

# Tintbright AG

June 20, 2014

## Basic Report Update

### Analysts

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### Evaluation Result

**BUY**

(previous: not rated)

### Fair Value

**€83.53**

(previous: €76.00)



BankM Research on Bloomberg, Thomson/Reuters, Factset, CapitalIQ and www.BankM.de

## Resisting Margin Pressure through Innovation & Integration

Tintbright AG, the German holding of two companies active in the textile manufacturing industry in China, has been listed in the Prime Standard of the Deutsche Boerse on January 27, 2014.

During FY 2013, the Company booked revenues of €127m (+5.1% constant currency). Despite the prevalent margin pressure in the wider Chinese textile industry, gross profit margin (GPM) was maintained stable at 26.6%. This is achieved through the one-stop service strategy which consists of the vertical integration of the value chain in combination with the focus on value-added, hence higher margin products. The results achieved during 1Q14 with a GPM of 27.5% more than confirm this strategy. A strong positive cash flow in both reporting periods resulted in a liquid position of €56m at balance sheet date March 31.

In order to increase production capacity, investments have been done in 2013 for the construction of a new production hall for fabric processing (€1.7m) and for the advancement of the water treatment system (€0.4m). During fiscal year 2014, investment activities will continue with a focus on the high-margin dyeing segment and will increase the production capacity by 37% until 2015.

The Company adheres to its previously announced dividend policy of at least 15% of net profit each year, starting from 2013. Also, management reiterates its full year guidance of sales growth (ca. 10%) and EBT margin (22-24%). Since listing with an opening price of €12.90, the stock showed an impressive performance of 65% and reflects the positive perception by investors.

**We have adjusted our DCF and peer group analysis and derive a fair value of €83.53 per share. Based on the capital market valuation of our "sentiment peer group", we expect a short to mid-term "trading target" of €32.52 per share. Given the current price level, we rate the stock as a "Buy".**

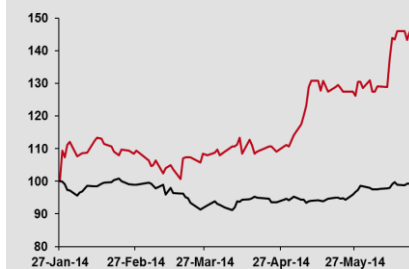
### Key data / Earnings

Year	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBT (€m)	Net Profit (€m)	EPS* (€)	DPS* (€)	EBIT-Margin	Net-Margin
2012a	122.7	30.3	28.7	27.6	19.1	9.54	0.00	23.3%	15.6%
2013a	127.2	31.3	30.0	29.4	21.8	10.92	1.64	23.6%	17.2%
2014e	140.4	33.2	31.6	31.6	23.0	11.49	1.72	22.5%	16.4%
2015e	155.6	37.1	34.8	35.2	26.1	13.04	1.96	22.4%	16.8%
2016e	160.6	37.2	34.9	35.4	26.1	13.07	1.96	21.7%	16.3%
2017e	165.7	37.1	34.9	35.5	26.3	13.13	1.97	21.1%	15.8%

Source: BankM Research, Tintbright AG

\*adjusted for the number of shares after capital increase by contribution in kind and after capital increase in cash, i.e. 2.0m

Sector	Textile		
WKN	A1PG7W		
ISIN	DE000A1PG7W8		
Bloomberg/Reuters	TBR		
Accounting standard	IFRS		
Financial year	Dec 31		
Financial reporting H1 2014	August 29, 2014		
Market segment	Regulated Market		
Transparency standard	Prime Standard		
Financial ratios	2014e	2015e	2016e
EV/Sales	0.10	0.09	0.09
EV/EBITDA	0.43	0.39	0.39
EV/EBIT	0.45	0.41	0.41
P/E	1.86	1.64	1.63
Price/Bookvalue	0.48	0.39	0.32
Price/FCF	2.09	2.51	1.55
ROE (in %)	29.5	26.3	21.5
Dividend yield (in %)	4.0	4.6	4.6
Number of shares outs. (in '000)	2,000		
MarketCap / EV (in € m)	42.65 / 14.34		
Free float (in %)	15.8%		
Ø daily trading vol. (3M, in €)	19,504		
3M high/low (in €; XETRA-close)	21.75 / 15.77		
Price June 19, 2014 (in €; XETRA-close)	21.33		
Performance	1M	6M	12M
absolute (in %)	11.1	n.a.	n.a.
relative (in %)	9.8	n.a.	n.a.
Benchmark Index	DAXsubsector Clothing & Footwear		



Tintbright AG (red/grey), Performance since IPO vs. DAXsubsec. Clothing & Footwear (black).  
Source: Bloomberg

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## Advancing both, production capacity and eco status

The Company is pursuing its expansion strategy in order to increase overall production capacity. Initially, the Company focuses on the higher margin refining segment, which processes woven fabric through dyeing and printing. Early 2014 already saw investments into a new facility with 34 new dyeing machines thereby extending the processing capacity within this segment by 37% to 219m meters per year. More efficient production processes with the modern machines are pivotal to keep the margins at a healthy level in light of the competitive environment and the rising labor costs. In addition to the dyeing capacity extension, the Company plans to increase its printing capacity, a project which is scheduled for later fiscal year (Q3/Q4). Overall, the dedicated allocation of capital expenditure underlines the Company's strategy to capitalize on the one-stop-shop approach by servicing its customers through the integration of production and refining processes.

Besides investments into the actual production, Tintbright is also advancing its water treatment system - a pivotal regulatory requirement for the operation of textile manufacturers and processors. During 1Q14, the Company has been officially recognized by the authorities as an environment-friendly company.

## Valuation

Based on the FY 2013 and 1Q14 results we have adjusted our DCF and multiple analysis and derive discrete values per share as follows:

DCF analysis: €97.13

Multiple analysis: €69.93  
(mean from both peer groups)

**Equally weighted, our valuation approach results in a fair value of €83.53 per share and we rate the stock as a "Buy".**

### DCF Analysis

	2013a	Phase 1					Phase 2				Terminal Value
		2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e		
in € '000	Basis	1	2	3	4	5	6	7	8		
Growth	3.6%	10.4%	10.8%	3.2%	3.2%	1.3%	1.3%	1.3%	1.3%	1.0%	
<b>Revenues</b>	<b>127,200</b>	<b>140,427</b>	<b>155,644</b>	<b>160,631</b>	<b>165,738</b>	<b>167,831</b>	<b>169,956</b>	<b>172,112</b>	<b>174,300</b>	<b>173,833</b>	
<b>EBIT</b>	<b>29,979</b>	<b>31,592</b>	<b>34,841</b>	<b>34,920</b>	<b>34,944</b>	<b>33,466</b>	<b>32,700</b>	<b>31,863</b>	<b>30,949</b>	<b>20,686</b>	
- Tax	7,495	7,898	8,710	8,730	8,736	8,367	8,175	7,966	7,737	5,172	
+ Depreciation and amortization	1,352	1,621	2,246	2,236	2,204	2,210	2,219	2,070	1,131	125	
- Change in net working capital	15,096	1,751	2,584	749	762	220	225	222	217	0	
- Capex	2,121	1,918	8,905	125	125	125	125	125	125	125	
<b>= Free Cash Flow</b>	<b>6,619</b>	<b>21,646</b>	<b>16,888</b>	<b>27,551</b>	<b>27,524</b>	<b>26,965</b>	<b>26,393</b>	<b>25,620</b>	<b>24,001</b>	<b>15,515</b>	
Terminal Value										155,691	
Discount factor	n.a.	0.88	0.77	0.67	0.59	0.52	0.45	0.40	0.35	0.35	
<b>NPV of Free Cash Flows</b>	<b>n.a.</b>	<b>18,958</b>	<b>12,954</b>	<b>18,511</b>	<b>16,206</b>	<b>13,921</b>	<b>11,951</b>	<b>10,180</b>	<b>8,373</b>		
<b>NPV of Terminal Value</b>										<b>54,317</b>	
<b>Valuation</b>		<b>Proportion of EV</b>									
Result of Future Cash Flows	111,054	67%									
+ Result of Terminal Value	54,317	33%									
<b>= Value of the Entity</b>	<b>165,371</b>										
+ Cash (as of 31.12.2013)	45,332										
- Financial Debt (as 31.12.2013)	16,435										
<b>= Value of Equity</b>	<b>194,268</b>										
Current No. of Shares (in ths)	2,000										
<b>Price per Share</b>	<b>97.13</b>										

Source: BankM Research

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# Tintbright AG

June 20, 2014

Valuation - 3/11 -

## Key Model Assumptions

	Source	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	TV
Riskfree Return*	Bloomberg	0.03%	0.04%	0.09%	0.22%	0.41%	0.59%	0.79%	1.01%	2.18%
Expected Market Return		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Beta**	Damodaran	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.00
Country Risk Premium China	Damodaran	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%
Company Specific Risk Premium	BankM	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Cost of Equity</b>		<b>14.18%</b>	<b>14.18%</b>	<b>14.17%</b>	<b>14.16%</b>	<b>14.14%</b>	<b>14.12%</b>	<b>14.09%</b>	<b>14.07%</b>	<b>13.05%</b>
Target Weight		100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Cost of Debt</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
Target Weight		0%	0%	0%	0%	0%	0%	0%	0%	0%
Tax Shield		25%	25%	25%	25%	25%	25%	25%	25%	25%
<b>WACC</b>		<b>14.18%</b>	<b>14.18%</b>	<b>14.17%</b>	<b>14.16%</b>	<b>14.14%</b>	<b>14.12%</b>	<b>14.09%</b>	<b>14.07%</b>	<b>13.05%</b>

Source: BankM Research

## Sensitivity Analysis

		Discount rate of Terminal Value						
		8.00%	9.00%	10.00%	10.97%	11.00%	12.00%	13.00%
Growth in Terminal Value	-1.00%	99.45	96.50	94.09	92.15	92.08	90.38	88.92
	0.00%	103.47	99.75	96.77	94.41	94.34	92.31	90.59
	<b>1.00%</b>	<b>108.64</b>	<b>103.80</b>	<b>100.05</b>	<b>97.13</b>	97.04	94.58	92.53
	2.00%	115.53	109.02	104.14	100.46	100.34	97.31	94.82
	3.00%	125.17	115.97	109.40	104.63	104.47	100.64	97.57

		EBIT Margin in Terminal Value						
		9.00%	10.00%	11.00%	11.90%	12.00%	13.00%	14.00%
Growth in Terminal Value	-1.00%	86.74	88.61	90.47	92.15	92.33	94.20	96.06
	0.00%	88.46	90.51	92.56	94.41	94.62	96.67	98.73
	<b>1.00%</b>	<b>90.52</b>	<b>92.80</b>	<b>95.08</b>	<b>97.13</b>	97.36	99.64	101.93
	2.00%	93.03	95.59	98.16	100.46	100.72	103.28	105.84
	3.00%	96.18	99.09	102.01	104.63	104.92	107.83	110.74

## Peer Group Analysis

### Sector Peer Group

Peer Group	Mkt Cap	EV	Revenues			EBITDA			Net Profit			Book Value		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
in € m														
Texhong Textile Group Ltd	496.94	944.67	1,007.96	1,274.27	1,547.03	166.12	163.14	213.78	137.92	85.97	124.27	405.05		
Weiqiao Textile Co	432.19	465.35	1,700.32	1,596.70	1,614.74	343.89	-	-	77.03	67.94	70.38	1,929.37		
Zhejiang Hangmin Co Ltd	401.49	427.80	355.96	379.99	417.90	89.89	-	-	50.36	53.49	59.77	282.00		
Shenzhou International Group H	3,445.50	3,103.16	1,230.74	1,348.83	1,555.92	320.47	359.11	412.46	220.86	247.86	287.45	1,237.97		
Ruentex Industries Ltd	1,759.87	2,004.77	112.67	-	-	-3.85	-	-	1,105.65	107.82	131.24	1,398.45		
Alok Industries Ltd	237.86	2,113.51	1,589.83	-	1,827.16	381.56	-	459.53	55.56	-	90.53	-		
Huafu Top Dyed Melange Yarn Co	381.06	791.60	759.95	806.93	912.68	69.50	88.06	107.69	24.53	29.82	36.56	397.74		
<b>Tintbright AG</b>	<b>42.65</b>	<b>14.34</b>	<b>127.22</b>	<b>140.43</b>	<b>155.64</b>	<b>31.33</b>	<b>33.21</b>	<b>37.09</b>	<b>21.85</b>	<b>22.98</b>	<b>26.07</b>	<b>67.76</b>	<b>87.96</b>	<b>110.59</b>

If EV prev. day is not available, the EV current day is displayed without further notice

Peer Group	Mkt Cap	EV	EV/Revenues			EV/EBITDA			P/E			P/B		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
Multiples														
Texhong Textile Group Ltd	496.94	944.67	0.94	0.74	0.61	5.69	5.79	4.42	3.60	5.78	4.00	2.06	1.09	0.91
Weiqiao Textile Co	432.19	465.35	0.27	0.29	0.29	1.35	-	-	5.61	6.36	6.14	0.28	0.22	0.22
Zhejiang Hangmin Co Ltd	401.49	427.80	1.20	1.13	1.02	4.76	-	-	7.97	7.51	6.72	1.71	1.34	1.12
Shenzhou International Group H	3,445.50	3,103.16	2.52	2.30	1.99	9.68	8.64	7.52	15.60	13.90	11.99	3.08	2.50	2.22
Ruentex Industries Ltd	1,759.87	2,004.77	17.79	-	-	neg.	-	-	1.59	16.32	13.41	1.19	-	-
Alok Industries Ltd	237.86	2,113.51	1.33	-	1.16	5.54	-	4.60	4.28	-	2.63	0.53	-	0.39
Huafu Top Dyed Melange Yarn Co	381.06	791.60	1.04	0.98	0.87	11.39	8.99	7.35	15.53	12.78	10.42	1.16	0.94	0.86
<b>Median</b>	<b>432.19</b>	<b>944.67</b>	<b>1.20</b>	<b>0.98</b>	<b>0.95</b>	<b>5.61</b>	<b>8.64</b>	<b>5.98</b>	<b>5.61</b>	<b>10.14</b>	<b>6.72</b>	<b>1.19</b>	<b>1.09</b>	<b>0.89</b>
Mean (for information purposes)	1,022.13	1,407.27	3.59	1.09	0.99	6.40	7.81	5.97	7.74	10.44	7.90	1.43	1.22	0.95
<b>Tintbright AG</b>	<b>42.65</b>	<b>14.34</b>	<b>-</b>	<b>0.10</b>	<b>0.09</b>	<b>-</b>	<b>0.43</b>	<b>0.39</b>	<b>-</b>	<b>1.86</b>	<b>1.64</b>	<b>-</b>	<b>0.48</b>	<b>0.39</b>

MktCap and EV prev. Year not shown; as of publication date, some figures for 2013 may still be estimates

Enterprise Value Tintbright AG	152.90	137.76	147.17	175.86	287.00	221.60	122.59	233.04	175.14	80.65	96.14	98.12		
-Net debt			-52.35	-52.35	-52.35	-52.35	-52.35							
Value of the Equity			205.24	190.11	199.51	228.21	339.35	273.95	122.59	233.04	175.14	80.65	96.14	98.12

Year	2014e	2015e
Implicit Price	107.33	93.34

	2014e	2015e
Equity value based on EV/Revenues (€ m)	190.11	199.51
Equity value based on EV/EBITDA (€ m)	339.35	273.95
Equity value based on P/E (€ m)	233.04	175.14
Equity value based on P/B (€ m)	96.14	98.12
Mean	214.66	186.68
No. of shares (in '000)	2,000	2,000
Price/share (€)	107.33	93.34

Source: Bloomberg, BankM Research

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## China Prime Standard peer group

Peer Group	Mkt Cap		Revenues			EBITDA			Net Profit			Book Value		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
in € m														
Asian Bamboo AG	20.52	36.29	32.30	-	-	31.90	-	-	-152.90	-	-	-	-	-
China Specialty Glass AG	38.04	neg.	-	-	-	-	-	-	-	-	-	-	-	-
FAST Casualwear AG	10.47	19.80	122.97	-	-	-	-	-	15.80	-	-	-	-	-
Firstextile AG	87.32	36.29	200.30	227.00	296.50	47.00	57.95	75.45	32.90	39.60	51.30	-	-	-
Haikui Seafood AG	44.29	neg.	117.64	124.00	135.00	18.64	16.30	18.30	10.23	10.40	11.60	155.40	-	-
Joyou AG	263.16	249.56	357.84	381.67	411.67	61.38	66.10	71.70	24.02	36.17	40.60	360.16	-	-
Ming Le Sports AG	32.77	neg.	358.00	393.00	433.00	56.20	62.30	75.10	42.10	46.30	54.10	-	-	-
Powerland AG	30.45	70.51	-	-	-	-	-	-	-	-	-	-	-	-
Ultrasonic AG	97.77	neg.	163.80	178.00	198.00	48.85	49.00	52.80	35.01	35.30	38.20	160.12	-	-
United Power Technology AG	27.31	neg.	103.67	98.50	101.00	19.65	17.70	19.70	10.11	9.80	11.50	109.49	-	-
Vancamel AG	69.45	22.87	175.00	183.00	196.00	49.00	44.40	47.30	33.30	32.70	35.40	-	-	-
Vtion Wireless Technology AG	44.79	neg.	59.95	60.00	60.00	5.55	5.50	5.20	4.40	4.40	4.10	136.33	-	-
Youbisheng Green Paper AG	21.15	neg.	96.03	93.10	93.10	25.70	24.50	24.50	17.19	16.80	15.90	82.17	-	-
Zhongde Waste Technology AG	40.95	15.05	12.31	35.00	52.30	4.21	-3.80	1.50	-8.26	-6.20	-1.20	102.95	-	-
<b>Tintbright AG</b>	<b>42.65</b>	<b>14.34</b>	<b>127.22</b>	<b>140.43</b>	<b>155.64</b>	<b>31.33</b>	<b>33.21</b>	<b>37.09</b>	<b>21.85</b>	<b>22.98</b>	<b>26.07</b>	<b>67.76</b>	<b>87.96</b>	<b>110.59</b>

If EV prev. day is not available, the EV current day is displayed without further notice

Peer Group	Mkt Cap		EV/Revenues			EV/EBITDA			P/E			P/B		
	prev. Day	prev. Day	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e	2013a	2014e	2015e
Multiples														
Asian Bamboo AG	20.52	36.29	1.18	-	-	1.20	-	-	neg.	-	-	-	-	-
China Specialty Glass AG	38.04	neg.	-	-	-	-	-	-	-	-	-	-	-	-
FAST Casualwear AG	10.47	19.80	-	-	-	-	-	-	1.16	-	-	-	-	-
Firstextile AG	87.32	36.29	0.48	0.16	0.12	2.03	0.63	0.48	3.58	2.21	1.70	0.67	0.53	0.42
Haikui Seafood AG	44.29	neg.	0.04	-	-	0.25	-	-	5.12	4.26	3.82	0.34	0.27	0.25
Joyou AG	263.16	249.56	0.81	0.65	0.61	4.72	3.78	3.48	12.79	7.28	6.48	0.85	0.68	0.62
Ming Le Sports AG	32.77	neg.	-	-	-	-	-	-	1.77	0.71	0.61	0.21	0.16	0.15
Powerland AG	30.45	70.51	-	-	-	-	-	-	-	-	-	-	-	-
Ultrasonic AG	97.77	neg.	-	-	-	-	-	-	2.96	2.77	2.56	0.58	0.51	0.43
United Power Technology AG	27.31	neg.	0.07	-	-	0.35	-	-	3.78	2.79	2.37	0.35	0.24	0.22
Vancamel AG	69.45	22.87	0.02	0.12	0.12	0.08	0.52	0.48	1.52	2.12	1.96	0.88	0.66	0.51
Vtion Wireless Technology AG	44.79	neg.	-	-	-	-	-	-	11.43	10.18	10.92	0.34	0.28	0.27
Youbisheng Green Paper AG	21.15	neg.	0.16	-	-	0.59	-	-	2.54	1.26	1.33	0.53	0.20	0.17
Zhongde Waste Technology AG	40.95	15.05	1.87	0.43	0.29	5.47	neg.	10.03	neg.	neg.	neg.	0.55	0.40	0.40
<b>Median</b>	<b>39.49</b>	<b>36.29</b>	<b>0.32</b>	<b>0.29</b>	<b>0.21</b>	<b>0.89</b>	<b>0.63</b>	<b>1.98</b>	<b>3.27</b>	<b>2.77</b>	<b>2.37</b>	<b>0.54</b>	<b>0.34</b>	<b>0.34</b>
Mean (for information purposes)	59.17	64.34	0.58	0.34	0.28	1.84	1.64	3.62	4.67	3.73	3.53	0.53	0.39	0.34
<b>Tintbright AG</b>	<b>42.65</b>	<b>14.34</b>	<b>-</b>	<b>0.10</b>	<b>0.09</b>	<b>-</b>	<b>0.43</b>	<b>0.39</b>	<b>-</b>	<b>1.86</b>	<b>1.64</b>	<b>-</b>	<b>0.48</b>	<b>0.39</b>

MktCap and EV prev. Year not shown; as of publication date, some figures for 2013 may still be estimates

Enterprise Value Tintbright	40.43	41.42	31.92	28.03	20.80	73.51	71.45	63.64	61.90	36.69	29.62	37.22
-Net debt	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35	-52.35
Value of the Equity	92.77	93.76	84.27	80.37	73.14	125.86	71.45	63.64	61.90	36.69	29.62	37.22

Year	2014e	2015e
Implicit Price	32.52	38.66

	2014e	2015e
Equity value based on EV/Revenues (€ m)	93.76	84.27
Equity value based on EV/EBITDA (€ m)	73.14	125.86
Equity value based on P/E (€ m)	63.64	61.90
Equity value based on P/B (€ m)	29.62	37.22
Mean	65.04	77.31
No. of shares (in '000)	2,000	2,000
Price/share (€)	32.52	38.66

Source: Bloomberg, BankM Research

## Tables

### Profit & Loss Account

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR 2013 -2017
in € '000							
<b>Total Sales</b>	<b>122,734</b>	<b>127,220</b>	<b>140,427</b>	<b>155,644</b>	<b>160,631</b>	<b>165,738</b>	
<i>Growth rate (in %)</i>	16.1	3.7	10.4	10.8	3.2	3.2	6.8
Cost of sales	90,134	93,388	103,705	115,550	120,418	125,460	
<b>Gross Profit</b>	<b>32,600</b>	<b>33,832</b>	<b>36,722</b>	<b>40,094</b>	<b>40,213</b>	<b>40,278</b>	
<i>Growth rate (in %)</i>	17.7	3.8	8.5	9.2	0.3	0.2	4.5
Selling and marketing expenses	988	1,073	1,130	1,253	1,293	1,334	
General and administration expenses	2,954	2,882	4,000	4,000	4,000	4,000	
Other income	0	102	0	0	0	0	
<b>EBIT</b>	<b>28,658</b>	<b>29,979</b>	<b>31,592</b>	<b>34,841</b>	<b>34,920</b>	<b>34,944</b>	
<i>Growth rate (in %)</i>	15.7	4.6	5.4	10.3	0.2	0.1	3.9
Net Financial Result (inc./exp.-)	-1,054	-573	-9	380	461	602	
<b>EBT</b>	<b>27,604</b>	<b>29,406</b>	<b>31,583</b>	<b>35,221</b>	<b>35,380</b>	<b>35,547</b>	
<i>Growth rate (in %)</i>	15.0	6.5	7.4	11.5	0.5	0.5	4.9
Taxes on Income (Exp./Inc.-)	8,517	7,558	8,607	9,150	9,236	9,279	
<i>t/o deferred taxes (Exp./Inc.-)</i>	1,156	-1,377	384	0	0	0	
<i>t/o actual tax expense (Exp./Inc.-)</i>	7,114	7,536	7,896	8,805	8,845	8,887	
<i>t/o withholding tax (10% of dividend)</i>	247	1,399	328	345	391	392	
<b>Net profit</b>	<b>19,087</b>	<b>21,848</b>	<b>22,976</b>	<b>26,071</b>	<b>26,144</b>	<b>26,268</b>	
<i>Growth rate (in %)</i>	7.6	14.5	5.2	13.5	0.3	0.5	4.7
<i>For information purposes</i>							
<i>Depreciation and amortization</i>	1,645	1,353	1,621	2,246	2,236	2,204	
<b>EBITDA</b>	<b>30,303</b>	<b>31,332</b>	<b>33,213</b>	<b>37,088</b>	<b>37,155</b>	<b>37,148</b>	
<i>Growth rate (in %)</i>	15.3	3.4	6.0	11.7	0.2	0.0	4.3
No. of shares (Ø outstanding)*	2,000	2,000	2,000	2,000	2,000	2,000	
Net profit / share (EPS)*	9.54	10.92	11.49	13.04	13.07	13.13	

\* adjusted for the number of shares after capital increase by contribution in kind and after capital increase in cash, i.e. 2.0m

Source: Tintbright AG, BankM Research

### Profit & Loss Margins

in %	2012a	2013a	2014e	2015e	2016e	2017e
Gross Profit margin	26.6	26.6	26.2	25.8	25.0	24.3
EBITDA margin	24.7	24.6	23.7	23.8	23.1	22.4
EBIT margin	23.3	23.6	22.5	22.4	21.7	21.1
EBT margin	22.5	23.1	22.5	22.6	22.0	21.4
Net Profit margin	15.6	17.2	16.4	16.8	16.3	15.8

Source: Tintbright AG, BankM Research

## Cash Flow Statement

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR 2013 -2017
in € '000							
<b>EBT</b>	<b>27,604</b>	<b>29,406</b>	<b>31,583</b>	<b>35,221</b>	<b>35,380</b>	<b>35,547</b>	
<i>Growth rate (in %)</i>	15.0	6.5	7.4	11.5	0.5	0.5	4.9
+ Depreciation and amortization	1,645	1,353	1,621	2,246	2,236	2,204	
- income taxes paid	6,077	7,533	8,792	9,014	9,215	9,268	
<b>= Cash Earnings</b>	<b>23,172</b>	<b>23,226</b>	<b>24,412</b>	<b>28,453</b>	<b>28,401</b>	<b>28,483</b>	
<i>Growth rate (in %)</i>	26.7	0.2	5.1	16.6	-0.2	0.3	5.2
+ Other non-cash items	1,054	573	-384	0	0	0	
- Chg. in net working capital	-10,818	17,320	1,751	2,584	749	762	
<b>= Operating Cash Flow</b>	<b>35,044</b>	<b>6,479</b>	<b>22,277</b>	<b>25,869</b>	<b>27,652</b>	<b>27,720</b>	
<i>Growth rate (in %)</i>	80.2	-81.5	243.8	16.1	6.9	0.2	43.8
- Capex	635	2,121	1,918	8,905	125	125	
<b>= Free Cash Flow</b>	<b>34,409</b>	<b>4,358</b>	<b>20,359</b>	<b>16,964</b>	<b>27,527</b>	<b>27,595</b>	
<i>Growth rate (in %)</i>	88.2	-87.3	367.2	-16.7	62.3	0.2	58.6
+ Other net items	-3,581	-573	0	0	0	0	
- Dividends (previous year)	12,339	0	3,277	3,446	3,911	3,922	
+ Transaction with shareholder	-17,499	13,249	0	0	0	0	
+ Increase in share capital	50	0	500	0	0	0	
+ Bank loans	-123	-12,455	-4,102	0	0	0	
<b>= Incr. in Cash (+)/Decr. in Cash (-)</b>	<b>917</b>	<b>4,579</b>	<b>13,480</b>	<b>13,517</b>	<b>23,616</b>	<b>23,674</b>	

Source: Tintbright AG, BankM Research

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# Tintbright AG

June 20, 2014

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## Balance Sheet

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e
in € '000						
<b>Assets</b>						
Tangible assets	11,427	13,770	14,863	21,550	19,467	17,416
Intangible assets (Land use rights)	1,180	1,140	1,112	1,084	1,056	1,028
Deferred tax	410	384	0	0	0	0
Other fixed assets & Prepayments	1,937	0	0	0	0	0
<b>Total Fixed Assets</b>	<b>14,954</b>	<b>15,294</b>	<b>15,975</b>	<b>22,634</b>	<b>20,523</b>	<b>18,444</b>
Inventories	4,521	4,574	6,819	7,598	7,918	8,249
Accounts receivable	27,761	29,838	34,626	38,378	39,608	40,867
Cash and other equivalents	45,332	49,777	63,257	76,775	100,391	124,065
Amount due from a shareholder	4,007	0	0	0	0	0
Other current assets	21	261	0	0	0	0
<b>Total Current Assets</b>	<b>81,642</b>	<b>84,450</b>	<b>104,702</b>	<b>122,750</b>	<b>147,916</b>	<b>173,181</b>
<b>Balance Sheet Total</b>	<b>96,596</b>	<b>99,744</b>	<b>120,677</b>	<b>145,384</b>	<b>168,439</b>	<b>191,625</b>
<b>Shareholder's Equity / Liabilities</b>						
Subscribed capital	50	50	2,000	2,000	2,000	2,000
Retained earnings and other reserves	45,875	66,858	85,961	108,586	130,820	153,166
Non-controlling interest	584	855	0	0	0	0
<b>Shareholders Equity</b>	<b>46,509</b>	<b>67,763</b>	<b>87,961</b>	<b>110,586</b>	<b>132,820</b>	<b>155,166</b>
<b>Long Term Liabilities</b>	<b>1,381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deferred tax	1,381	0	0	0	0	0
<b>Short Term Liabilities (&lt; 1 year)</b>	<b>48,706</b>	<b>31,981</b>	<b>32,715</b>	<b>34,798</b>	<b>35,620</b>	<b>36,459</b>
Acc. payable	20,663	12,660	17,047	18,994	19,795	20,624
Bank loans	16,435	4,102	0	0	0	0
Other financial liabilities	2,161	10,516	10,516	10,516	10,516	10,516
Salary accrued	1,641	1,538	1,538	1,538	1,538	1,538
Other payables	520	0	0	0	0	0
Amount due to a shareholder	0	8,978	8,978	8,978	8,978	8,978
Other current liabilities	7,090	2,367	3,000	3,000	3,000	3,000
Short term tax liabilities	2,357	2,336	2,152	2,287	2,309	2,320
<b>Total Liabilities</b>	<b>50,087</b>	<b>31,981</b>	<b>32,715</b>	<b>34,798</b>	<b>35,620</b>	<b>36,459</b>
<b>Balance Sheet Total</b>	<b>96,596</b>	<b>99,744</b>	<b>120,677</b>	<b>145,384</b>	<b>168,439</b>	<b>191,625</b>

Source: Tintbright AG, BankM Research

## Balance Sheet Ratios

In % of Balance Sheet Total	2012a	2013a	2014e	2015e	2016e	2017e
Total Fixed Assets	15.5	15.3	13.2	15.6	12.2	9.6
Total Current Assets	84.5	84.7	86.8	84.4	87.8	90.4
Inventories	4.7	4.6	5.7	5.2	4.7	4.3
Trade receivables	28.7	29.9	28.7	26.4	23.5	21.3
Total liquid funds	46.9	49.9	52.4	52.8	59.6	64.7
Shareholder's Equity	48.1	67.9	72.9	76.1	78.9	81.0
Long Term Liabilities	1.4	0.0	0.0	0.0	0.0	0.0
Short Term Liabilities	50.4	32.1	27.1	23.9	21.1	19.0
Total Liabilities	51.9	32.1	27.1	23.9	21.1	19.0

Source: Tintbright AG, BankM Research

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## Key Ratios

	2012a	2013a	2014e	2015e	2016e	2017e
Return on Assets (in %)	20.0	22.3	20.8	19.6	16.7	14.6
Return on Equity (in %)	43.6	38.2	29.5	26.3	21.5	18.2
Gross Profit Margin (in %)	26.6	26.6	26.2	25.8	25.0	24.3
EBIT Margin (in %)	23.3	23.6	22.5	22.4	21.7	21.1
Net Profit Margin (in %)	15.6	17.2	16.4	16.8	16.3	15.8
Current Ratio	1.68	2.64	3.20	3.53	4.15	4.75
Quick Ratio	1.50	2.49	2.99	3.31	3.93	4.52
Leverage	0.52	0.32	0.27	0.24	0.21	0.19
Gearing	1.08	0.47	0.37	0.31	0.27	0.23
Interest Coverage Ratio	21.26	37.57	102.69	n.a.	n.a.	n.a.
Earnings per Share	9.54	10.92	11.49	13.04	13.07	13.13
Dividends per Share	0.00	1.64	1.72	1.96	1.96	0.00
Dividend Payout Ratio	0.00	0.15	0.15	0.15	0.15	0.00
FCF per Share	17.20	2.18	10.18	8.48	13.76	13.80
Book Value per Share	23.25	33.88	43.98	55.29	66.41	77.58
Days Sales Outstanding	82.89	82.63	83.78	85.60	88.60	88.61
Days in Inventory	24.35	17.77	20.05	22.77	23.51	23.52
Days in Payables	5.03	5.61	6.98	6.41	6.21	6.21
Cash Conversion Cycle	34.66	35.28	51.55	51.45	53.33	53.34
Total Asset Turnover	1.28	1.30	1.27	1.17	1.02	0.92
Working Capital to Sales	0.26	0.27	0.30	0.30	0.30	0.30
CAPEX to Sales	0.01	0.02	0.01	0.06	0.00	0.00
Depreciation/Sales	0.01	0.01	0.01	0.01	0.01	0.01
Tax Rate (in %)	30.9	25.7	27.3	26.0	26.1	26.1
Number of Employees	1,189	1,154	1,195	1,195	1,195	1,195
Sales/Employee in € '000	103.22	110.24	117.51	130.25	134.42	138.69
Net Profit/Employee in € '000	16.05	18.93	19.23	21.82	21.88	21.98

Source: Tintbright AG, BankM Research

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**Authors: Dr. Roger Becker, CEFA, and David Szabadvari, CIIA, Analysts.**

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Analysts	Date	Evaluation result	Fair value per share
Dr. Roger Becker, David Szabadvari	January 10, 2014	Not rated due to Listing	€ 76.00

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**3. Date of first publication of this document:**

**June 20, 2014**

**4. Date and time of prices of the instruments quoted in this document:**

**Closing prices of June 19, 2014**

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# Tintbright AG

June 20, 2014

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