrease in other working capital positions	-1.9	1.5	-2.0	3.6	0.0	0.0	0.0
Increase/decrease in working capital	0.0	-1.0	0.2	1.4	-0.2	-0.2	-0.3
<b>Cash flow from operating activities</b>	<b>0.4</b>	<b>0.7</b>	<b>1.7</b>	<b>3.4</b>	<b>2.4</b>	<b>3.1</b>	<b>4.1</b>
CAPEX	1.0	0.2	1.1	3.0	1.2	1.3	1.4
Payments for acquisitions	0.0	0.1	0.4	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
<b>Cash flow from investing activities</b>	<b>-1.1</b>	<b>-0.3</b>	<b>-1.5</b>	<b>-3.0</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-1.4</b>
Cash flow before financing	-0.7	0.4	0.2	0.4	1.1	1.8	2.7
Increase/decrease in debt position	0.8	-0.5	-0.1	-0.9	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	1.0	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	-0.1	-0.1	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
<b>Cash flow from financing activities</b>	<b>0.8</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	0.2	-0.1	0.0	0.4	1.1	1.8	2.7
<b>Liquid assets at end of period</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>0.6</b>	<b>1.7</b>	<b>3.5</b>	<b>6.1</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
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
<b>TTL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>P&amp;L growth analysis</b>							
Sales growth	69.0 %	16.8 %	0.6 %	-5.5 %	10.0 %	12.0 %	15.0 %
EBITDA growth	-31.2 %	355.9 %	-0.1 %	30.5 %	20.5 %	27.9 %	32.7 %
EBIT growth	-237.9 %	-975.1 %	10.3 %	71.0 %	15.2 %	25.5 %	36.3 %
EPS growth	497.1 %	-154.6 %	-72.7 %	636.4 %	25.5 %	30.2 %	41.4 %
<b>Efficiency</b>							
Total operating costs / sales	97.0 %	88.3 %	88.4 %	83.9 %	82.4 %	79.9 %	76.8 %
Sales per employee	571.8	692.3	683.8	645.9	698.0	755.3	840.1
EBITDA per employee	17.2	81.1	79.5	103.8	122.9	151.8	194.9
<b>Balance sheet analysis</b>							
Avg. working capital / sales	1.4 %	2.6 %	4.1 %	5.2 %	10.6 %	10.4 %	10.1 %
Inventory turnover (sales/inventory)	8.6	16.0	18.6	51.9	51.9	51.9	51.9
Trade debtors in days of sales	75.2	91.1	49.6	90.2	90.2	90.2	90.2
A/P turnover [(A/P*365)/sales]	133.8	80.8	77.1	61.8	61.8	61.8	61.8
Cash conversion cycle (days)	-52.9	3.0	-36.8	-1.3	-0.3	-1.0	-2.6
<b>Cash flow analysis</b>							
Free cash flow	-0.7	0.4	0.6	0.4	1.1	1.8	2.7
Free cash flow/sales	-4.0 %	2.3 %	3.0 %	2.2 %	5.8 %	7.9 %	10.4 %
FCF / net profit	149.6 %	186.8 %	876.5 %	73.9 %	173.5 %	204.6 %	219.0 %
Capex / depre	166.8 %	21.8 %	112.8 %	388.1 %	118.6 %	96.0 %	82.5 %
Capex / maintenance capex	4.9 %	2.0 %	3.5 %	6.0 %	5.9 %	5.9 %	4.7 %
Capex / sales	6.3 %	n/a	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	2.4	2.2	2.1	0.4	-0.7	-2.5	-5.1
Net Debt/EBITDA	4.9	1.0	0.9	0.2	0.0	0.0	0.0
Net debt / equity	0.2	0.2	0.2	0.0	0.0	-0.1	-0.3
Interest cover	0.0	6.7	5.9	12.6	12.3	15.4	21.0
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Asset utilisation</b>							
Capital employed turnover	1.1	1.3	1.3	1.1	1.1	1.1	1.1
Operating assets turnover	-32.8	10.0	-73.3	9.5	9.6	9.7	9.8
Plant turnover	73.7	107.6	121.9	120.9	136.6	159.6	191.8
Inventory turnover (sales/inventory)	8.6	16.0	18.6	51.9	51.9	51.9	51.9
<b>Returns</b>							
ROCE	-0.9 %	7.8 %	8.4 %	13.6 %	14.5 %	16.5 %	20.0 %
ROE	-3.9 %	2.1 %	0.6 %	3.9 %	4.4 %	5.1 %	6.2 %
<b>Other</b>							
Interest paid / avg. debt	9.5 %	6.6 %	9.0 %	10.4 %	20.0 %	20.0 %	20.0 %
No. employees (average)	29	28	28	28	29	30	31
Number of shares	4.1	4.1	4.1	4.5	4.5	4.5	4.5
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.11	0.06	0.02	0.12	0.15	0.19	0.27
<b>Valuation ratios</b>							
P/BV	1.2	1.2	1.2	1.1	1.0	0.9	0.8
EV/sales	1.0	0.8	0.8	0.8	0.7	0.6	0.4
EV/EBITDA	32.4	7.0	7.0	5.2	4.0	2.8	1.6
EV/EBITA	38.7	7.2	7.1	5.3	4.1	2.8	1.6
EV/EBIT	-122.9	13.8	12.5	7.2	5.7	4.0	2.3
EV/FCF	-24.2	35.0	27.2	39.1	12.3	7.0	3.6
Adjusted FCF yield	-1.3 %	2.9 %	3.1 %	5.9 %	8.0 %	13.8 %	23.2 %
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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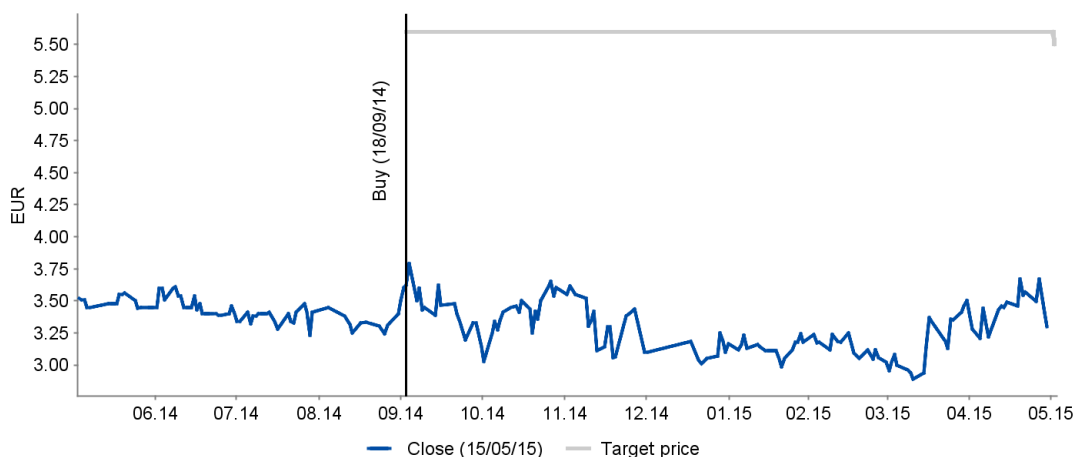
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Company	Disclosure
m4e AG	3, 5

### Historical target price and rating changes for m4e AG in the last 12 months

**Price and Rating History  
m4e AG as of 18/05/15**

**Initiation coverage**  
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