

Buy (old: Buy)

PT EUR 8.50 (old: 8.00)

Price EUR 3.80
Bloomberg V33 GR
Reuters V33G
Sector Telecom/Internet

Vtion offers wireless broadband data solutions in China. The development and marketing of wireless data cards is the company's core business.



Share data: 19.04.2012 / Closing price

Market cap: EUR 57.9 m
Enterprise Value (EV): EUR -71.8 m
Book value: EUR 145 m
No. of shares: 15.2 m
Trading volume Ø: EUR 69.9 th

Shareholders:
 Awill Holdings 46.8 %
 Freefloat 25.8 %
 SCGC Capital H. 9.9 %
 Hong Kong Vtion Tech. 6.3 %
 Sunshine Century I. 3.1 %
 Axxion S.A. 3.1 %

Calendar:
 Figures Q1 05/14/12
 AGM 06/26/12
 Figures Q2 08/13/12
 Figures Q3 11/28/12

Change	2012E		2013E		2014E	
	old	Δ%	old	Δ%	old	Δ%
Sales	80.0	0	77.0	0	70.0	10.0
EBIT	8.2	0.0	7.2	1.6	9.8	-30.9
EPS	0.43	-2.3	0.38	0	0.30	20.0

Analysis: Warburg Research
 Date of publication: 20.04.2012
 Analyst: Malte Rätber +49 (40) 309537-185
 mraether@warburg-research.com

Final FY 2011 figures - Net cash per share: EUR 8

Vtion has reported the final figures for FY 2011. The preliminary revenue and EBIT figures for Q4/11 as well as the revenue and EBIT guidance for FY 2012 (revenue: EUR 80-100m; EBIT margin: 10%-12%) were confirmed. Additionally, the company plans to pay a dividend of 15% of net income (WRe: ca. EUR 0.05 per share).

Vtion - Q4 2011
 Figures in EUR m

	Q4/11	Q4/11e	Q4/10	yoy	2011	2011e	2010	yoy
Sales	21.2	21.1	16.0	32.4%	77.1	77.0	101.7	-24.2%
EBIT margin	9.6%	9.7%	16.1%	-20.9%	10.3%	10.3%	28.7%	-72.9%
EPS in EUR	0.34	1.47	1.13	-70.4%	5.30	6.43	22.00	-75.9%

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

Performance Q4/11: The 32.4% increase in revenues in Q4/11 compared to Q4/10 results from the successful establishment of several new products (e.g. tablet PC, PCtoTV) in the course of FY 2011. The drop in EBIT is attributable to significant pricing pressure in Vtion's most important business field – mobile data cards. The lower EBIT and a high tax rate led to a drop in net income of 70.4% yoy.

Diversification of product portfolio: While revenue from mobile data cards dropped by approximately 55% in FY 2011 the company was able to offset 30% of this decline by the introduction of new products. Particularly the tablet PC (EUR 14.5m) and mobile routers (EUR 9m) showed good performance.

Net cash per share of EUR 8: In FY 2011 Vtion increased the cash balance by ca. 26% from EUR 99m to EUR 125 or ca. EUR 8 per share. **The FCF was equal to EUR 23m or EUR 1.46 per share** although shares were bought back for EUR 3.5m.

Newsflow: Vtion currently carries out a share buyback programme comprising up to 1,589m shares. By April 2012 the company has repurchased ca. 0.85m shares. The price of the Vtion share should benefit from the repurchase programme.

Outlook: We expect revenues and EBIT to grow by approx. 4% to EUR 80m and EUR 8.2m respectively in FY 2012. The reasons for the estimates are as follows. Firstly, Vtion still holds a **strong competitive position** in the market for data cards. Although pricing pressure in this business field should remain, the expansion of the 3.5G and the possible introduction of the 4G network in H2 2012 should support demand and prices. Secondly, Vtion **successfully positioned itself in the quickly growing market for tablet PC**. Vtion has proven to be competitive in the consumer market. Additionally, we expect the company to generate revenues in the area of industry-specific tablet PC where Vtion should deliver tablet PC to an insurance company. Thirdly, we expect revenues from mobile apps to account for ca. 5% of total revenue. The gross profit margin in the mobile apps business should be about 30%-35%.

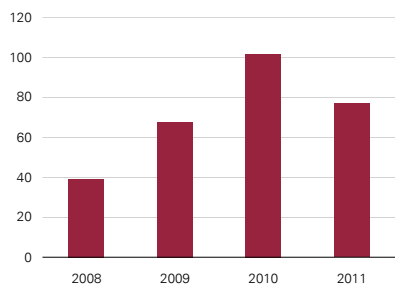
Valuation & Rating: The new PT is EUR 8.50 (old: EUR 8). The Vtion share currently trades clearly below the net cash per share. For the reasons mentioned above we expect Vtion to stay profitable and to further generate a positive free cash flow. The **BUY recommendation** is confirmed.

Fiscal year ending: 31.12.
 in EUR m

	2008	2009	2010	2011	2012E	2013E	2014E
Sales	39.2	67.6	102	77.1	80.0	77.0	77.0
<i>Change Sales yoy</i>	35.1 %	72.7 %	50.3 %	-24.2 %	3.8 %	-3.8 %	0.0 %
Gross balance	16.1	22.6	37.3	14.3	14.6	13.6	13.5
<i>Gross margin</i>	41.1 %	33.4 %	36.7 %	18.5 %	18.2 %	17.7 %	17.5 %
EBITDA	12.8	19.0	29.7	8.4	8.8	7.9	7.4
<i>EBITDA-margin</i>	32.6 %	28.3 %	29.2 %	10.9 %	11.0 %	10.3 %	9.6 %
EBIT	12.6	18.8	29.2	7.9	8.2	7.3	6.8
<i>EBIT-margin</i>	32.2 %	28.0 %	28.7 %	10.3 %	10.2 %	9.5 %	8.8 %
Net income	12.4	16.4	22.0	5.3	7.7	6.8	6.3
EPS	1.13	1.31	1.38	0.34	0.42	0.38	0.36
Free Cash Flow per share	1.13	-0.84	1.86	1.45	0.39	0.31	0.38
Dividend	0.00	0.00	0.21	0.05	0.06	0.06	0.05
<i>Dividend Yield</i>	n.a.	n.a.	5.5 %	1.3 %	1.6 %	1.6 %	1.3 %
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.
PER	3.4	2.9	2.8	11.2	9.0	10.0	10.6
ROCE	49.2 %	28.8 %	25.9 %	5.9 %	5.7 %	4.9 %	4.4 %
Adj. Free Cash Flow Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sales development

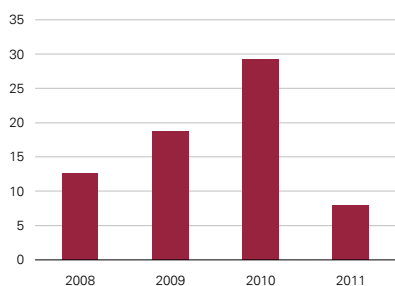
in EUR m



Source: Vtion

EBIT development

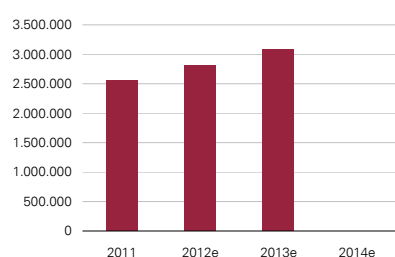
in EUR m



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

	2008	2009	2010	2011	2012E	2013E	2014E
Sales	39.2	67.6	102	77.1	80.0	77.0	77.0
Cost of sales	23.1	45.1	64.4	62.8	65.4	63.4	63.5
Gross balance	16.1	22.6	37.3	14.3	14.6	13.6	13.5
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	1.4	2.0	4.7	2.0	2.1	2.2	2.4
General and administration	2.6	2.0	3.7	4.5	4.7	4.6	4.6
Other operating income/expenses	0.5	0.3	0.4	0.1	0.4	0.5	0.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	12.8	19.0	29.7	8.4	8.8	7.9	7.4
Depreciation of fixed assets	0.1	0.1	0.2	0.3	0.3	0.3	0.3
EBITA	12.7	18.9	29.4	8.1	8.5	7.6	7.1
Amortisation of intangible fixed assets	0.1	0.1	0.2	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	12.6	18.8	29.2	7.9	8.2	7.3	6.8
Interest income	0.3	0.2	0.7	0.7	0.5	0.5	0.5
Interest expenses	0.5	0.2	3.9	1.4	0.0	0.0	0.0
Financial result	-0.2	0.0	-3.2	-0.8	0.5	0.5	0.5
Recurring pretax income from cont. operations	12.4	18.8	26.0	7.2	8.7	7.8	7.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	12.4	18.8	26.0	7.2	8.7	7.8	7.3
Taxes total	0.0	2.3	4.0	1.9	1.0	1.0	1.0
Net income from continuing operations	12.4	16.4	22.0	5.3	7.7	6.8	6.3
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	12.4	16.4	22.0	5.3	7.7	6.8	6.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	12.4	16.4	22.0	5.3	7.7	6.8	6.3

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

Consolidated Profit & Loss Vtion

in % of Sales

	2008	2009	2010	2011	2012E	2013E	2014E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	58.9 %	66.6 %	63.3 %	81.5 %	81.8 %	82.3 %	82.5 %
Gross balance	41.1 %	33.4 %	36.7 %	18.6 %	18.2 %	17.7 %	17.5 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	3.5 %	2.9 %	4.7 %	2.5 %	2.6 %	2.9 %	3.1 %
General and administration	6.6 %	2.9 %	3.7 %	5.8 %	5.9 %	6.0 %	6.0 %
Other operating income/expenses	1.2 %	0.5 %	0.4 %	0.1 %	0.5 %	0.6 %	0.4 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	32.6 %	28.1 %	29.2 %	10.9 %	11.0 %	10.3 %	9.6 %
Depreciation of fixed assets	0.2 %	0.2 %	0.2 %	0.4 %	0.4 %	0.4 %	0.4 %
EBITA	32.4 %	28.0 %	28.9 %	10.5 %	10.6 %	9.9 %	9.2 %
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	32.2 %	27.8 %	28.8 %	10.3 %	10.2 %	9.5 %	8.8 %
Interest income	0.7 %	0.3 %	0.7 %	0.9 %	0.6 %	0.7 %	0.7 %
Interest expenses	1.2 %	0.3 %	3.8 %	1.9 %	0.0 %	0.0 %	0.0 %
Financial result	-0.5 %	-0.1 %	-3.2 %	-1.0 %	0.6 %	0.7 %	0.7 %
Recurring pretax income from cont. operations	31.6 %	27.8 %	25.6 %	9.3 %	10.8 %	10.1 %	9.5 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	31.6 %	27.8 %	25.6 %	9.3 %	10.8 %	10.1 %	9.5 %
Taxes total	0.0 %	3.5 %	4.0 %	2.4 %	1.3 %	1.3 %	1.3 %
Net income from continuing operations	31.6 %	24.3 %	21.6 %	6.9 %	9.6 %	8.8 %	8.2 %
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 %	24.3 %	21.6 %	6.9 %	9.6 %	8.8 %	8.2 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	31.6 %	24.3 %	21.6 %	6.9 %	9.6 %	8.8 %	8.2 %

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

Balance sheet Vtion

in EUR m

	2008	2009	2010	2011	2012E	2013E	2014E
Assets							
Intangible assets	0.8	1.3	1.3	1.5	1.7	1.9	2.0
thereof other intangible assets	0.8	1.3	1.3	1.5	1.7	1.9	2.1
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	0.6	1.2	1.1	1.3	1.5	1.7
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	1.2	1.9	2.6	2.6	3.0	3.4	3.7
Inventories	4.9	3.8	3.6	2.4	2.5	2.4	2.4
Accounts receivable	6.4	34.8	32.6	22.7	24.1	24.3	23.6
Other Assets	8.2	7.9	8.0	6.8	7.7	7.7	7.7
Liquid assets	30.3	61.5	99.0	125	130	134	138
Current assets	49.8	108	143	156	164	168	172
Total assets	51.0	110	146	159	167	171	176
Liabilities and shareholders' equity							
Subscribed capital	11.5	16.0	16.0	15.2	15.2	15.2	15.2
Additional paid-in capital	7.6	48.2	48.2	46.2	46.2	46.2	46.2
Surplus capital	13.2	29.7	51.7	53.7	59.3	64.2	68.7
Other equity components	3.3	2.1	13.5	23.6	24.5	24.5	24.4
Book value	35.6	96.0	129	139	145	150	155
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	35.6	96.0	129	139	145	150	155
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	3.8	0.7	0.4	0.5	0.5	0.5	0.5
Financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	8.3	8.2	11.2	13.9	15.3	14.8	14.8
Other liabilities	3.3	5.0	4.7	5.9	5.9	5.9	5.9
Liabilities	15.4	13.9	16.3	20.3	21.6	21.1	21.1
Total liabilities and shareholders' equity	51.0	110	146	159	167	171	176

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

Balance sheet Vtion

in % of Balance Sheet Total

	2008	2009	2010	2011	2012E	2013E	2014E
Assets							
Intangible assets	1.5 %	1.2 %	0.9 %	1.0 %	1.0 %	1.1 %	1.1 %
thereof other intangible assets	1.5 %	1.2 %	0.9 %	1.0 %	1.0 %	1.1 %	1.2 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	1.0 %	0.6 %	0.9 %	0.7 %	0.8 %	0.9 %	1.0 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	2.4 %	1.8 %	1.8 %	1.7 %	1.8 %	2.0 %	2.1 %
Inventories	9.6 %	3.4 %	2.5 %	1.5 %	1.5 %	1.4 %	1.4 %
Accounts receivable	12.5 %	31.7 %	22.4 %	14.3 %	14.4 %	14.2 %	13.4 %
Other Assets	16.0 %	7.2 %	5.5 %	4.3 %	4.6 %	4.5 %	4.4 %
Liquid assets	59.5 %	55.9 %	68.0 %	78.3 %	77.7 %	77.9 %	78.7 %
Current assets	97.6 %	98.2 %	98.3 %	98.3 %	98.2 %	98.0 %	97.9 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	22.5 %	14.5 %	11.0 %	9.6 %	9.1 %	8.9 %	8.7 %
Additional paid-in capital	14.9 %	43.8 %	33.1 %	29.1 %	27.7 %	27.0 %	26.3 %
Surplus capital	25.8 %	27.0 %	35.5 %	33.7 %	35.5 %	37.5 %	39.1 %
Other equity components	6.6 %	2.0 %	9.3 %	14.9 %	14.7 %	14.3 %	13.9 %
Book value	69.8 %	87.4 %	88.9 %	87.2 %	87.0 %	87.7 %	88.0 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	69.8 %	87.4 %	88.9 %	87.2 %	87.0 %	87.7 %	88.0 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	7.5 %	0.6 %	0.2 %	0.3 %	0.3 %	0.3 %	0.3 %
Financial liabilities	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	16.2 %	7.5 %	7.7 %	8.8 %	9.2 %	8.6 %	8.4 %
Other liabilities	6.5 %	4.5 %	3.3 %	3.7 %	3.5 %	3.4 %	3.4 %
Liabilities	30.2 %	12.6 %	11.2 %	12.8 %	13.0 %	12.3 %	12.0 %
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

	2008	2009	2010	2011	2012E	2013E	2014E
Net income	12.4	17.2	26.0	7.2	6.5	5.8	5.4
Depreciation of fixed assets	0.1	0.1	0.2	0.3	0.3	0.3	0.3
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	0.2	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	0.5	0.3	-0.3	-0.1	0.0	0.0	0.0
Cash Flow	13.0	17.7	26.2	7.6	7.1	6.4	6.0
Increase / decrease in inventory	-2.6	1.1	0.2	1.2	-0.1	0.1	0.0
Increase / decrease in accounts receivable	3.8	-28.4	5.2	9.8	-1.4	-0.2	0.7
Increase / decrease in accounts payable	3.4	0.0	0.0	2.8	1.4	-0.5	0.0
Increase / decrease in other working capital positions	-5.2	0.0	-0.9	1.7	0.0	0.0	0.0
Increase / decrease in working capital	-0.6	-27.4	4.4	15.5	-0.1	-0.6	0.7
Cash flow from operating activities	12.4	-9.6	30.6	23.1	7.0	5.8	6.7
CAPEX	0.0	-1.0	-0.8	-0.4	-1.0	-1.0	-1.0
Payments for acquisitions	-0.5	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	-0.5	-1.0	-0.8	-0.4	-1.0	-1.0	-1.0
Change in financial liabilities	-5.2	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	-3.3	-0.8	-1.0	-0.9
Purchase of own shares	0.0	0.0	0.0	-2.7	0.0	0.0	0.0
Capital measures	9.1	43.9	0.0	0.0	0.0	0.0	0.0
Others	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	3.6	43.9	0.0	-6.0	-0.8	-1.0	-0.9
Change in liquid funds	15.5	33.2	29.8	16.7	5.2	3.8	4.9
Effects of exchange rate changes on cash	2.7	-2.1	7.7	8.8	0.0	0.0	0.0
Liquid assets at end of period	30.3	61.5	99.0	125	130	134	138

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

Financial Ratios Vtion

	2008	2009	2010	2011	2012E	2013E	2014E
Operational Efficiency							
Total Operating Costs / Sales	8.9 %	5.4 %	7.9 %	8.3 %	8.0 %	8.3 %	8.7 %
Sales per Employee	174,116	433,583	546,565	318,547	330,579	318,182	318,182
EBITDA per Employee	56,711	122,782	159,425	34,730	36,364	32,614	30,546
EBIT-margin	32.2 %	28.0 %	28.7 %	10.3 %	10.2 %	9.5 %	8.8 %
EBITDA / Operating Assets	419.3 %	62.1 %	113.1 %	68.6 %	70.0 %	59.1 %	57.5 %
ROA	995.4 %	852.6 %	858.7 %	200.8 %	215.5 %	170.8 %	147.2 %
Efficiency of Capital Employment							
Plant Turnover	79.5	107	81.4	68.7	61.5	51.6	45.7
Operating Assets Turnover	12.9	2.2	3.9	6.3	6.4	5.8	6.0
Capital Employed Turnover	1.1	0.7	0.8	0.6	0.6	0.5	0.5
Return on Capital							
ROCE	49.2 %	28.8 %	25.9 %	5.9 %	5.7 %	4.9 %	4.4 %
EBITDA / Avg. Capital Employed	49.9 %	29.1 %	26.3 %	6.3 %	6.2 %	5.3 %	4.9 %
ROE	34.8 %	17.2 %	17.0 %	3.8 %	4.4 %	3.8 %	3.5 %
Net Profit / Avg. Equity	53.9 %	25.2 %	19.5 %	3.9 %	4.5 %	3.9 %	3.6 %
Recurring Net Profit / Avg. Equity	53.9 %	25.2 %	19.5 %	3.9 %	4.5 %	3.9 %	3.6 %
ROIC	30.5 %	16.9 %	16.9 %	3.8 %	4.4 %	3.8 %	3.5 %
Solvency							
Net Debt	-30.3	-61.5	-99.0	-125	-130	-134	-138
Net Gearing	-85.2 %	-64.0 %	-76.5 %	-89.7 %	-89.2 %	-88.9 %	-89.5 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio	4.3	8.2	9.0	7.9	7.7	8.1	8.3
Acid Test Ratio	2.9	7.5	8.6	7.6	7.5	7.8	8.0
EBITDA / Interest Paid	26.5	92.1	7.6	5.9	n.a.	n.a.	n.a.
Interest Cover	60.3	591.4	9.1	10.3	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	12.4	-10.6	29.8	22.7	6.0	4.8	5.7
Free Cash Flow / Sales	31.6 %	-15.7 %	29.3 %	29.4 %	7.5 %	6.2 %	7.5 %
Adj. Free Cash Flow	11.8	18.2	28.7	6.9	7.3	6.4	5.9
Adj. Free Cash Flow / Sales	28.8 %	23.1 %	20.4 %	4.7 %	6.4 %	5.7 %	5.2 %
Free Cash Flow / Net Profit	100.0 %	-64.2 %	135.3 %	428.7 %	92.3 %	83.0 %	105.8 %
Interest Received / Avg. Cash	1.3 %	0.4 %	0.9 %	0.6 %	0.4 %	0.4 %	0.4 %
Interest Paid / Avg. Debt	18.6 %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Payout Ratio	0.0 %	0.0 %	15.3 %	14.8 %	14.1 %	15.8 %	14.0 %
Fund Management							
Investment ratio	0.0 %	1.5 %	0.8 %	0.5 %	1.3 %	1.3 %	1.3 %
Maint. Capex / Sales	2.6 %	1.5 %	1.0 %	1.9 %	1.9 %	1.9 %	1.9 %
Capex / Dep	0.0 %	431.0 %	196.0 %	82.8 %	156.3 %	162.3 %	162.3 %
Avg. Working Capital / Sales	15.0 %	26.3 %	28.3 %	24.8 %	15.3 %	16.4 %	16.3 %
Trade Creditors / Trade Debtors	77.0 %	423.0 %	291.6 %	163.2 %	157.5 %	164.2 %	159.5 %
Inventory turnover (days)	45.5	20.3	13.0	11.2	11.2	11.2	11.2
Receivables collection period (DSOs)	59.3	188	117	108	110	115	112
Payables collection period (days)	77.1	44.4	40.1	66.0	70.0	70.0	70.0
Cash conversion cycle (days)	23.8	163	89.7	52.7	51.1	56.1	53.1
Valuation							
Dividend Yield	n.a.	n.a.	5.5 %	1.3 %	1.6 %	1.6 %	1.3 %
P/B	1.6	0.6	0.4	0.4	0.4	0.4	0.4
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	3.4	2.9	2.8	11.2	9.0	10.0	10.6
P/CF	4.4	3.3	2.2	7.7	8.2	9.1	9.6
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	2008	2009	2010	2011	2012e	2013e	2014e
Net Income	12.4	16.6	22.0	5.3	6.5	5.8	5.4
+ Depreciation + Amortisation	0.2	0.2	0.4	0.5	0.6	0.6	0.6
- Net Interest Income	-0.2	0.0	-3.2	-0.8	0.5	0.5	0.5
+ Taxes	0.0	2.3	4.0	1.9	2.2	2.0	1.9
- Maintenance Capex	1.0	1.0	1.0	1.5	1.5	1.5	1.5
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	11.8	18.2	28.7	6.9	7.3	6.4	5.9
Adjusted Free Cash Flow Yield	-17.5%	-27.0%	-42.6%	-10.3%	-10.1%	-8.4%	-7.3%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	-67.2	-67.2	-67.2	-67.2	-72.4	-76.2	-81.1
= Fair Enterprise Value	117.6	181.5	286.5	69.0	73.0	63.9	58.9
- Net Debt (Cash)	-124.5	-124.5	-124.5	-124.5	-129.7	-133.5	-138.4
- 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	242.1	306.1	411.0	193.6	202.7	197.4	197.3
No. of shares (m)	15.2	15.2	15.2	15.2	15.2	15.2	15.2
= Fair value per share (EUR)	15.89	20.09	26.98	12.71	13.31	12.96	12.95
premium (-) / discount (+) in %	322.7%	434.4%	617.7%	238.0%	253.9%	244.7%	244.5%

Sensitivity Fair value per Share (EUR)

	13.0%	14.11	17.34	22.64	11.66	12.20	11.99	12.06
	12.0%	14.61	18.11	23.85	11.95	12.51	12.26	12.31
	11.0%	15.19	19.01	25.27	12.30	12.87	12.58	12.60
Hurdle rate	10.0%	15.89	20.09	26.98	12.71	13.31	12.96	12.95
	9.0%	16.75	21.42	29.08	13.21	13.84	13.43	13.38
	8.0%	17.82	23.07	31.69	13.84	14.50	14.01	13.92
	7.0%	19.20	25.20	35.05	14.65	15.36	14.76	14.61

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

DCF Model - Vtion

Figures in EUR m	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
Sales	80.0	77.0	77.0	75.5	74.0	72.5	71.7	71.7	71.7	71.7	71.7	71.7	71.7	71.7
Change	3.8%	-3.8%	0.0%	-2.0%	-2.0%	-2.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	8.2	7.3	6.8	6.0	5.5	5.1	4.7	3.9	2.9	2.9	2.2	2.2	2.2	2.2
EBIT-Margin	10.2%	9.5%	8.8%	8.0%	7.5%	7.0%	6.5%	5.5%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%
Tax rate	25.4%	25.7%	25.4%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	6.1	5.4	5.1	4.5	4.2	3.8	3.5	3.0	2.2	2.2	1.6	1.6	1.6	1.6
Depreciation	0.6	0.6	0.6	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
in % of Sales	0.8%	0.8%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Change in Liquidity from														
- Working Capital	-0.1	-0.6	0.7	-1.4	-1.2	-1.2	-2.0	-1.4	-0.7	-0.7	-0.7	0.0	0.0	-1.4
- Capex	-1.0	-1.0	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.8	-0.8	-0.8
Capex in % of Sales	1.3%	1.3%	1.3%	1.4%	1.3%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
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)	5.6	4.4	5.4	2.9	2.7	2.4	1.3	1.3	1.3	1.3	0.8	1.5	1.5	0.1

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 2025e	17.3		
Terminal Value	0.1		
Liabilities	0.0		
Liquidity	111.6	No. of shares (mln)	15.20
Equity Value	129.0	Value per share (EUR)	8.48

Sensitivity Value per Share (EUR)

Terminal Growth

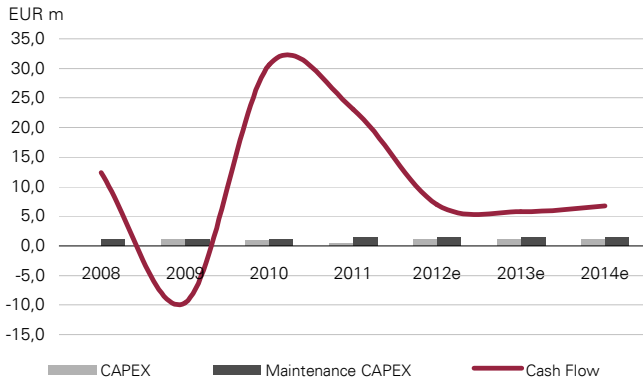
WACC	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%
19.50%	8.46	8.46	8.46	8.46	8.46	8.46	8.46
19.00%	8.47	8.47	8.47	8.47	8.47	8.47	8.47
18.75%	8.48	8.48	8.48	8.48	8.48	8.48	8.48
18.50%	8.48	8.48	8.48	8.48	8.48	8.48	8.48
18.25%	8.49	8.49	8.49	8.49	8.49	8.49	8.49
18.00%	8.50	8.50	8.50	8.50	8.50	8.50	8.50
17.50%	8.51	8.51	8.51	8.51	8.51	8.51	8.52

Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
19.50%	8.16	8.26	8.36	8.46	8.56	8.66	8.76
19.00%	8.16	8.26	8.37	8.47	8.57	8.68	8.78
18.75%	8.17	8.27	8.37	8.48	8.58	8.69	8.79
18.50%	8.17	8.27	8.38	8.48	8.59	8.70	8.80
18.25%	8.17	8.28	8.39	8.49	8.60	8.71	8.81
18.00%	8.18	8.28	8.39	8.50	8.61	8.72	8.82
17.50%	8.18	8.29	8.40	8.51	8.63	8.74	8.85

Source: Warburg Research

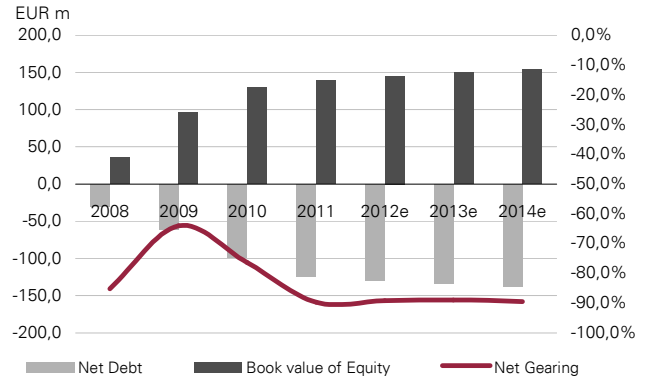
CAPEX and Cash Flow - Vtion



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

- Low Capex ratio as there are no own production capacities

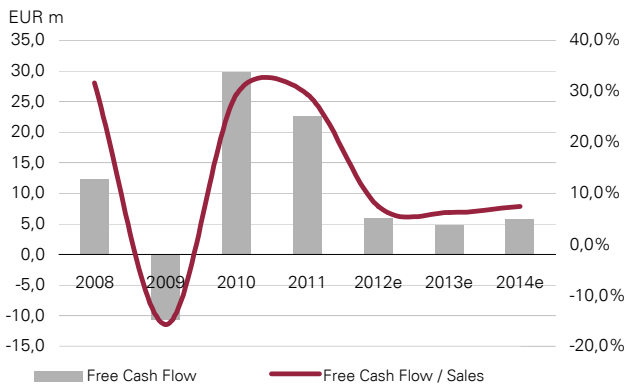
Balance Sheet Quality - Vtion



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

- Short balance sheet with high share of cash

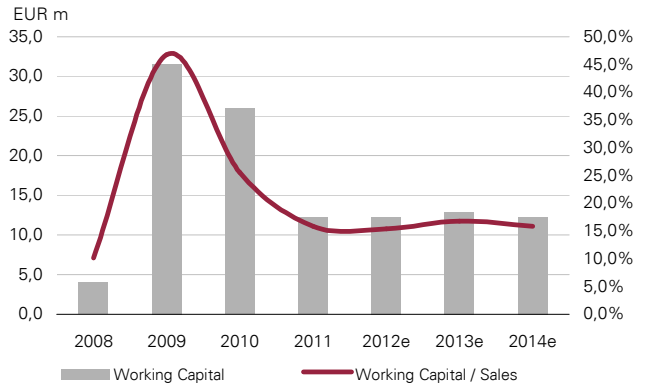
Free Cash Flow Generation - Vtion



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

- Stable FCF in 2012e and 2013e

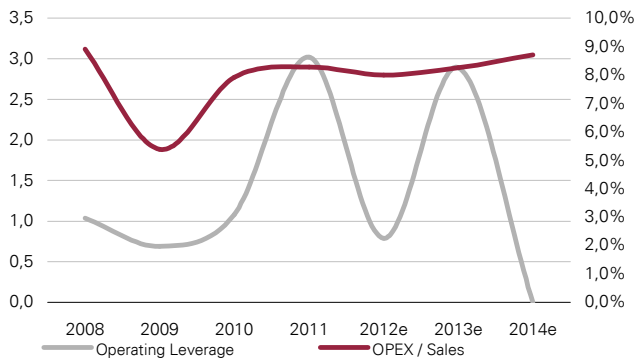
Working Capital - Vtion



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

- Normalisation of working capital development in 2011e

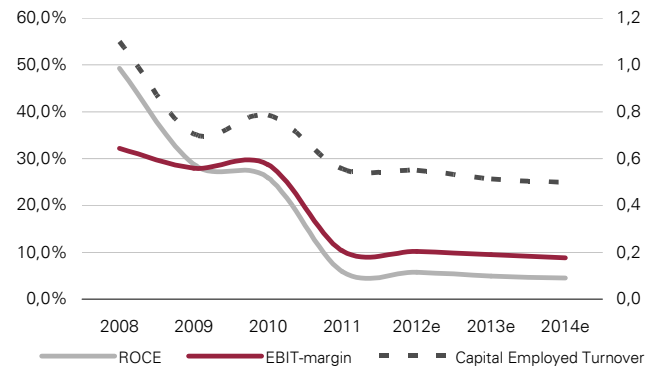
Operating Leverage - Vtion



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

- Operating leverage limited

ROCE Development - Vtion



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

- Decrease of EBIT margin due to problems in core business
- Declining ROCE due to equity retention + lower EBIT margin

Legal Disclaimer

This research report was prepared by the Warburg Research GmbH, a subsidiary of the M.M.Warburg & CO KGaA. It contains selected information and does not purport to be complete. The report bases on publicly available information and data ("the Information") believed to be accurate and complete. Warburg Research GmbH neither does examine the Information to be accurate and complete, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the Information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. In particular, neither M.M.Warburg & CO KGaA nor the Warburg Research GmbH are liable for the statements, plans or other details contained in the Information concerning the examined companies, their associated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the Information contained in this document. Provided any research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO KGaA and Warburg Research GmbH shall be restricted to gross negligence and willful misconduct. Only in case of failure in essential tasks, M.M.Warburg & CO KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO KGaA and Warburg Research GmbH is limited to typical, expectable damages and the liability for any indirect damages is excluded. This research report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO KGaA or Warburg Research GmbH may serve on the board of directors of companies mentioned in a report. Opinions expressed in this report are subject to change without notice. All rights reserved.

Copyright Notice

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

Disclosure according to Section 34b of the German Securities Trading Act and FinAnV

Section 34 b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a securities analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis. In this connection, we point out that:

- M.M.Warburg & CO KGaA or Warburg Research GmbH is party to an agreement with this company relating to the production of research recommendations.
- M.M.Warburg & CO KGaA M and affiliates are regularly trading securities issued by this company or securities based on these issues.

The valuation underlying the rating of the equity security analysed in this report is based on generally accepted and widely used methods of fundamental valuation, such as DCF model, Peer group comparison and – where applicable – a Sum-of-the-parts model.

M.M.Warburg & CO KGaA and Warburg Research GmbH have set up effective organisational and administrative arrangements to prevent and avoid possible conflicts of interest and, where applicable, to disclose them.

Valuations, ratings and target prices for the companies analysed by M.M.Warburg & CO KGaA and Warburg Research GmbH are subject to constant reviews and may therefore change, if any of the fundamental factors underlying these items do change.

All share prices given in this equity analysis are closing prices, except where stated otherwise.

Neither M.M.Warburg & CO KGaA's analysts nor Warburg Research GmbH's analysts do receive any payments directly or indirectly from any affiliates' investment banking activity.

M.M.Warburg & CO KGaA and Warburg Research GmbH are under supervision of the BaFin – German Federal Financial Supervisory Authority.

Investment recommendation: expected direction of the share price development for equity security up to the given Target price in the opinion of the analyst who covers the issue.

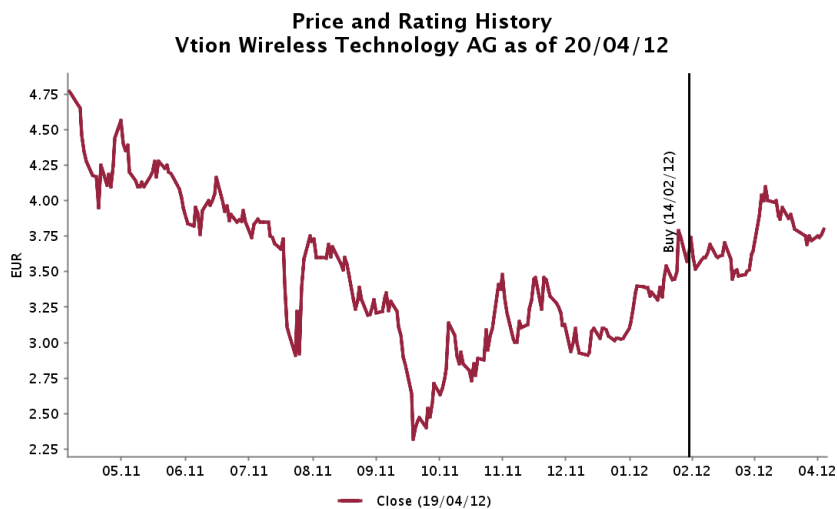
- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
- H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
- “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

M.M.Warburg & CO KGaA and Warburg Research GmbH research universe by rating:

Rating	Number of stocks	% of Universe
Buy	118	66%
Hold	51	28%
Sell	8	4%
Rating suspended	2	1%
Total	179	

M.M.Warburg & CO KGaA and Warburg Research GmbH research universe by rating, looking only at companies for which a disclosure according to section 34b German Securities Trading Act has to be made:

Rating	Number of stocks	% of Universe
Buy	94	67%
Hold	41	29%
Sell	3	2%
Rating suspended	2	1%
Total	140	



The charts have markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

Warburg Research GmbH

Hermannstraße 9 | 20095 Hamburg | www.warburg-research.com

Tel.: +49 40 309537-0 | Fax: +49 40 309537-110 | info@warburg-research.com



WARBURG RESEARCH

Christian Bruns Head of Research	+49 40 309537-253 cbruns@warburg-research.com	Henner Rüschemier Head of Research	+49 40 309537-270 hrueschmeier@warburg-research.com
Christian Cohrs	+49 40 309537-175 ccohrs@warburg-research.com	Roland Rapelius	+49 40 309537-220 rrapelius@warburg-research.com
Felix Ellmann	+49 40 309537-120 fellmann@warburg-research.com	Jochen Reichert	+49 40 309537-130 jreichert@warburg-research.com
Jörg Philipp Frey	+49 40 309537-258 jfrey@warburg-research.com	Christopher Rodler	+49 40 309537-290 crodler@warburg-research.com
Ulrich Huwald	+49 40 309537-255 uhuwald@warburg-research.com	Malte Schaumann	+49 40 309537-170 mschaumann@warburg-research.com
Thilo Kleibauer	+49 40 309537-257 tkleibauer@warburg-research.com	Susanne Schwartz	+49 40 309537-155 sschwartz@warburg-research.com
Torsten Klingner	+49 40 309537-260 tklingner@warburg-research.com	Oliver Schwarz	+49 40 309537-250 oschwarz@warburg-research.com
Eggert Kuls	+49 40 309537-256 ekuls@warburg-research.com	Marc-René Tonn	+49 40 309537-259 mtonn@warburg-research.com
Frank Laser	+49 40 309537-235 flaser@warburg-research.com	Björn Voss	+49 40 309537-254 bvoss@warburg-research.com
Malte Räter	+49 40 309537-185 mraether@warburg-research.com	Andreas Wolf	+49 40 309537-140 awolf@warburg-research.com
Andreas Pläsier	+49 40 309537-246 aplaesier@warburg-research.com	Stephan Wulf	+49 40 309537-150 swulf@warburg-research.com
Björn Blunck Business Support	+49 40 309537-160 bblunck@warburg-research.com	Markus Pähler Business Support	+49 40 309537-221 mpaehler@warburg-research.com
Daniel Bonn Business Support	+49 40 309537-205 dbonn@warburg-research.com	Claudia Vedder Business Support	+49 40 309537-105 cvedder@warburg-research.com
Annika Boysen Business Support	+49 40 309537-202 aboysen@warburg-research.com	Katrin Wauker Business Support	+49 40 309537-200 kwauker@warburg-research.com

M.M. Warburg & CO KGaA

Ferdinandstraße 75 | 20095 Hamburg | www.mmwarburg.com

Tel.: +49 40 3282-0 | Fax: +49 40 3618-1000 | info@mmwarburg.com



M. M. WARBURG & CO

1798

Oliver Merkel Head of Sales Trading	+49 40 3282-2634 omerckel@mmwarburg.com	Holger Nass Head of Equity Sales	+49 40 3282-2669 hnass@mmwarburg.com
Thekla Struve Sales Trading	+49 40 3282-2668 tstruve@mmwarburg.com	Christian Alisch Equity Sales	+49 40 3282-2667 calisch@mmwarburg.com
Gudrun Bolsen Sales Trading	+49 40 3282-2679 gbolsen@mmwarburg.com	Robert Conredel Equity Sales	+49 40 3282-2633 rconredel@mmwarburg.com
Bastian Quast Sales Trading	+49 40 3282-2701 bquast@mmwarburg.com	Matthias Fritsch Equity Sales	+49 40 3282-2696 mfritsch@mmwarburg.com
Patrick Schepelmann Sales Trading	+49 40 3282-2700 pschepelmann@mmwarburg.com	Michael Kriszun Equity Sales	+49 40 3282-2695 mkriszun@mmwarburg.com
Jörg Treptow Sales Trading	+49 40 3282-2658 jtreptow@mmwarburg.com	Marc Niemann Equity Sales	+49 40 3282-2660 mniemann@mmwarburg.com
Andrea Carstensen Sales Assistance	+49 40 3282-2632 acarstensen@mmwarburg.com	Dirk Rosenfelder Equity Sales	+49 40 3282-2692 drosenfelder@mmwarburg.com
Kerstin Tscherner Sales Assistance	+49 40 3282-2703 ktscherner@mmwarburg.com	Julian Straube Equity Sales	+49 40 3282-2666 jstraube@mmwarburg.com
Katharina Bruns Roadshow / Marketing	+49 40 3282-2694 kbruns@mmwarburg.com	Philipp Stumpfegger Equity Sales	+49 40 3282-2635 pstumpfegger@mmwarburg.com