

Hold (old: Hold)

PT EUR 6.60 (old: 6.60)

Price EUR 3.09
Bloomberg V33 GR
Reuters V33G
Sector Telecom/Internet

Vtion develops and markets wireless data card solutions for PCs and laptops for all established interface standards as well as for all wireless standards which are in operation in China.



Share data: 08.11.2011 / Closing price

Market cap: EUR 49.1 m
Enterprise Value (EV): EUR -37.5 m
Book value: EUR 136 m
No. of shares: 15.9 m
Trading volume Ø: EUR 75.6 th

Shareholders:
 Awill Holdings 46.8 %
 Freefloat 33.9 %
 SCGC Capital H. 9.9 %
 Hong Kong Vtion Tech. 6.3 %
 Sunshine Century I. 3.1 %

Calendar:
 Figures 2010 11/14/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	70.0	0	65.0	4.6	68.0	-1.5
EBIT	5.0	25.4	4.1	14.9	4.3	4.8
EPS	0.27	29.6	0.28	10.7	0.29	3.4

Analysis: Warburg Research
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Q3 11 preview + adjustment of estimates

Preview Q3 11

On Monday, November 14, 2011 Vtion will release Q3 results for 2011. The table below shows our expectations:

Vtion - Q3 2011e						
Figures in EUR m	Q3/11e	Q3/10	yoy	9M/11e	9M/10	yoy
Sales	21.0	29.8	-29.6%	53.0	85.6	-38.1%
EBIT	2.0	10.1	-80.3%	4.9	26.7	-81.5%
<i>margin</i>	9.5%	33.9%		9.3%	31.1%	
EPS in EUR	0.05	1.17	-95.7%	0.31	1.74	-82.2%

Sources: Vtion (historical data), Warburg Research (estimates)

Based on seasonal effects and slightly higher revenues contributed by the new products sequential sales growth is expected to come in at +8% and sequential EBIT growth at 5%. For the first nine months of FY 2011 we expect sales of EUR 53m and EBIT of EUR 4.9m. Compared to the first nine months of FY 2010 this implies a sales decline of ca. 38% and an EBIT decline of ca. 82% which is mainly due to a structural decline in demand for mobile data cards as well as price pressure.

Estimates adjusted

For the full year 2011 we still assume sales of EUR 70m (guidance: EUR 75-100m). However, as the sales contribution of the higher-margin new products (e-reader, tablet PC) is expected to rise, EBIT should come in at EUR 6.2m (old estimate: EUR 5m) and EPS at EUR 0.35 (old estimate: EUR 0.27). Additionally, we have slightly increased the 2012 sales estimate, while the estimate for 2013 was marginally reduced. The EPS estimates are increased accordingly (cf. table on the left).

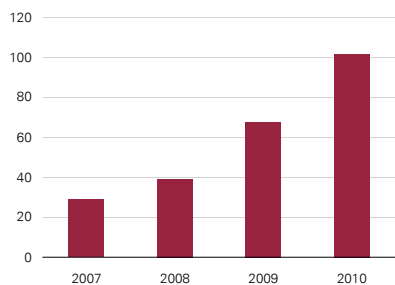
Conclusion

As there are still no clear catalysts for a sustainable recovery of the share and a further decline in demand for mobile data cards cannot be excluded and management does not intend to transfer liquidity to the German AG for distribution purposes, our Hold rating is kept unchanged even though the share trades below net cash (net cash H1 11: EUR 6.17).

Fiscal year ending: 31.12.							
in EUR m	2007	2008	2009	2010	2011E	2012E	2013E
Sales	29.0	39.2	67.6	102	70.0	68.0	67.0
<i>Change Sales yoy</i>	189.9 %	35.1 %	72.7 %	50.3 %	-31.1 %	-2.9 %	-1.5 %
Gross balance	11.7	16.1	22.6	37.3	12.6	11.6	11.1
<i>Gross margin</i>	40.3 %	41.1 %	33.4 %	36.7 %	18.0 %	17.0 %	16.5 %
EBITDA	9.3	12.8	19.0	25.4	6.7	5.2	5.0
<i>EBITDA-margin</i>	32.2 %	32.6 %	28.3 %	29.2 %	9.6 %	7.6 %	7.4 %
EBIT	9.2	12.6	18.8	25.0	6.2	4.7	4.5
<i>EBIT-margin</i>	31.9 %	32.2 %	28.0 %	28.8 %	8.9 %	6.9 %	6.7 %
Net income	9.2	12.4	16.4	17.8	5.6	5.0	4.8
EPS	0.80	1.13	1.31	1.38	0.35	0.31	0.30
Free Cash Flow per share	0.69	1.13	-0.84	1.86	-0.50	-0.03	-0.02
Dividend	0.00	0.00	0.00	0.21	0.05	0.05	0.05
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	6.8 %	1.6 %	1.6 %	1.6 %
EV/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
PER	3.9	2.7	2.4	2.2	8.8	10.0	10.3
ROCE	86.9 %	49.2 %	28.8 %	25.9 %	4.7 %	3.4 %	3.2 %
Adj. Free Cash Flow Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sales development

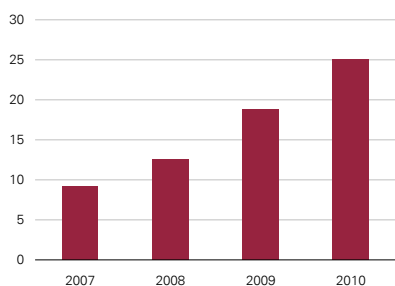
in EUR m



Source: Vtion

EBIT development

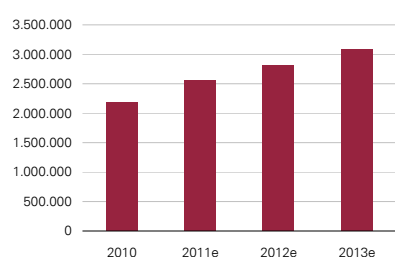
in EUR m



Source: Vtion

Sold units

Quantity



Source: Vtion

Company background

Vtion develops and markets wireless data card solutions for PCs and laptops for all established interface standards as well as for all wireless standards which are in operation in China. Vtion is one of the top three suppliers in China with a market share of ~25%. Wireless data cards are connected to a PC or a laptop via interfaces such as USB or PCI to establish a mobile internet access.

The market for data cards currently has oligopolistic structures. The three main mobile operators (China Mobile, China Unicom and China Telecom) procure 80% of the quantity of the three main suppliers (ZTE, Huawei and Vtion). This starting situation, which is excellent for Vtion, should remain stable until 2011e due to the required high quality standards, certification processes, the comprehensive contractual relationships and collaborations.

Competitive quality

- **Outsourced production:** Vtion has no own production capacities and focuses on product design, marketing and customer care. Thus, the company is highly flexible and can rapidly adapt itself to a change in demand.
- **Licencings with all three network operators:** Vtion is qualified as top-tier supplier among the three network operators and thus stands out compared to the majority of competitors. The network operators currently procure 80% of the required wireless data cards from 3 suppliers.

Consolidated Profit & Loss Vtion

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Sales	29.0	39.2	67.6	102	70.0	68.0	67.0
Cost of sales	17.3	23.1	45.1	64.4	57.4	56.4	55.9
Gross balance	11.7	16.1	22.6	37.3	12.6	11.6	11.1
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.9	1.4	2.0	4.7	2.7	3.1	3.0
General and administration	1.3	2.6	2.0	3.7	4.4	4.7	4.4
Other operating income/expenses	-0.2	0.5	0.3	0.4	0.7	0.9	0.9
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	9.3	12.8	19.0	25.4	6.7	5.2	5.0
Depreciation of fixed assets	0.0	0.1	0.1	0.2	0.2	0.2	0.2
EBITA	9.3	12.7	18.9	25.2	6.5	5.0	4.8
Amortisation of intangible fixed assets	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.2	12.6	18.8	25.0	6.2	4.7	4.5
Interest income	0.2	0.3	0.2	0.7	0.4	1.3	1.3
Interest expenses	0.3	0.5	0.2	3.9	0.0	0.0	0.0
Financial result	-0.1	-0.2	0.0	-3.2	0.4	1.3	1.3
Recurring pretax income from cont. operations	9.1	12.4	18.8	21.8	6.6	6.0	5.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	9.1	12.4	18.8	21.8	6.6	6.0	5.8
Taxes total	0.0	0.0	2.3	4.0	1.0	1.0	1.0
Net income from continuing operations	9.2	12.4	16.4	17.8	5.6	5.0	4.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	9.2	12.4	16.4	17.8	5.6	5.0	4.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	9.2	12.4	16.4	17.8	5.6	5.0	4.8

Sources: Vtion (historical data), Warburg Research (forecasts)

Consolidated Profit & Loss Vtion

in % of Sales

	2007	2008	2009	2010	2011E	2012E	2013E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	59.7 %	58.9 %	66.6 %	63.3 %	82.0 %	83.0 %	83.5 %
Gross balance	40.3 %	41.1 %	33.4 %	36.7 %	18.0 %	17.0 %	16.5 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	3.3 %	3.5 %	2.9 %	4.7 %	3.8 %	4.5 %	4.5 %
General and administration	4.5 %	6.6 %	2.9 %	3.7 %	6.3 %	6.9 %	6.6 %
Other operating income/expenses	-0.7 %	1.2 %	0.5 %	0.4 %	1.0 %	1.3 %	1.3 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	32.2 %	32.6 %	28.1 %	25.0 %	9.6 %	7.6 %	7.4 %
Depreciation of fixed assets	0.1 %	0.2 %	0.2 %	0.2 %	0.3 %	0.3 %	0.3 %
EBITA	32.1 %	32.4 %	28.0 %	24.8 %	9.3 %	7.3 %	7.1 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.2 %	0.2 %	0.4 %	0.4 %	0.4 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	31.9 %	32.2 %	27.8 %	24.6 %	8.9 %	6.9 %	6.7 %
Interest income	0.8 %	0.7 %	0.3 %	0.7 %	0.6 %	1.9 %	1.9 %
Interest expenses	1.1 %	1.2 %	0.3 %	3.8 %	0.0 %	0.0 %	0.0 %
Financial result	-0.3 %	-0.5 %	-0.1 %	-3.2 %	0.6 %	1.9 %	1.9 %
Recurring pretax income from cont. operations	31.5 %	31.6 %	27.8 %	21.4 %	9.5 %	8.8 %	8.6 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	31.5 %	31.6 %	27.8 %	21.4 %	9.5 %	8.8 %	8.6 %
Taxes total	-0.1 %	0.0 %	3.5 %	4.0 %	1.4 %	1.5 %	1.5 %
Net income from continuing operations	31.6 %	31.6 %	24.3 %	17.5 %	8.0 %	7.4 %	7.2 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	31.6 %	31.6 %	24.3 %	17.5 %	8.0 %	7.4 %	7.2 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	31.6 %	31.6 %	24.3 %	17.5 %	8.0 %	7.4 %	7.2 %

Sources: Vtion (historical data), Warburg Research (forecasts)

Balance sheet Vtion

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	0.6	0.8	1.3	1.3	3.0	6.8	10.5
thereof other intangible assets	0.6	0.8	1.3	1.3	3.0	6.8	10.5
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.2	0.5	0.6	1.2	2.0	3.8	5.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.8	1.2	1.9	2.6	5.1	10.6	16.1
Inventories	2.3	4.9	3.8	3.6	3.5	3.4	3.4
Accounts receivable	10.1	6.4	34.8	32.6	47.9	48.4	47.7
Other Assets	1.1	8.2	7.9	8.0	13.5	13.5	13.5
Liquid assets	12.2	30.3	61.5	99.0	86.6	85.3	84.3
Current assets	25.8	49.8	108	143	152	151	149
Total assets	26.6	51.0	110	146	157	161	165
Liabilities and shareholders' equity							
Subscribed capital	10.0	11.5	16.0	16.0	16.0	16.0	16.0
Additional paid-in capital	0.0	7.6	48.2	48.2	48.2	48.2	48.2
Surplus capital	0.8	13.2	29.7	51.7	54.0	58.2	62.2
Other equity components	-0.4	3.3	2.1	13.5	17.9	17.9	17.9
Book value	10.4	35.6	96.0	129	136	140	144
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	10.4	35.6	96.0	129	136	140	144
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	3.0	3.8	0.7	0.4	0.4	0.4	0.4
Financial liabilities	5.2	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	4.7	8.3	8.2	11.2	15.3	15.8	15.6
Other liabilities	3.3	3.3	5.0	4.7	4.7	4.7	4.7
Liabilities	16.2	15.4	13.9	16.3	20.4	20.9	20.7
Total liabilities and shareholders' equity	26.6	51.0	110	146	157	161	165

Sources: Vtion (historical data), Warburg Research (forecasts)

Balance sheet Vtion

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	2.2 %	1.5 %	1.2 %	0.9 %	1.9 %	4.2 %	6.4 %
thereof other intangible assets	2.2 %	1.5 %	1.2 %	0.9 %	1.9 %	4.2 %	6.4 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	0.7 %	1.0 %	0.6 %	0.9 %	1.3 %	2.4 %	3.4 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	2.9 %	2.4 %	1.8 %	1.8 %	3.2 %	6.6 %	9.8 %
Inventories	8.7 %	9.6 %	3.4 %	2.5 %	2.2 %	2.1 %	2.1 %
Accounts receivable	38.1 %	12.5 %	31.7 %	22.4 %	30.6 %	30.0 %	28.9 %
Other Assets	4.3 %	16.0 %	7.2 %	5.5 %	8.6 %	8.4 %	8.2 %
Liquid assets	46.0 %	59.5 %	55.9 %	68.0 %	55.3 %	52.9 %	51.1 %
Current assets	97.1 %	97.6 %	98.2 %	98.3 %	96.8 %	93.4 %	90.2 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	37.6 %	22.5 %	14.5 %	11.0 %	10.2 %	9.9 %	9.7 %
Additional paid-in capital	0.0 %	14.9 %	43.8 %	33.1 %	30.8 %	29.9 %	29.2 %
Surplus capital	2.9 %	25.8 %	27.0 %	35.5 %	34.5 %	36.1 %	37.7 %
Other equity components	-1.4 %	6.6 %	2.0 %	9.3 %	11.5 %	11.1 %	10.9 %
Book value	39.1 %	69.8 %	87.4 %	88.9 %	87.0 %	87.0 %	87.5 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	39.1 %	69.8 %	87.4 %	88.9 %	87.0 %	87.0 %	87.5 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	11.3 %	7.5 %	0.6 %	0.2 %	0.2 %	0.2 %	0.2 %
Financial liabilities	19.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	17.8 %	16.2 %	7.5 %	7.7 %	9.8 %	9.8 %	9.5 %
Other liabilities	12.3 %	6.5 %	4.5 %	3.3 %	3.0 %	2.9 %	2.9 %
Liabilities	60.8 %	30.2 %	12.6 %	11.2 %	13.0 %	13.0 %	12.5 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: Vtion (historical data), Warburg Research (forecasts)

Statement of Cash Flows Vtion

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	9.2	12.4	17.2	26.0	5.6	5.0	4.8
Depreciation of fixed assets	0.0	0.1	0.1	0.2	0.2	0.2	0.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-0.2	0.5	0.3	-0.3	0.0	0.0	0.0
Cash Flow	9.0	13.0	17.7	26.2	6.1	5.5	5.3
Increase / decrease in inventory	-0.7	-2.6	1.1	0.2	0.1	0.1	0.0
Increase / decrease in accounts receivable	-7.5	3.8	-28.4	5.2	-15.3	-0.5	0.7
Increase / decrease in accounts payable	4.2	3.4	0.0	0.0	4.1	0.5	-0.2
Increase / decrease in other working capital positions	2.9	-5.2	0.0	-0.9	0.0	0.0	0.0
Increase / decrease in working capital	-1.1	-0.6	-27.4	4.4	-11.1	0.1	0.5
Cash flow from operating activities	7.9	12.4	-9.6	30.6	-5.0	5.6	5.8
CAPEX	0.0	0.0	-1.0	-0.8	-3.0	-6.0	-6.0
Payments for acquisitions	-0.7	-0.5	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	-0.7	-0.5	-1.0	-0.8	-3.0	-6.0	-6.0
Change in financial liabilities	3.4	-5.2	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	-3.3	-0.8	-0.8
Purchase of own shares	0.0	0.0	0.0	0.0	-1.1	0.0	0.0
Capital measures	0.0	9.1	43.9	0.0	0.0	0.0	0.0
Others	0.1	-0.3	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	3.5	3.6	43.9	0.0	-4.4	-0.8	-0.8
Change in liquid funds	10.7	15.5	33.2	29.8	-12.4	-1.3	-1.0
Effects of exchange rate changes on cash	0.0	2.7	-2.1	7.7	0.0	0.0	0.0
Liquid assets at end of period	12.2	30.3	61.5	99.0	86.6	85.3	84.3

Sources: Vtion (historical data), Warburg Research (forecasts)

Financial Ratios Vtion

	2007	2008	2009	2010	2011E	2012E	2013E
Operational Efficiency							
Total Operating Costs / Sales	8.4 %	8.9 %	5.4 %	7.9 %	9.1 %	10.1 %	9.8 %
Sales per Employee	150,254	174,116	433,583	546,565	350,000	309,091	304,546
EBITDA per Employee	48,358	56,711	122,782	159,430	33,600	23,553	22,536
EBIT-margin	31.9 %	32.2 %	28.0 %	28.8 %	8.9 %	6.9 %	6.7 %
EBITDA / Operating Assets	118.4 %	419.3 %	62.1 %	113.1 %	17.6 %	13.0 %	12.1 %
ROA	1197.3 %	995.4 %	852.6 %	858.8 %	111.0 %	47.2 %	29.7 %
Efficiency of Capital Employment							
Plant Turnover	161	79.5	107	81.4	34.3	17.7	11.9
Operating Assets Turnover	3.7	12.9	2.2	3.9	1.8	1.7	1.6
Capital Employed Turnover	1.9	1.1	0.7	0.8	0.5	0.5	0.5
Return on Capital							
ROCE	86.9 %	49.2 %	28.8 %	25.9 %	4.7 %	3.4 %	3.2 %
EBITDA / Avg. Capital Employed	87.8 %	49.9 %	29.1 %	26.3 %	5.1 %	3.7 %	3.5 %
ROE	88.1 %	34.8 %	17.2 %	17.0 %	4.1 %	3.6 %	3.3 %
Net Profit / Avg. Equity	127.9 %	53.9 %	25.2 %	19.5 %	4.2 %	3.6 %	3.4 %
Recurring Net Profit / Avg. Equity	127.9 %	53.9 %	25.2 %	19.5 %	4.2 %	3.6 %	3.4 %
ROIC	49.2 %	30.5 %	16.9 %	16.9 %	4.1 %	3.5 %	3.3 %
Solvency							
Net Debt	-7.0	-30.3	-61.5	-99.0	-86.6	-85.3	-84.3
Net Gearing	-67.7 %	-85.2 %	-64.0 %	-76.5 %	-63.6 %	-60.8 %	-58.4 %
Book Value of Equity / Book Value of Debt	200.7 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio	2.0	4.3	8.2	9.0	7.6	7.3	7.3
Acid Test Ratio	1.5	2.9	7.5	8.6	7.3	7.0	7.0
EBITDA / Interest Paid	29.9	26.5	92.1	7.6	n.a.	n.a.	n.a.
Interest Cover	97.3	60.3	591.4	9.1	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	7.9	12.4	-10.6	29.8	-8.0	-0.4	-0.2
Free Cash Flow / Sales	27.3 %	31.6 %	-15.7 %	29.3 %	-11.4 %	-0.6 %	-0.4 %
Adj. Free Cash Flow	8.3	11.8	18.2	28.7	2.7	-0.8	-1.0
Adj. Free Cash Flow / Sales	27.7 %	28.8 %	23.1 %	20.4 %	2.5 %	-2.7 %	-3.0 %
Free Cash Flow / Net Profit	86.5 %	100.0 %	-64.2 %	135.3 %	-141.7 %	-8.4 %	-5.1 %
Interest Received / Avg. Cash	3.1 %	1.3 %	0.4 %	0.9 %	0.4 %	1.5 %	1.5 %
Interest Paid / Avg. Debt	9.0 %	18.6 %	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	15.3 %	14.2 %	16.0 %	16.7 %
Fund Management							
Investment ratio	0.0 %	0.0 %	1.5 %	0.8 %	4.3 %	8.8 %	9.0 %
Maint. Capex / Sales	3.4 %	2.6 %	1.5 %	1.0 %	5.7 %	8.8 %	9.0 %
Capex / Dep	0.0 %	0.0 %	431.0 %	196.0 %	612.2 %	1260.5 %	1279.3 %
Avg. Working Capital / Sales	20.2 %	15.0 %	26.3 %	28.3 %	45.0 %	54.4 %	54.8 %
Trade Creditors / Trade Debtors	214.0 %	77.0 %	423.0 %	291.6 %	313.1 %	306.3 %	305.8 %
Inventory turnover (days)	29.0	45.5	20.3	13.0	18.3	18.3	18.3
Receivables collection period (DSOs)	128	59.3	188	117	250	260	260
Payables collection period (days)	59.6	77.1	44.4	40.1	80.0	85.0	85.0
Cash conversion cycle (days)	97.0	23.8	163	89.7	188	193	193
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	6.8 %	1.6 %	1.6 %	1.6 %
P/B	4.7	1.4	0.5	0.4	0.4	0.4	0.3
EV/sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EV/FCF	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
P/E	3.9	2.7	2.4	2.2	8.8	10.0	10.3
P/CF	5.5	3.8	2.8	1.9	8.0	9.0	9.3
Adj. Free Cash Flow Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Vtion (historical data), Warburg Research (forecasts)

Free Cash Flow Yield - Vtion

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
Net Income	9.2	12.4	16.6	22.0	5.6	5.0	4.8
+ Depreciation + Amortisation	0.1	0.2	0.2	0.4	0.5	0.5	0.5
- Net Interest Income	-0.1	-0.2	0.0	-3.2	0.4	1.3	1.3
+ Taxes	0.0	0.0	2.3	4.0	1.0	1.0	1.0
- Maintenance Capex	1.0	1.0	1.0	1.0	4.0	6.0	6.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	8.3	11.8	18.2	28.7	2.7	-0.8	-1.0
Adjusted Free Cash Flow Yield	-16.7%	-23.6%	-36.4%	-57.5%	-7.3%	2.3%	3.0%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	-49.9	-49.9	-49.9	-49.9	-37.5	-36.2	-35.2
= Fair Enterprise Value	83.3	117.6	181.5	286.5	27.2	-	-
- Net Debt (Cash)	-99.0	-99.0	-99.0	-99.0	-86.6	-85.3	-84.3
- Pension Liabilities	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
= Fair Market Capitalisation	182.3	216.6	280.5	385.5	113.8	-	-
No. of shares (m)	15.9	15.9	15.9	15.9	15.9	15.9	15.9
= Fair value per share (EUR)	11.46	13.62	17.64	24.25	7.16	-	-
premium (-) / discount (+) in %	271.3%	341.1%	471.3%	685.1%	131.7%	-	-
Sensitivity Fair value per Share (EUR)							
	13.0%	10.26	11.91	15.01	20.09	6.76	-
	12.0%	10.59	12.39	15.74	21.24	6.87	-
	11.0%	10.99	12.95	16.60	22.61	7.00	-
Hurdle rate	10.0%	11.46	13.62	17.64	24.25	7.16	-
	9.0%	12.05	14.44	18.91	26.25	7.35	-
	8.0%	12.78	15.47	20.50	28.75	7.58	-
	7.0%	13.71	16.79	22.53	31.97	7.89	-

Sources: Vtion (historical data), Warburg Research (estimates)

DCF Model - Vtion

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	70.0	68.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
Change	-31.1%	-2.9%	-1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	6.2	4.7	4.5	3.4	3.4	3.4	3.4	3.4	2.7	2.7	2.0	2.0	2.0	2.0
EBIT-Margin	8.9%	6.9%	6.7%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%
Tax rate	15.1%	16.7%	17.3%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
NOPAT	5.3	3.9	3.7	2.6	2.6	2.6	2.6	2.6	2.1	2.1	1.5	1.5	1.5	1.5
Depreciation	0.5	0.5	0.5	0.7	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
in % of Sales	0.7%	0.7%	0.7%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Change in Liquidity from														
- Working Capital	-11.1	0.1	0.5	3.0	3.4	3.4	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Capex	-3.0	-6.0	-6.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Capex in % of Sales	4.3%	8.8%	9.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
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	0.0
Free Cash Flow (WACC-Model)	-8.3	-1.5	-1.3	5.2	5.6	5.6	5.3	2.6	2.1	2.1	1.5	1.5	1.5	1.5

Model parameter

Debt ratio	0.00%	Beta	3.00
Costs of Debt	n.a.	WACC	18.50%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	0.00%

Valuation (mln)

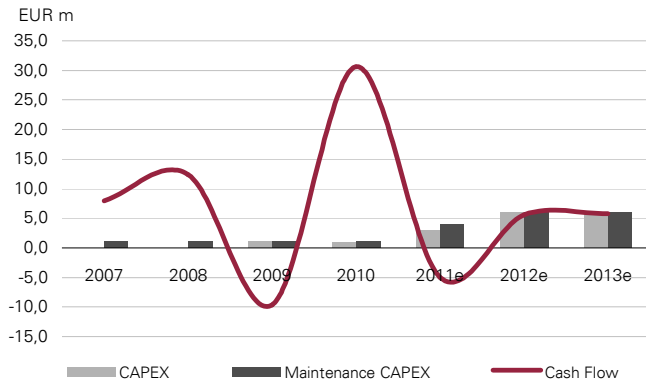
Present values 2024e	2.3		
Terminal Value	0.9		
Liabilities	0.0		
Liquidity	102.0	No. of shares (mln)	15.90
Equity Value	105.2	Value per share (EUR)	6.62

Sensitivity Value per Share (EUR)

Terminal Growth								Delta EBIT margin							
WACC	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
19.50%	6.58	6.58	6.58	6.58	6.58	6.58	6.58	19.50%	6.27	6.37	6.48	6.58	6.68	6.78	6.88
19.00%	6.60	6.60	6.60	6.60	6.60	6.60	6.60	19.00%	6.29	6.39	6.49	6.60	6.70	6.80	6.91
18.75%	6.61	6.61	6.61	6.61	6.61	6.61	6.61	18.75%	6.29	6.40	6.50	6.61	6.71	6.82	6.92
18.50%	6.62	6.62	6.62	6.62	6.62	6.62	6.62	18.50%	6.30	6.41	6.51	6.62	6.72	6.83	6.93
18.25%	6.63	6.63	6.63	6.63	6.63	6.63	6.63	18.25%	6.31	6.42	6.52	6.63	6.74	6.84	6.95
18.00%	6.64	6.64	6.64	6.64	6.64	6.64	6.64	18.00%	6.32	6.42	6.53	6.64	6.75	6.86	6.96
17.50%	6.66	6.66	6.66	6.66	6.66	6.67	6.67	17.50%	6.33	6.44	6.55	6.66	6.77	6.88	6.99

Source: Warburg Research

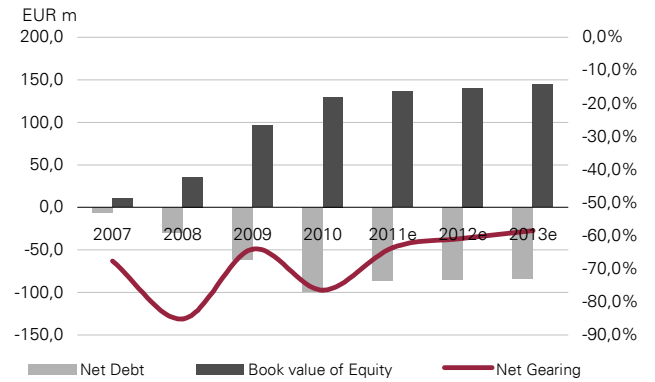
CAPEX and Cash Flow - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Low Capex ratio as there are no own production capacities
- Cash Flow impacted in 2009e by expansion of working capital

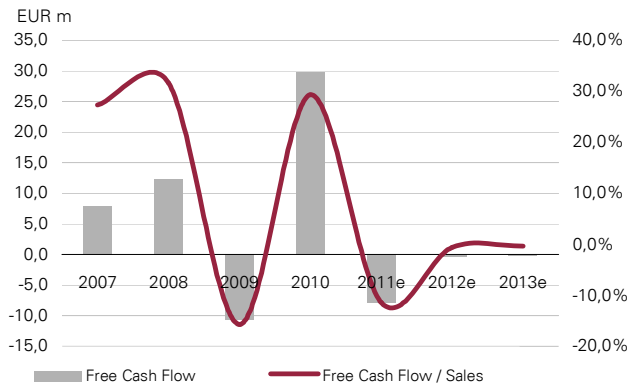
Balance Sheet Quality - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Short balance sheet with high share of cash

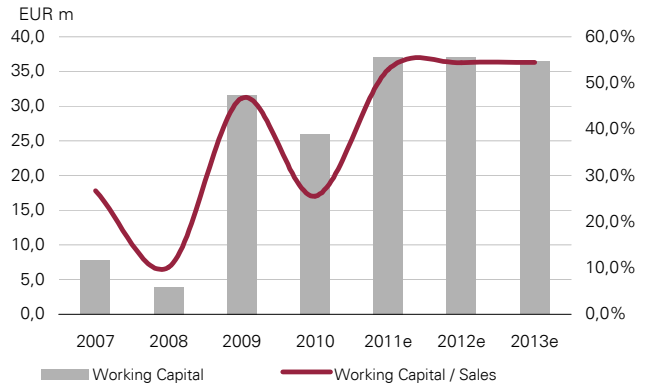
Free Cash Flow Generation - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Negative free cash flow in 2009e due to working capital expansion
- Normalisation of working capital development from 2010e on
- High free cash flow generation from 2010e on

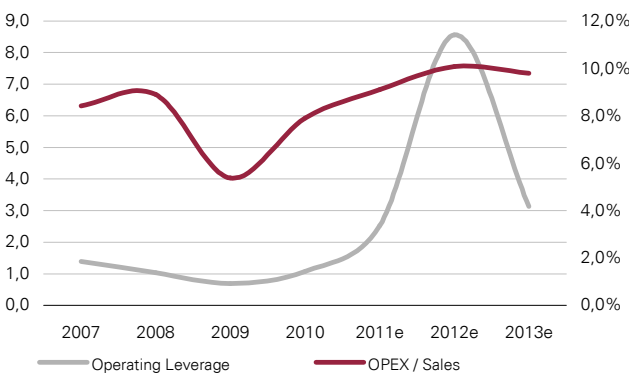
Working Capital - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Normalisation of working capital development in 2010e

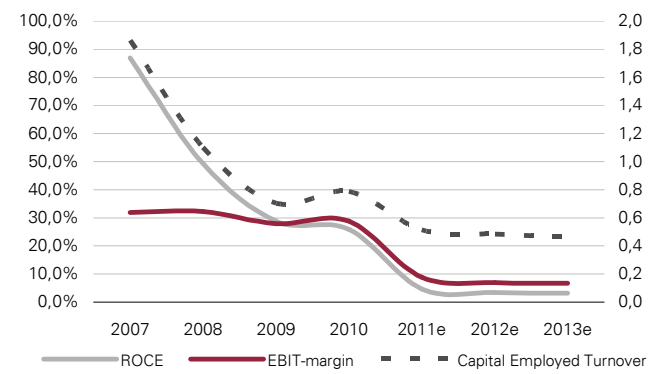
Operating Leverage - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Operating leverage limited

ROCE Development - Vtion



Sources: Vtion (historical data), Warburg Research (forecasts)

- Constant EBIT margin between 2009e and 2011e
- Declining ROCE due to equity retention

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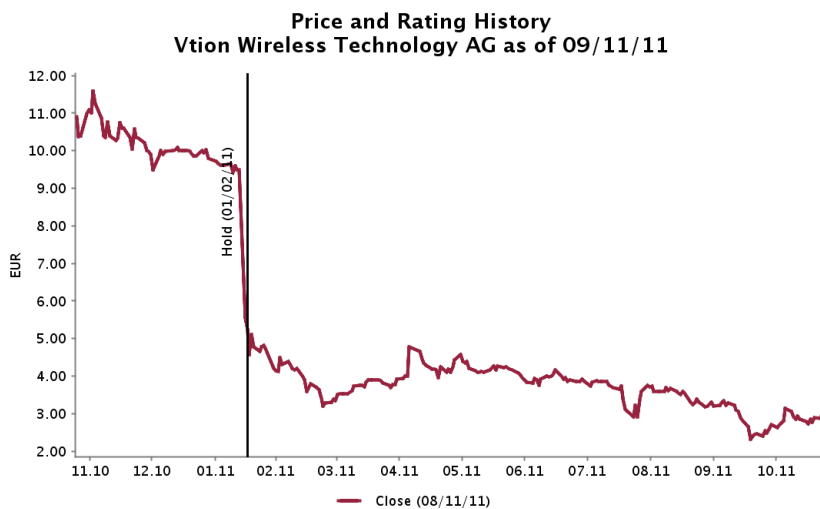
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Buy	128	72%
Hold	43	24%
Sell	6	3%
Rating suspended	1	1%
Total	178	

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Buy	107	77%
Hold	30	22%
Sell	1	1%
Rating suspended	1	1%
Total	139	



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