

May 7th, 2018

Europa | Germany | Auto Supplier

DR. KALLIWODA
RESEARCH GmbH

Update

BUY

Target Price: EUR 110

Industry: Automotive Supplier
 Country: Germany
 ISIN: DE0005558696
 Bloomberg: PGNNG.DE
 Reuters: PGN GR
 Website: www.paragon.ag

Last Price: 54.90
 High: 95.28 Low: 51.20
 Price 52 W.: 95.28 51.20
 Market Cap. (EURm) 248.49
 No. of Shares (in m) 4.53

Shareholders

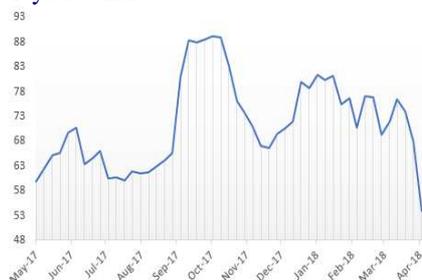
Klaus-Dieter Frers 50.01%
 Free Float 49.99%

Performance

4 Weeks -23%
 26 Weeks -30%
 52 Weeks -3%

Dividend	in EUR	in %
2011	0.25	4.20%
2012	0.35	3.81%
2013	0.25	2.38%
2014	0.25	1.76%
2015	0.25	0.79%
2016	0.25	0.41%

1-year Chart



Analyst

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Also see our Bloomberg page: KALL

paragon AG

Further jump in Group sales expected

- The outstanding operating efficiency in the young operating segments Electromobility and Mechanics (Body Kinematics unit) was a crucial element in the company's organic growth in the fiscal year 2017. In the last 12M period, paragon AG produced sales of € 124.8m (previous year: € 102.8m), which indicates an increase of 21.4%. EBITDA there-fore increased 5.8% to €17.0m (former year: € 16.1m), which translates to an EBITDA margin of 13.6% (previous year: 15.7%).
- Due to the decreased financial result of € -4.4m (previous year: € -3.2m), EBT also fell to € 3.2m (former year: € 5.8m). Simultaneously, income taxes inflated to € 3.9m (previous year: € 2.2m). Overall the paragon Group produced a consolidated net loss of € -0.7m in the year under assessment.
- Since some extraordinary expenses, an amount of around EUR 2.2 million could not be passed on to customers as planned in the past year, the bottom line results were negative. Nevertheless, we believe that the consistent implementation of company's long-term strategy of profitable growth along the megatrends in the automotive industry should materialize soon. Although the Company is actually offering significant sales growth, we feel the serious acceleration in income growth will start from 2019 or mid 2018 onwards.
- We still believe that the main driver will be the demonstration of the Company's potential to speed up manufacturing in electromobility, by means of boosting automated serial production of battery modules for intralogistics applications.
- Under those circumstances, we keep high our end-term revenue and income estimates for the Company anticipating the increase of sales by 18% (CAGR 2018-20E) and improvement in net income to above € 10m by 2019E. The stock has a rating Buy with a Target Price of € 110 based on DCF model.

Key Figures

EURm	2012	2013	2014	2015	2016	2017	2018E	2019E
Net sales	70,4	73,9	79,0	95,0	102,8	124,8	174,8	206,2
EBITDA	11,8	12,5	10,5	14,2	16,1	17,0	27,2	34,1
EBIT	7,8	7,9	6,2	7,8	8,9	7,6	15,3	22,1
Net income	4,6	3,9	2,8	3,4	3,6	-0,7	7,1	12,1
EPS	1,1	1,0	0,7	0,8	0,8	-0,1	1,6	2,7
BVPS	3,2	3,9	4,2	4,7	7,7	39,1	40,7	43,1
RoE	40,6%	27,3%	16,8%	18,6%	13,3%	-0,6%	3,9%	6,4%
EBIT margin	11,0 %	10,7 %	7,9 %	8,2 %	8,7 %	6,1 %	8,8 %	10,7 %
P/E	48,7x	57,2x	81,4x	66,4x	69,0x	-378,2x	35,2x	20,5x
P/BVPS	17,3x	14,2x	13,1x	12,1x	7,3x	1,4x	1,4x	1,3x
EV/EBITDA	23,8x	22,4x	26,6x	19,7x	17,4x	16,5x	10,3x	8,2x

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1 Company Profile

paragon AG (the Company thereafter) was founded in 1988 as an electronics manufacturer. The company's headquarters are located in Delbruck (North Rhine-Westphalia). Other Company's divisions are based in Suhl, St. Georgen, Bexbach and Nuremberg (production or development). The paragon AG has also finished to build a battery production plant in Texas (USA) and a factory in Kunshan (greater Suzhou region).

1.1 Products and Market Share

Founded as a contract manufacturer for electronics, paragon is now a pure Tier 1 automotive supplier. Its main focus relies on auto electronics for interior products to enhance the health, comfort, communication and efficiency. The product catalog includes more than 170 products with a capacity of over 15 million units produced per annum, in addition to its 250 patents owned.

Divisions		
Sensors	Acoustics	Electromobility
Air quality sensor AQS	Microphone	Energy Storage Powerpack
Air improvement system	Seatbelt microphone blet mic	Motor Controller MoDrive
Air treatment system		DC/DC Converter DCCon
Clutck travel sensor		Onboard Charger ChargeON
All gear sensor		
Start-stop sensor		
Cockpit	kinematics	
Interfaces	Aerodynamic	
Cradles & Consoles	Comfort	
cTablet docking station	Convertible tops	
Instruments	Safety	
Controls		
Reversing camera system		
Stepper Motors		

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Many of paragon's products own its unique features, such as the Voltabox battery systems, when they come to fruition in the enhancement of electromobility for commercial vehicles. The sensors, besides, can be softer and simultaneously faster gearshift, as well as for the vehicle manufacturer resulting in economic benefits, where a separate reverse gear sensor is no longer required.

1.2 Clients

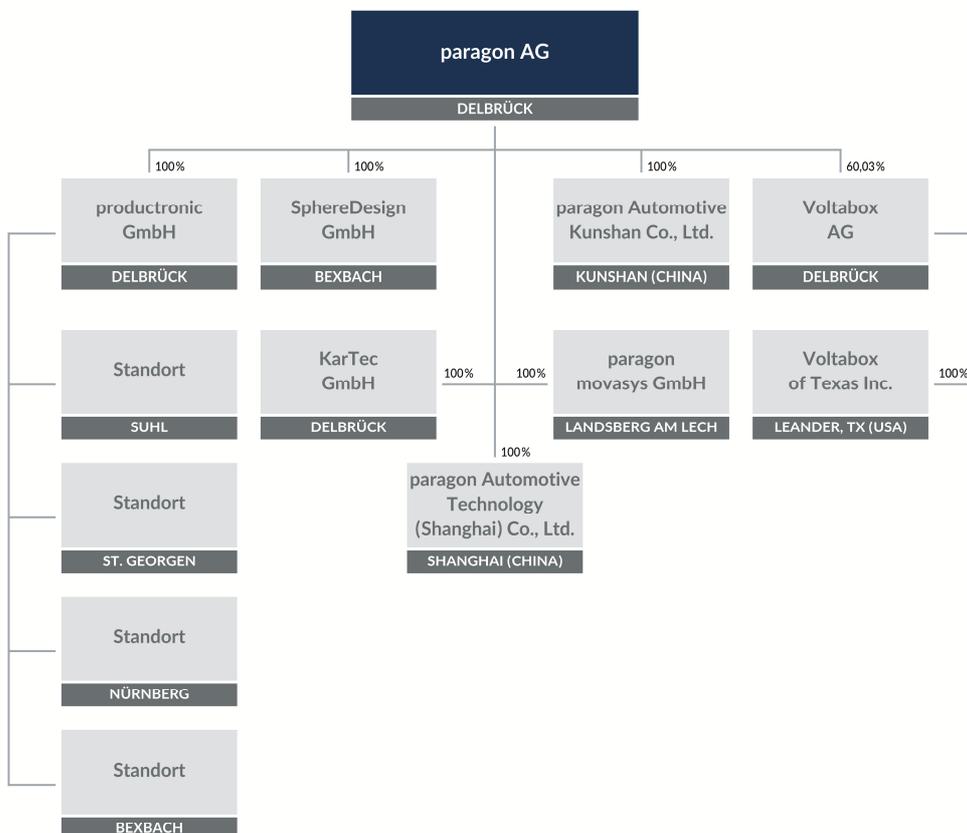
paragon AG maintains long-term customer relationship, which is translated in the fact that its over 170 products are currently demanded by 23 customers for 172 vehicle models, where the largest automotive producers, Audi, VW, Daimler, BMW and Porsche, cover approximately 70% of total sales (end of 2017). Even though the company is increasingly receiving new orders from new products and developed applications, such as CO² sensors, wireless charging products or new innovative belt microphones.

1.3 Strategic partnership

In mid June, 2016, the Company announced that, Voltabox, a subsidiary of paragon AG, based in Austin, Texas, has arranged an exclusive strategic partnership with Joy Global (now owned by Komatsu) to produce smart battery systems for mining equipment. The first supply of complex battery systems have been delivered in Q4 2017. The battery management system is developed by designers in this sort of way that the accessible energy is optimized for an entire shift of work in the mines whilst making the most of the entire battery life. This symbolizes a substantial enhancement over the lead-acid batteries presently utilized by mine operators. Komatsu is one of Voltabox's largest clients with a big contribution of total order backlog.

paragon has regularly demonstrated its capability to pioneer and provide leading-edge technology development for both top tier automotive OEMs and significantly for blue-chip clients throughout its Electromobility division. Responding to several emerging global topics, paragon has placed itself as a strategic partner to many global players, such as recent announcements with Joy Global and KUKA, both of which consider the group into new and developing end-markets and further minimize dependence on pure automotive drivers. While electromobility is turn out to be the main driver over the medium term, the Group's core businesses carry on to expand with technology advancement and international reach.

1.4 Corporate structure



Source: Company

2 SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • Combination of innovation and integration of force through company-wide culture of innovation with a focus in developing new products , while observing the product integration into the overall system for the automobile manufacturers; by First-Mover-Advantage and high success rate of bringing products to the market. Over 170 products and 250 patents. • Products with unique features in niche markets with high quantities in automated manufacturing. Therefore high margins and strong market position in several areas. • Direct supplier with many years of customer loyalty, knowing what customers want, means entry-market barriers. • Growth potential across all divisions, supported by blue-chip customer base. 	<ul style="list-style-type: none"> • High business risk due to strong sales focus on three German automotive manufacturers in the premium area, tempered by long-term customer relationships under contracts, all model series, and the relatively small dependence of premium manufacturers. • Low negotiating power with customers and suppliers in the low-selling environment of numerous competitors mitigated by the relatively higher willingness to pay the premium end-user customers. • Strong competition with high pressure to innovate, since more than half of key innovations are taking place in the field of electronics.
Opportunities	Risks
<ul style="list-style-type: none"> • Increasing use of paragon products in the compact and mid-range through new technologies and efficient production with a high degree of automation and economies of scale, eg. Air quality. • Growth and diversification through the field of electric mobility by expanding the customer base to smaller commercial vehicles in domestic and urban areas, where applications are already in use for electric mobility. • Reduction of product-specific integration costs for the customer through development of applications to support the vehicle installation can be a significant competitive advantage. • Considerable pipeline of new product introductions arriving at market via R&D investment 	<ul style="list-style-type: none"> • Products are not expected to develop their potential and the number of units produced cannot cover the costs. paragon AG tries to avoid this by an intensive dialogue with automobile manufacturers. • Competitor may displace paragon of revenue-important market niches. • An unexpected slump in the automobile industry may lead to liquidity difficulties at paragon. • Significant production increase needs to be delivered

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3 Valuation

Our DCF model for paragon AG indicates a 12-month fair value of € 97.6 per share.

a. WACC

The discount rate was calculated by deriving the weighted cost of capital. We assumed that the target capital structure will not change in the subsequent business years. Figuring a risk prime follows the CAPM and covers in particular the systemic risks (market risk prime exp. company specific risk).

WACC assumptions	
Equity	
Long-term risk free rate	2.0%
Market risk premium	5.8%
Beta	1.00
Equity costs	7.8%
Debt	
Debt costs (before tax)	3.2%
Tax rate on debt interest	30.0%
Debt costs (after tax)	2.2%
Equity value	61.0%
Debt Value	39.0%
Gearing	63.8%
WACC	5.6%

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b. DCF

Discounted-Cash-Flow-Modell (Basis 12/2017)						
in EUR m	2017	2018E	2019E	2020E	2021E	2022E
Net sales	124,8	174,8	206,2	239,2	275,1	308,1
(y-o-y change)	21,4%	40,0%	18,0%	16,0%	15,0%	12,0%
EBIT	7,6	15,3	22,1	25,1	28,6	31,9
(EBIT margin)	10,5%	8,0%	9,9%	9,8%	9,8%	9,8%
NOPLAT	5,0	10,2	15,5	17,6	20,0	22,3
+ Depreciation and Amortization	9,4	11,9	12,0	13,2	15,1	16,9
= Net operating cash flow	14,3	22,1	27,4	30,7	35,2	39,2
- Total investments (Capex and WC)	-37,8	-3,7	-18,9	-23,4	-25,9	-26,8
Capital expenditure	-10,9	-23,4	-22,3	-22,7	-23,9	-25,1
Working capital	-26,8	19,7	3,4	-0,7	-1,9	-1,7
= Free cash flow (FCF)	-23,4	18,5	8,6	7,3	9,3	12,4
PV of FCF's	-22,5	16,8	7,4	6,0	7,2	9,1
PV of FCFs in explicit period	23,9					
PV of FCFs in terminal period	479,5					
Enterprise value (EV)	503,4					
+ Net cash / - net debt	-31,7					
+ Investitionen / - Minderheiten	0,0					
Shareholder value	471,7					
Number of shares outstanding (m)	4,5					
WACC	5,6%					
Cost of equity	7,8%					
Pre-tax cost of debt	3,2%					
Normal tax rate	30,0%					
After-tax cost of debt	2,2%					
Share of equity	61,0%					
Share of debt	39,0%					
Fair value per share in € (today)	104,2					
Fair value per share in € (in 12 months)	110,1					

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4 Financials

4.1 Financial Performance in 12M/2017

The outstanding operating efficiency in the young operating segments Electromobility and Mechanics (Body Kinematics unit) was a crucial element in the company's organic growth in the fiscal year 2017.

Segment Revenues in EURm	2017	Share %	2016	Share %
Electronics	90,8	72,74	85,3	82,96
Electromobility	24,7	19,79	14,3	13,91
Mechanics	9,3	7,45	3,2	3,11
Total	124,8		102,8	

Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2018

In the last 12M period, paragon AG produced sales of € 124.8m (previous year: € 102.8m), which indicates an increase of 21.4%. EBITDA there-fore increased 5.8% to €17.0m (former year: € 16.1m), which translates to an EBITDA margin of 13.6% (previous year: 15.7%).

The business performance of the company during the past fiscal year was again primarily described by a boost in the take-rate for particular air quality sensors and an rise in the output volume of the most recent generation of hands-free microphones and also many production starts off for display instruments and the most up-to-date generation of adjustable spoilers.

Net sales in the Electromobility operating segment increased to €27.3m (previous year: €14.5m), of which €24.7m was obtained with third-parties. This operating segment is symbolized by the Voltabox subsidiaries in Germany and the U.S. With a boost of 73.0% in third party sales, this operating segment published extraordinarily high progress dynamics. The most significant progress factor was the serial production of battery modules for forklifts. EBIT for the operating segment totalled to €06m (previous year: €-3.7m).

The most significant operating segment, Electronics, focused Group activities with sales of € 94.9m (preceding year: €89.5m).

Mechanics segment's operating sales achieved €74.1m (previous year: €60.3m). Of this number, €9.3m was accountable to third-party sales in the Body Kinematics unit (previous year: € 3.2m). With a rise in expansion of 188.0%, this operating segment also obtained especially solid progress. EBIT for the operating segment was €1.2m (previous year: €0.1m).

Total assets raised as of December 31, 2017, to €311.8m (the end of 2016: €115.6m), that is primarily accountable to capitalization of development costs, the issue of the 2017/2022 bond with a volume of € 50 million by the end of the 6M/2017, the IPO of the subsidiary Voltabox AG in the fourth quarter,

the acquisition of HS Genion GmbH along with the rise in receivables in the Electromobility operating segment.

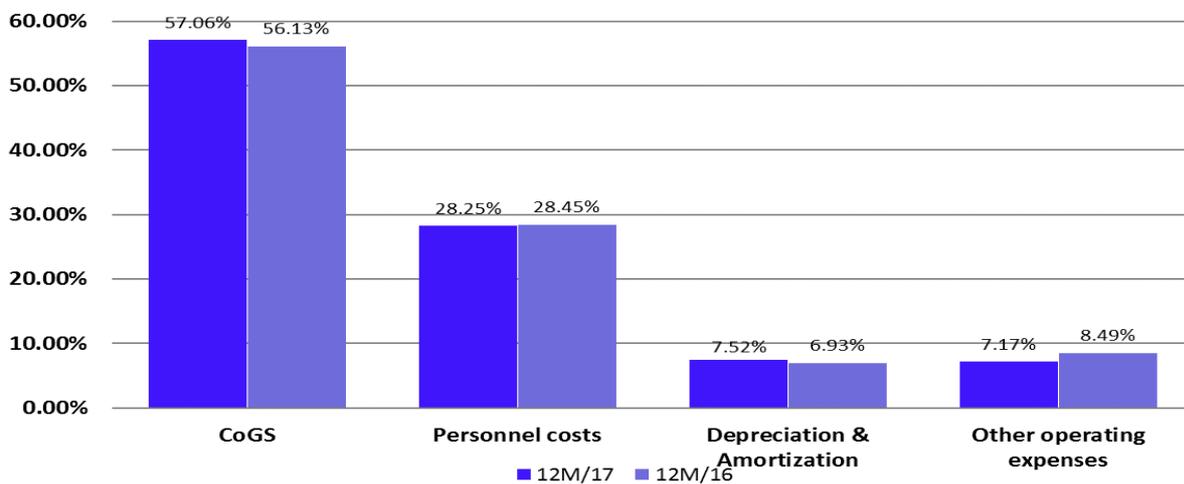
Cash flow from operating activities reduced in the 12M/2017 to € -8.4m (previous year: € 16.8m). In addition to the reduced earnings before taxes (EBT), this is mainly because of a sizeable build up in trade receivables. Cash and cash equivalents amounted to €145m as of the end of the coverage period (previous year: €14.28m).

Key facts in 12M/2017

in EURm	12M/17	12M/16	Change
Net sales	124.82	102.79	21.4%
EBITDA	17.03	16.09	5.8%
<i>EBITDA Margin</i>	13.6%	15.7%	
EBIT	7.63	8.93	-14.5%
<i>EBIT margin</i>	6.1%	8.7%	
Net income	-0.66	3.56	-118.4%
<i>Net margin</i>	-0.5%	3.5%	

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Cost structures comparison 12M/2017 vs. 12M/2016



Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2018

5 Outlook

Overall, the Company reported promising results on the top line. However, the bottom line was burdened by exceptionally high depreciation, significantly higher financial expenses and income tax bill.

In the fiscal year 2017, the company crafted two key decisions that defined the future development of the Group. The company issued a new corporate bond with a total volume of € 50m on June 27, 2017, coupon rate of 4.5% maturing at July 5, 2022. On September 11, the Management Board of paragon AG authorized the IPO of the entirely owned subsidiary Voltabox AG. The placement volume totalled to € 151.8m, of which Voltabox AG was given € 139.8m and paragon AG € 12.0m in gross proceeds from the placement.

We still believe that Voltabox has huge growth prospects, but paragon has substantially more to deliver. The main driver of the company growth is to accelerate paragon's growth in the Electronics operating segment. We strongly believe that the company will gain particularly powerfully from the alterations in the automotive value chain in the medium term. Additionally, the company should increase revenues from new source called "MirrorPilot" - a shared mobility business model operated by a German premium manufacturer.

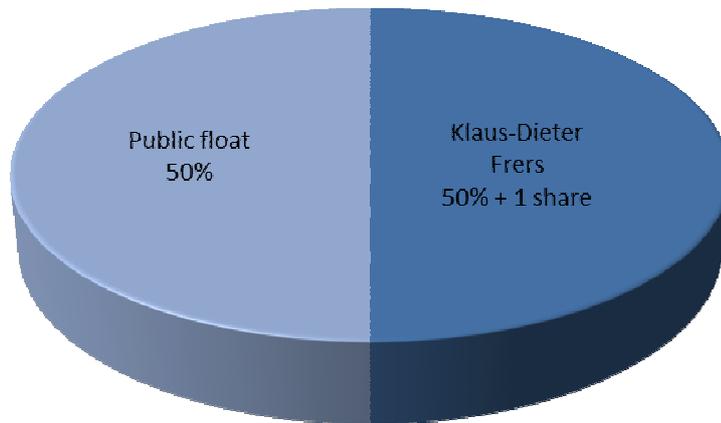
The other area of potential exceptional growth is autonomous driving. The company works on different approaches due to many legal issues to be well prepared when the demand starts growing. One of the major research areas focuses on retaking control from the autonomous system and takes an innovative strategy here, and we can expect to be notified at the end of the year.

Looking at the future financials, we expect top line to expand on the both qoq and yoy basis at a double-digit clip as the Company should record improving revenues in 2018. Recent investments, particularly in the development of production sites in Germany, the U.S. and China, should begin to feed through the P&L and this effect ought to be visible also in the following periods. The company guidance for 2018 represents total sales of €175 in 2018, which constitute a 40% yoy jump and a EBIT-Margin of 9%.

Despite the recent price drop, we hold our favourable view of the company due to its very careful business attitude, balanced growth prospects and strong current efficiency. We see the company as top European pick as a recognized systems supplier with products and services that address the megatrends of urbanization, digitization, CO2 reduction and comfort. With a massive fundamental upside to our 12M EFV, we think the Company may offer a value on top of a balanced organic business growth.

Under those circumstances, we keep increasing our end-term revenue and income estimates for the Company anticipating the increase of sales by 40% in 2018 and 18% in 2019 and 16% in 2020 and improvement in net income to above € 12m by 2019E. The stock has a rating Buy with a Target Price of € 110 based on DCF model.

6 Shareholder's Structure



Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2018

7 Profit and Loss Statement

Profit and Loss statement - paragon AG

in mEUR	Fiscal year							
	2012	2013	2014	2015	2016	2017	2018E	2019E
Net sales	70,45	73,88	79,04	94,99	102,80	124,82	174,75	206,21
<i>Change in inventories</i>	0,57	0,26	0,79	1,44	-0,90	-1,14	0,05	-0,14
<i>Capitalised assets</i>	2,03	1,68	5,15	12,75	14,60	16,39	15,49	15,94
<i>other operating income</i>	2,02	1,10	1,35	3,18	1,10	1,38	1,40	1,43
Total Output	75,05	76,91	86,33	112,37	117,60	141,45	191,70	223,44
<i>Cost of goods sold</i>	-36,95	-36,27	-41,85	-55,52	-57,04	-71,23	-97,96	-111,94
Gross profit	38,10	40,64	44,48	56,85	60,56	70,23	93,74	111,50
<i>Personnel costs</i>	-18,85	-19,60	-21,76	-26,31	-29,20	-35,26	-42,37	-49,60
<i>Depreciation & Amortization</i>	-3,89	-4,31	-4,27	-6,29	-7,20	-9,39	-11,88	-11,96
<i>Write-downs</i>	-0,14	-0,27	-0,02	-0,11	0,00	0,00	0,00	0,00
<i>Other operating expenses</i>	-7,45	-8,54	-12,20	-16,33	-15,20	-17,94	-24,16	-27,81
EBIT	7,78	7,92	6,25	7,81	8,96	7,63	15,34	22,12
<i>Net financial results</i>	-1,08	-1,49	-1,96	-2,79	-3,20	-4,38	-4,76	-4,83
EBT	6,70	6,43	4,29	5,02	5,76	3,25	10,58	17,29
<i>Income taxes</i>	-2,07	-2,49	-1,51	-1,62	-2,20	-3,91	-3,51	-5,19
<i>Minority interests</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net income / loss	4,64	3,95	2,78	3,40	3,56	-0,66	7,07	12,10
EPS	1,13	0,96	0,67	0,83	0,80	-0,15	1,56	2,67
Change y-o-y								
<i>Net sales</i>	n.a	4,87%	6,98%	20,18%	8,22%	21,42%	40,00%	18,00%
<i>Total Output</i>	n.a	2,47%	12,25%	30,16%	4,66%	20,28%	35,52%	16,56%
<i>Cost of goods sold</i>	n.a	-1,85%	15,39%	32,66%	2,74%	24,88%	37,53%	14,28%
<i>Gross profit</i>	n.a	6,67%	9,45%	27,80%	6,53%	15,95%	33,48%	18,94%
<i>Personnel costs</i>	n.a	3,98%	10,98%	20,92%	11,00%	20,76%	20,14%	17,09%
<i>Depreciation & Amortization</i>	n.a	10,91%	-1,02%	47,55%	14,49%	30,33%	26,55%	0,65%
<i>Other operating expenses</i>	n.a	14,59%	42,85%	33,92%	-6,93%	18,03%	34,64%	15,14%
<i>EBIT</i>	n.a	1,88%	-21,13%	24,95%	14,74%	-14,80%	100,92%	44,24%
<i>Net financial results</i>	n.a	38,35%	31,68%	42,05%	14,82%	36,97%	8,56%	1,58%
<i>EBT</i>	n.a	-3,99%	-33,36%	17,12%	14,70%	-43,57%	225,47%	63,43%
<i>Income taxes</i>	n.a	20,34%	-39,15%	7,01%	35,97%	77,59%	-10,11%	47,68%
<i>Net income / loss</i>	n.a	-14,82%	-29,71%	22,63%	4,59%	na	na	71,26%
<i>EPS</i>	n.a	-14,82%	-29,71%	22,63%	-3,83%	na	na	71,26%
Share in total revenues								
<i>Net sales</i>	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %	100,00 %
<i>Total Output</i>	106,54 %	104,10 %	109,23 %	118,29 %	114,40 %	113,32 %	109,70 %	108,36 %
<i>Cost of goods sold</i>	-52,45 %	-49,09 %	-52,95 %	-58,44 %	-55,48 %	-57,06 %	-56,06 %	-54,29 %
<i>Gross profit</i>	54,09 %	55,01 %	56,28 %	59,85 %	58,91 %	56,26 %	53,64 %	54,07 %
<i>Personnel costs</i>	-26,76 %	-26,54 %	-27,53 %	-27,69 %	-28,40 %	-28,25 %	-24,24 %	-24,06 %
<i>Depreciation & Amortization</i>	-5,51 %	-5,83 %	-5,40 %	-6,62 %	-7,01 %	-7,52 %	-6,80 %	-5,80 %
<i>Write-downs</i>	-0,19 %	-0,36 %	-0,02 %	-0,12 %	0,00 %	0,00 %	0,00 %	0,00 %
<i>Other operating expenses</i>	-10,58 %	-11,56 %	-15,43 %	-17,19 %	-14,79 %	-14,37 %	-13,82 %	-13,49 %
<i>EBIT</i>	11,04 %	10,72 %	7,91 %	8,22 %	8,72 %	6,12 %	8,78 %	10,73 %
<i>Net financial results</i>	-1,53 %	-2,02 %	-2,48 %	-2,93 %	-3,11 %	-3,51 %	-2,72 %	-2,34 %
<i>EBT</i>	9,51 %	8,71 %	5,42 %	5,29 %	5,60 %	2,60 %	6,05 %	8,38 %
<i>Income taxes</i>	-2,93 %	-3,36 %	-1,91 %	-1,70 %	-2,14 %	-3,13 %	-2,01 %	-2,52 %
<i>Minority interests</i>	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %
<i>Net income / loss</i>	6,58 %	5,34 %	3,51 %	3,58 %	3,46 %	-0,53 %	4,04 %	5,87 %

Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2018

8 Balance Sheet

Balance Sheet - paragon AG								
in mEUR	Fiscal year							
	2012	2013	2014	2015	2016	2017	2018E	2019E
Assets								
Cash and cash equivalents	14,08	17,65	13,26	8,45	14,30	143,81	183,37	190,02
Inventories	7,31	7,47	6,91	11,22	13,70	17,34	22,81	20,07
Trade accounts and notes receivables	1,79	6,04	9,76	10,38	8,40	32,66	10,93	13,25
Other current assets	2,20	1,95	2,40	2,81	3,30	6,24	6,74	8,31
Current assets	25,39	33,10	32,34	32,86	39,70	200,06	223,85	231,65
Property, plant and equipment	13,54	12,98	20,18	34,55	37,40	36,36	46,36	56,36
Goodwill + intangible assets	4,91	5,60	9,44	24,73	38,00	67,44	43,00	43,30
Firmenwert	0,00	0,00	0,00	0,77	0,80	0,80	0,80	0,80
Other assets	0,12	0,25	0,47	0,41	0,40	0,44	0,76	0,89
Deferred tax assets	0,00	0,00	0,00	0,00	0,00	7,55	0,00	0,00
Non-current assets	18,577	18,834	30,082	59,692	75,800	111,787	90,118	100,554
Total assets	43,97	51,94	62,42	92,55	115,50	311,85	313,97	332,20
Liabilities								
Trade payables	3,04	3,36	6,12	10,72	16,40	17,49	20,93	23,92
Other liabilities	8,13	5,91	4,54	7,04	7,10	9,64	11,36	13,40
Short-term financial debt	2,39	2,86	5,50	9,34	12,40	19,05	22,05	27,05
Provisions	0,30	0,06	0,09	0,02	0,10	0,22	0,20	0,17
Current liabilities	13,86	12,18	16,24	27,12	36,00	46,41	54,54	64,55
Long-term financial debt	12,26	20,21	24,71	38,53	33,60	67,32	63,82	59,32
Special benefits	2,09	1,50	1,27	1,18	3,30	1,01	2,10	2,47
Pension obligations	2,73	1,22	1,88	2,09	2,50	3,00	1,75	2,06
Deferred tax liabilities	0,00	0,94	1,12	3,51	5,50	17,05	7,51	8,87
Other non-current liabilities	0,00	0,00	0,00	0,72	0,00	0,00	0,00	0,00
Long-term liabilities	17,08	23,86	28,98	46,03	44,90	88,38	75,18	72,72
Total liabilities	30,94	36,04	45,23	73,15	80,90	134,79	129,72	137,27
Shareholders equity	13,03	15,89	17,20	19,40	34,70	177,06	184,25	194,93
Minority interests	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total equity and liabilities	43,97	51,94	62,42	92,55	115,60	311,85	313,97	332,20

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9 Cash Flow Statement

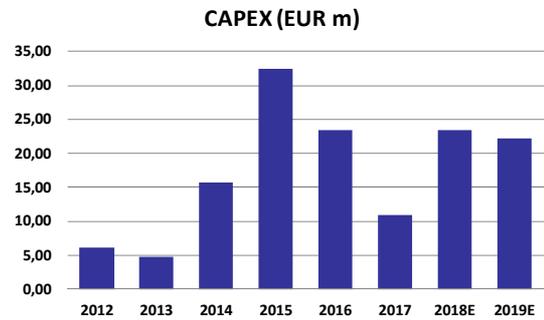
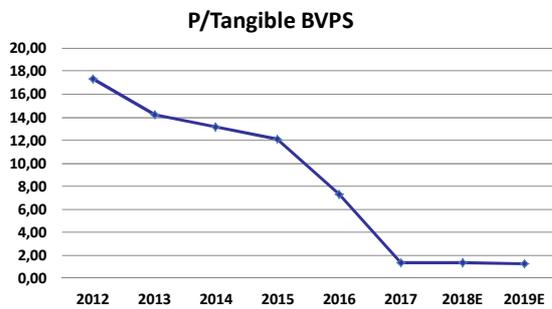
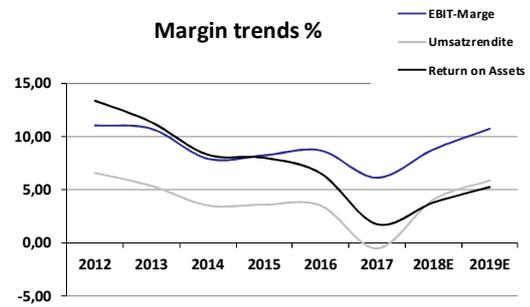
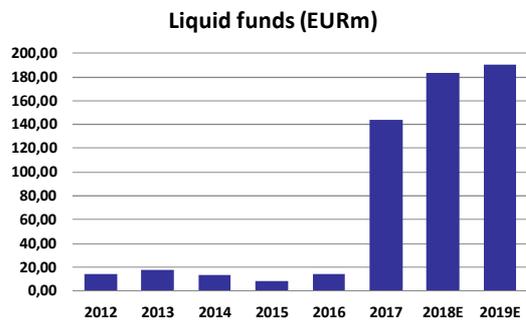
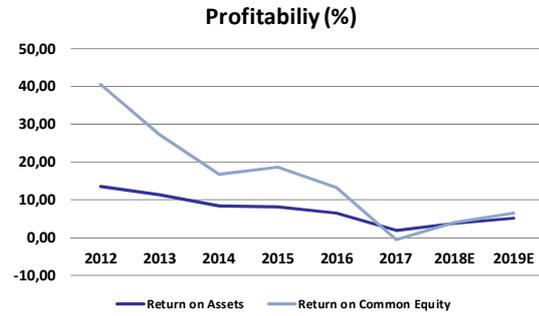
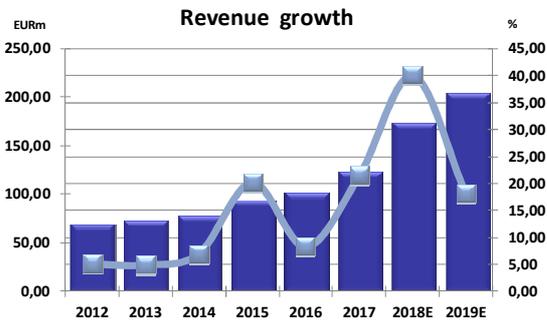
Cash Flow statement - paragon AG								
in mEUR	Fiscal year							
	2012	2013	2014	2015	2016	2017	2018E	2019E
Net income	4,6	3,9	2,8	3,4	3,6	-0,7	7,1	12,1
Depreciation & Amortisation	3,9	4,3	4,3	6,3	4,9	9,4	11,9	12,0
Others	-0,9	0,9	0,3	3,5	2,1	4,1	-2,0	1,3
Change of working capital	-1,8	-4,1	-0,4	-0,3	5,2	-26,8	19,7	3,4
Increase (-), decrease (+) in inventories	-0,4	-0,2	0,6	-4,3	-2,5	-3,6	-5,5	2,7
Increase (-), decrease (+) in trade receivables	-1,3	-4,2	-3,7	-0,6	2,0	-24,3	21,7	-2,3
Increase (+), decrease (-) in trade payable	0,0	0,3	2,8	4,6	5,7	1,1	3,4	3,0
Others wc positions	0,0	0,0	0,0	0,0	-4,1	0,0	1,0	2,0
Net operating cash flow	5,8	5,1	6,9	12,9	16,8	-40,8	57,4	34,2
Cash flow from investing	-6,2	-4,8	-15,7	-32,3	-23,3	-10,9	-23,4	-22,3
Free cash flow	-0,3	0,3	-8,7	-19,5	-6,5	-51,7	34,0	11,9
Cash flow from financing	-0,9	3,3	4,3	14,7	12,2	181,2	5,6	-5,3
Change in cash	-1,2	3,6	-4,4	-4,8	5,8	129,5	39,6	6,6
Cash, start of the year	15,3	14,1	17,6	13,3	8,5	14,3	143,8	183,4
Cash, end of the year	14,1	17,6	13,3	8,5	14,3	143,8	183,4	190,0

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10 Ratios

Fiscal year	2012	2013	2014	2015	2016	2017	2018E	2019E
Gross margin	50,8%	52,8%	51,5%	50,6%	51,5%	49,6%	48,9%	49,9%
EBITDA margin	15,7%	16,3%	12,2%	12,6%	13,7%	12,0%	14,2%	15,3%
EBIT margin	10,4%	10,3%	7,2%	6,9%	8,5%	10,5%	8,0%	9,9%
Net margin	6,2%	5,1%	3,2%	3,0%	3,1%	-0,5%	3,7%	5,4%
Return on equity (ROE)	40,6%	27,3%	16,8%	18,6%	13,3%	-0,6%	3,9%	6,4%
Return on assets (ROA)	13,4%	11,3%	8,3%	8,0%	6,5%	1,7%	3,8%	5,2%
Return on capital employed (ROCE)	17,9%	12,2%	8,8%	8,1%	6,9%	1,9%	3,9%	5,8%
Net debt (in EURm)	0,6	5,4	16,9	39,4	31,7	-57,4	-97,5	-103,6
Net gearing	4,4%	34,1%	98,5%	203,1%	91,4%	-32,4%	-52,9%	-53,2%
Equity ratio	29,6%	30,6%	27,6%	21,0%	30,0%	56,8%	58,7%	58,7%
Current ratio	183,2%	271,8%	199,1%	121,2%	110,3%	431,1%	410,4%	358,9%
Quick ratio	114,6%	194,4%	141,8%	69,4%	63,1%	380,3%	356,2%	314,9%
Net interest cover	7,2	5,3	3,2	2,8	2,8	1,7	3,2	4,6
Net debt/EBITDA	0,05	0,43	1,61	2,77	1,96	-3,37	-3,58	-3,04
CAPEX/Sales	8,2%	6,0%	19,4%	37,8%	22,7%	8,8%	13,4%	10,8%
Working capital/Sales	0,2%	8,4%	10,7%	7,0%	1,8%	23,3%	4,7%	2,1%
EV/Sales	4,0	3,8	3,5	2,9	2,7	2,2	1,6	1,4
EV/EBITDA	23,8	22,4	26,6	19,7	17,4	16,5	10,3	8,2
EV/EBIT	36,0	35,4	44,8	35,9	31,4	36,7	18,3	12,7
P/BVPS	17,3	14,2	13,1	12,1	7,3	1,4	1,4	1,3
P/E	48,7	57,2	81,4	66,4	69,0	-378,2	35,2	20,5
P/FCF	-651,0	779,0	-25,9	-11,6	-34,7	-4,4	6,7	18,9

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