

## Company Update

## Mid Caps/Small Caps

## Buy

<b>Price on 01/20/06</b>	<b>EUR 2.04</b>
High/Low (12M)	2.63/1.43
<b>Price target</b>	<b>EUR 2.50</b>

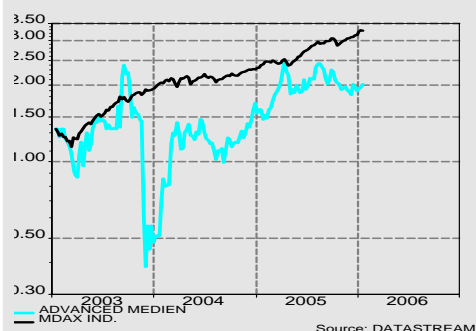
## STOCK DATA

Reuters	DVNGk.F
Bloomberg	DVN1 GR
WPK	126218
Average daily volume (tds.)	12.4
Free float (%)	100.0

## COMPANY DATA

Market capitalization (EUR mn)	33.2
No. of shares in issue (mn)	16.3
Capital subscribed (EUR mn)	16.3
Capital authorized (EUR mn)	-
Shareholders	KST Beteiligungs AG 6%
Annual general meeting	22-May-06
H1/Q2	Aug-06
Bal. sheet press conf.	Apr-06

## PRICE CHART



## RELATIVE PERFORMANCE (% CHG.)

	1M	3M	6M
DAX	2.7	-12.4	-16.6
Euro STOXX 50	2.9	-10.5	-12.2
ES Media	3.3	-8.7	-6.7

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# Advanced Medien

## THE NEW POWERHOUSE IN INFLIGHT ENTERTAINMENT

- On the acquisition of Inflight Productions, Advanced Medien will become the world's premier content service provider in the field of inflight entertainment (IFE). Major synergies with existing IFE activities can be exploited.
- The acquisition of Telcast is on hold. Based on the operating performance of the True Reality TV provider, Advanced will decide what further steps are appropriate. A complete takeover of Telcast, which is positioned in a true growth industry, is still possible.
- For 2006, we expect sales of around EUR 54 mn and operating profit of EUR 3.6 mn. EPS adjusted for the current capital increase (in the ratio 3 for 4) decline from EUR 0.26 in 2005 to EUR 0.20. For 2006 we expect a renewed increase to EUR 0.25 per share.
- We are confirming our Buy rating for the shares of Advanced Medien AG. Our future price target adjusted for the current capital increase for cash is EUR 2.50.

	2004	2005e	2006e	2007e
<b>Sales (EUR mn)</b>	14.8	26.6	54.2	71.0
% change	1445.0	79.4	103.3	31.1
<b>Net income (EUR mn)</b>	4.2	2.4	3.3	4.1
% change	-27.3	-42.6	35.0	27.2
<b>EPS reported (EUR)</b>	0.52	0.26	0.20	0.25
% change	-83.9	-50.1	-23.0	27.2
<b>EPS adjusted (EUR)</b>	0.03	0.26	0.20	0.25
% change	-99.0	743.2	-23.0	27.2
<b>EPS adj. pre-goodwill (EUR)</b>	0.05	0.26	0.20	0.25
% change	-98.5	436.2	-23.0	27.2
<b>CFPS (EUR)</b>	0.79	0.53	0.36	0.41
% change	-81.9	-33.3	-32.0	15.2
<b>Dividend (EUR)</b>	0	0	0	0
<b>EBITA margin (%)</b>	2.8	10.2	6.6	6.5
<b>CAGR (Sales; 04-07e)</b>				68.5%
<b>CAGR (EBITA; 04-07e)</b>				124.0%
<b>EV/sales</b>	0.63	0.35	0.43	0.48
<b>EV/EBITDA</b>	19.8	7.2	8.1	6.3
<b>EV/EBITA</b>	22.9	8.6	9.5	7.1
<b>EV/EBIT</b>	35.2	8.6	9.5	7.1
<b>P/E (EPS adj. pre-goodwill)</b>	24.3	7.6	10.2	8.0
<b>PEG ratio</b>				0.1
<b>P/CF</b>	1.5	3.7	5.7	4.9
<b>Div. yield (%)</b>	0	0	0	0

## **Contents**

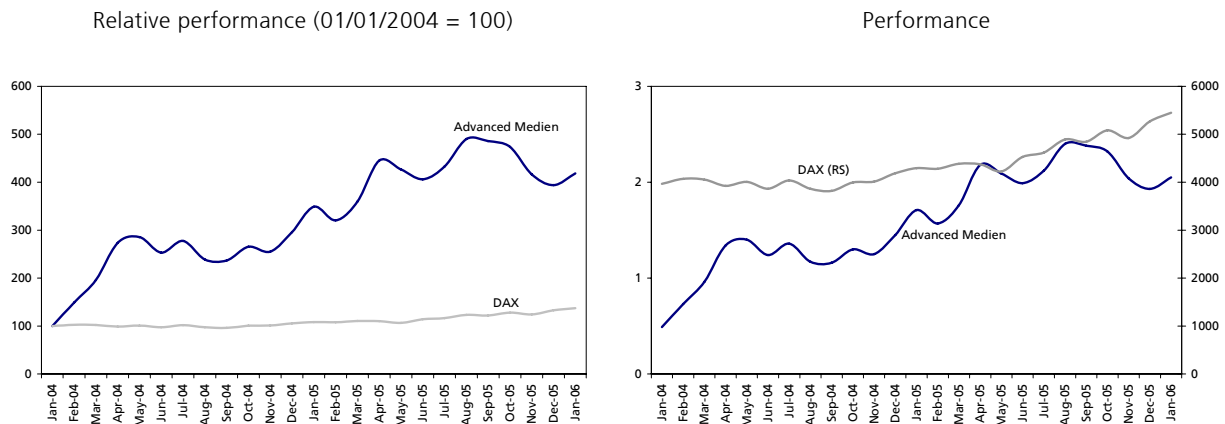
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## We see a price target of EUR 2.50

At the current stock price level, Advanced Medien is trading at 8x our 2007 earnings estimates adjusted for the number of shares resulting from the current capital increase. The projected 2007 EV/EBIT multiple of the debt-free company is 7.0. The contributions to economic profit we expect from the new affiliate, Inflight Productions, are not reflected in the current stock price. Since a peer group comparison does not produce viable results because of the lack of comparables, we use an Economic Profit model to determine the company's fair Enterprise Value. The resulting price target is EUR 2.50 per share.

The Advanced Medien share has outperformed strongly over the last two years. After taking a beating – like all media stocks – following the collapse of the Neuer Markt, the Advanced share succeeded in decoupling from the weak performance of the DAX in the past year and turn in a significant outperformance: Since the beginning of 2004, it has outperformed the benchmark DAX by more than 250 percentage points. Since initiation of our coverage on May 14, 2004, the share has posted an absolute performance of more than 200%:

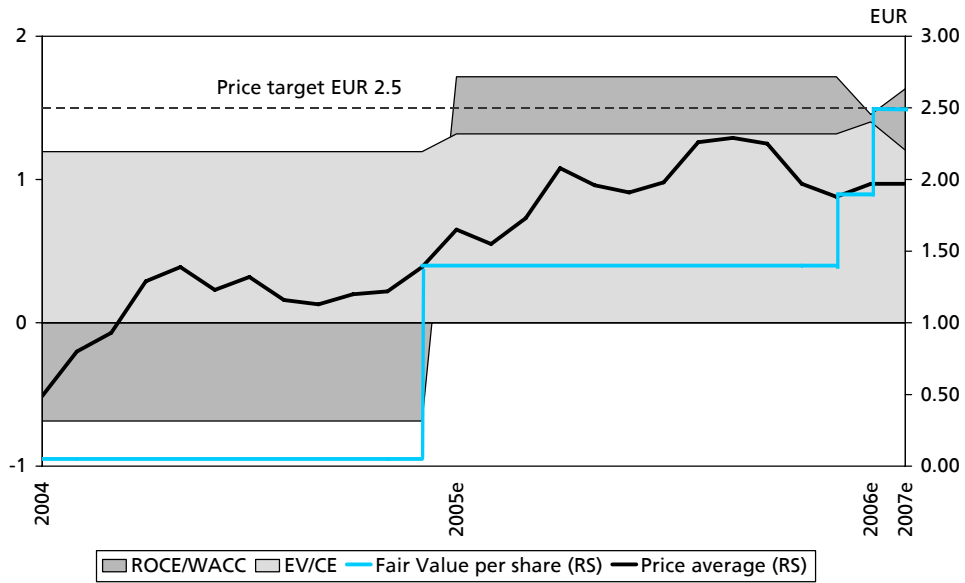
### PERFORMANCE, BENCHMARK DAX, SINCE JANUARY 1, 2004



Sources: Thomson Financial Datastream, HVB Global Markets Research

**We see a price target of EUR 2.50 for the shares of Advanced Medien AG.** The current stock price level does not reflect the expectations for income resulting from the acquisition of IFP. One reason for this is the current capital increase; if – contrary to expectations – it cannot be placed in full, the acquisition of IFP would not be possible. Another reason is that, because of its listing on the General Standard, Advanced is not obliged to release 9M numbers. The following chart highlights the discrepancy between economic profit and valuation: Even based on extremely conservative assumptions for earnings over the next two years, the share is significantly undervalued. We only see the company fairly valued at EUR 2.50 per share including a liquidity and size discount of 10%.

ECONOMIC PROFIT MODEL: PRICE TARGET EUR 2.50 PER SHARE



Source: HVB Global Markets Research

# Acquisition of Inflight Productions

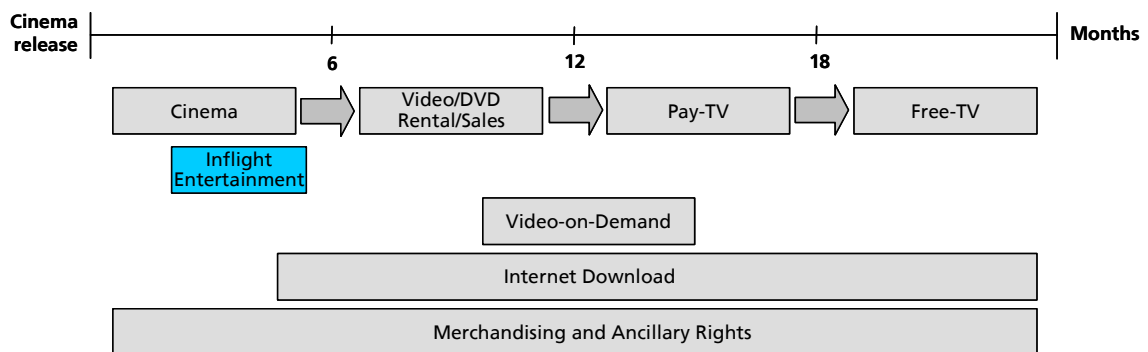
Poised to become the market leader

**After Atlas Air, Advanced Medien is with Inflight Productions acquiring the second provider of inflight entertainment and is therefore advancing to the global market leader in the industry.** Inflight Productions (IFP) is a leading provider of inflight entertainment and therefore a direct competitor of the Advanced subsidiary Atlas Air. Alongside the corporate headquarters in London, IFP maintains office in Los Angeles, Dubai, Melbourne, Singapore and Beijing. The company's core expertise is the integration of onboard systems, encoding, database management, data administration and timeline management. Inflight Productions' main customers are Emirates, Singapore Airlines, Virgin, Cathay Pacific, Continental Airlines and Lufthansa. According to the company, their loyalty to IFP is very high; customer relations over 15 years and more are not uncommon.

Sector trends

**In general terms, inflight entertainment covers complete program production and design according to the specific requirements of the airlines for the inflight entertainment of passengers.** The service and product line covers the selection of suitable movies, documentaries or cartoons and their physical delivery for the individual flights through diverse telecommunications services such as mobile telephony or real-time Broadband Internet access to information services such as news, weather forecasts or stock market prices as well as interactive services such as computer games or online shopping. The exploitation window for Hollywood blockbusters for inflight entertainment is relatively short at around three months and as a rule opens a few weeks after the movie theater premiere. While exploitation over a longer period would also be theoretically possible, most airlines prefer to keep their entertainment program as current as possible.

## INFLIGHT ENTERTAINMENT IN THE MOVIE VALUE CHAIN



Source: HVB Global Markets Research

Conditions and multiples

**Advanced Medien is paying GBP 8.7 mn or around EUR 12.7 mn for the acquisition.**

Factoring in the company's net financial position and an apartment in London that is not required for the company's day-to-day operation, the net purchase price is around EUR 8.0 mn. On revenues of EUR 37 mn, Inflight Productions, which has a workforce of around 150, probably generated an operating profit in the past fiscal year of around EUR 1.8 mn. As a result, Advanced probably paid a purchase price multiple based on our 2005 EBIT estimates of around 5, which we would consider cheap.

Financing

**The acquisition is being financed via a capital increase.** On exclusion of subscription rights trading, the share capital of Advanced Medien is being increased by up to 7 million shares, i.e. in the ratio of four old shares for three new shares. Once the capital increase has been completed, Advanced will therefore report share capital of EUR 16.3 mn. The subscription price was fixed at EUR 1.95. Factoring in the costs for the capital increase and the prospectus, the company will receive almost EUR 13.0 mn, which is to be used in full to finance the acquisition of Inflight Productions. The capital measure is to be executed in the period January 18 to January 31, 2006. Advanced has a guarantee for the placement of 3 million shares from the issuing bank VEM.

Advantages of the acquisition

**Advanced will be able to exploit typical synergy effects on the acquisition of Inflight Productions.**

The inflight entertainment market is highly fragmented. For different services there are a large number of smaller providers, who only differ in the extent of the services they offer. The acquisition will make Advanced Medien the market leader in the industry and via greater purchasing power for content, i.e. movies and audio programs, it will be able to negotiate more favorable conditions. Furthermore, synergies can be exploited by merging mutual non-customer interface volumes. Finally, income synergies can be exploited on use of mutual core expertise: at IFP in the areas of music and system integration and at Atlas Air in the field of movies.

## Telcast on hold

Entry into a highly promising line of business

**Telcast, the third affiliate of Advanced Medien, produces via its subsidiary earth TV live TV pictures in the segment True Reality TV.** Using captive, permanently installed cameras, the company produces 24 hour live programming from famous locations such as the Brandenburg Gate or the Statue of Liberty and offers it to content providers such as TV stations or Internet portals. The fixed cameras, which can be panned horizontally and vertically and as an option can be equipped with a self-cleaning unit, night vision or sound recording equipment, are unmanned and controlled from the headquarters in Munich. Maintenance and service costs are extremely low; new cameras can be hooked up via Plug & Play, even by untrained personnel.

### EARTH TV

Installed camera



Screenshot n-tv



Source: Advanced Medien

On hold

**Originally, the acquisition was to be in three stages.** This modality was to ensure that the business performance of the rapidly expanding Telcast could be monitored and, if necessary, the company revalued. Through a capital increase, Advanced acquired in a first move 25.1% of the shares at the beginning of last year for EUR 2.25 mn

The contract also included a call option for Advanced Medien, which would have permitted the stake to be increased 25.9% to 51.0%. The purchase price agreed was EUR 5 mn; additionally, the loan repayment claims of the main shareholder on Telcast of EUR 4.5 mn would have been transferred to Advanced. Advanced Medien AG exercised this call option on January 9, 2005; to finance the acquisition, Advanced would have used liquid funds in the group. As a result, Telcast should have been consolidated from the third quarter of 2005.

At the same time, however, the old shareholders of Telcast, primarily Apax, announced it was withdrawing from the purchase contract, which is why the shares purchased under the call option have still not been notarized, transferred and paid for. Since then the “Telcast” deal has been in limbo, a situation that was also not eliminated by the fact that on September 22, 2005, Apax exercised its put option under the contract, with which the remaining 49% to Advanced was delivered; for this case a purchase price of EUR 9.8 mn was agreed, which was however not to be paid in cash but in shares in Advanced Medien AG from a future capital increase.

#### Resorting to tricks

**Pretexts for withdrawing from the contract.** According to the Advanced management, the put option was not exercised within the agreed timeframe. Ultimately, the sellers themselves prevented the timely exercise of the put option by December 31, 2005, meaning that subsequent delivery is no longer legally possible. As a result, the value of the put option declines considerably to the advantage of Advanced Medien. The management therefore thinks the reasons for withdrawing from the contract are simply a pretext to ensure a higher valuation of Telcast. It is therefore expected that this state of limbo will persist for some time. In our valuation model we assume Telcast will be consolidated from the second half of the year.

## Strong increase in earnings

Operating performance in 2006 ...

**The first-time consolidation of IFP and Telcast will trigger a strong increase in sales and earnings in the current year.** After Advanced probably generated sales of EUR 26.4 mn in the past fiscal year, for the current fiscal year, in which IFP will presumably be consolidated for nine months and Telcast for six, we expect revenues to double to EUR 54.2 mn. For operating profit we expect an increase from EUR 2.7 mn in 2005 to EUR 3.6 mn. The EBIT margin is therefore 6.6%. This year, the consolidation of Telcast will hurt earnings since it currently still reports a negative operating margin, as will the integration costs for IFP.

... and 2007

**In the following year, the consolidation of IFP and Telcast for the full year will then trigger another jump in sales to EUR 71.0 mn.** For EBIT we expect an increase to EUR 4.6 mn, translating into 6.5% of sales. The reason for this jump in earnings – alongside the full-year consolidation of IFP and less pressure on earnings from Telcast – is also the disappearance of the transaction and consulting costs for the current capital increase. In the future, the operating growth of Advanced will be determined primarily by the operating performance of its customers in the field of inflight entertainment. The propensity of the airlines to invest in inflight entertainment depends in turn on their profitability. Rising profitability results in rising competitive pressure and therefore the need to stand out against competitors. Technological progress in the form of interactive Audio/Video-On-Demand, installed in the entire aircraft, is therefore an important driver in the IFE industry. Sources of further growth are new hardware and software technologies or changes in customer requirements such as route-specific programming.

### KEY NUMBERS AT A GLANCE

		2004	2005e	2006e	2007e
Sales	EUR mn	14.8	26.6	54.2	71.0
EBITDA	EUR mn	0.5	3.2	4.2	5.2
<i>as % of sales</i>	%	3.2	12.0	7.8	7.3
EBIT	EUR mn	0.3	2.7	3.6	4.6
<i>as % of sales</i>	%	1.8	10.2	6.6	6.5
Net income	EUR mn	4.2	2.4	3.3	4.1
EPS	EUR	0.52	0.26	0.20	0.25

Sources: Advanced Medien, HVB Global Markets Research

Net profit and EPS

**Below EBIT there are scarcely any deduction items.** Because of a tax loss carry-forward of around EUR 73 mn, Advanced Medien, which as a debt-free company is not pressured by interest on debt, reports net profit relatively close to operating profit. For 2005 we expect net profit of EUR 2.4 mn, which on 9.28 million shares translates into EPS of EUR 0.26. For 2006 and 2007 we expect net profit to increase to EUR 3.3 mn and EUR 4.1 mn, respectively. Factoring in the capital increase currently underway of 7 million shares, this produces in the current year a one-time decline in EPS to EUR 0.20 and in the coming year an increase to EUR 0.25.

## Segment results

		2003	2004	2005e	2006e	2007e
<b>Group</b>						
<b>Sales</b>	<b>EUR mn</b>	<b>1.0</b>	<b>14.8</b>	<b>26.6</b>	<b>54.2</b>	<b>71.0</b>
<i>Sales growth</i>	%	-90.1	1,445.0	79.4	103.3	31.1
<b>EBIT</b>	<b>EUR mn</b>	<b>-8.1</b>	<b>0.2</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>
<i>Margin</i>	%	-838.5	1.3	10.2	6.6	6.5
<b>Film distribution</b>						
<b>Sales</b>	<b>EUR mn</b>	<b>1.0</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>
<i>Sales growth</i>	%	586.4	45.7	-7.1	-7.7	0.0
<i>as a percentage of sales</i>	%	100.0	9.4	4.9	2.2	1.7
<b>EBIT</b>	<b>EUR mn</b>	<b>-8.1</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>
<i>Margin</i>	%	-838.5	-64.6	-15.4	-16.7	-16.7
<b>Inflight Entertainment</b>						
<b>Sales</b>	<b>EUR mn</b>	<b>0</b>	<b>13.4</b>	<b>25.3</b>	<b>26.6</b>	<b>27.9</b>
<i>Sales growth</i>	%	n/a	n/a	88.5	5.0	4.7
<i>as a percentage of sales</i>	%	0	90.6	95.1	49.1	39.2
<b>EBIT</b>	<b>EUR mn</b>	<b>0</b>	<b>1.1</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>
<i>Margin</i>	%	n/a	8.2	11.5	11.5	11.4
<b>TELCAST</b>						
<b>Sales</b>	<b>EUR mn</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>	<b>9.1</b>
<i>Sales growth</i>	%	n/a	n/a	n/a		126.3
<i>as a percentage of sales</i>	%	0	0	0	7.4	12.7
<b>EBIT</b>	<b>EUR mn</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-0.2</b>	<b>0.0</b>
<i>Margin</i>	%	n/a	n/a	n/a	-3.8	0.0
<b>Inflight Productions</b>						
<b>Sales</b>	<b>EUR mn</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22.4</b>	<b>32.9</b>
<i>Sales growth</i>	%	n/a	n/a	n/a!	n/a	47.1
<i>as a percentage of sales</i>	%	0	0	0	41.3	46.3
<b>EBIT</b>	<b>EUR mn</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.9</b>	<b>1.6</b>
<i>Margin</i>	%	n/a	n/a	n/a	4.0	4.9

## Consolidated income statement

		2003	2004	2005e	2006e	2007e
<b>Sales</b>	<b>EUR mn</b>	<b>1.0</b>	<b>14.8</b>	<b>26.6</b>	<b>54.2</b>	<b>71.0</b>
Cost of materials	EUR mn	-8.0	-11.8	-16.8	-30.1	-41.8
<i>as a percentage of sales</i>	%	<i>835.5</i>	<i>79.2</i>	<i>62.9</i>	<i>55.6</i>	<i>58.9</i>
Personnel expenses	EUR mn	-0.6	-2.0	-3.8	-8.1	-10.4
<i>as a percentage of sales</i>	%	<i>66.0</i>	<i>13.2</i>	<i>14.3</i>	<i>14.9</i>	<i>14.6</i>
Other operating expenses	EUR mn	-1.3	-2.2	-3.7	-11.8	-13.6
<i>as a percentage of sales</i>	%	<i>132.8</i>	<i>14.8</i>	<i>13.9</i>	<i>21.7</i>	<i>19.2</i>
<b>EBITDA</b>	<b>EUR mn</b>	<b>-8.0</b>	<b>0.5</b>	<b>3.2</b>	<b>4.2</b>	<b>5.2</b>
<i>as a percentage of sales</i>	%	<i>-831.2</i>	<i>3.2</i>	<i>12.0</i>	<i>7.8</i>	<i>7.3</i>
Depreciation	EUR mn	0	-0.1	-0.5	-0.6	-0.6
<i>as a percentage of sales</i>	%	<i>4.2</i>	<i>0.4</i>	<i>1.9</i>	<i>1.1</i>	<i>0.8</i>
<b>EBITA</b>	<b>EUR mn</b>	<b>-8.0</b>	<b>0.4</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>
<i>as a percentage of sales</i>	%	<i>-835.4</i>	<i>2.8</i>	<i>10.2</i>	<i>6.6</i>	<i>6.5</i>
Goodwill amortization	EUR mn	0	-0.1	0	0	0
<i>as a percentage of sales</i>	%	<i>0</i>	<i>-1.0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>EBIT</b>	<b>EUR mn</b>	<b>-8.0</b>	<b>0.3</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>
<i>as a percentage of sales</i>	%	<i>-835.4</i>	<i>1.8</i>	<i>10.2</i>	<i>6.6</i>	<i>6.5</i>
Write-downs on financial/current assets	EUR mn	-2.1	0	0	0	0
Income from investments	EUR mn	0	0	0	0	0
Net interest income	EUR mn	-0.3	0	0	0	0
<i>as a percentage of sales</i>	%	<i>-30.3</i>	<i>-0.1</i>	<i>0.1</i>	<i>0</i>	<i>0</i>
<b>Earnings from ordinary activities</b>	<b>EUR mn</b>	<b>-10.4</b>	<b>0.2</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>
<i>as a percentage of sales</i>	%	<i>-1079.8</i>	<i>1.7</i>	<i>10.3</i>	<i>6.7</i>	<i>6.5</i>
Reported non-recurrent result	EUR mn	16.2	4.5	0	0	0
<b>Earnings before income taxes</b>	<b>EUR mn</b>	<b>5.8</b>	<b>4.7</b>	<b>2.7</b>	<b>3.6</b>	<b>4.6</b>
<i>as a percentage of sales</i>	%	<i>601.9</i>	<i>32.0</i>	<i>10.3</i>	<i>6.7</i>	<i>6.5</i>
Income taxes	EUR mn	0	-0.5	-0.3	-0.4	-0.5
<i>Income tax rate</i>	%	<i>0</i>	<i>11.4</i>	<i>11.7</i>	<i>10.0</i>	<i>10.0</i>
<b>Net income</b>	<b>EUR mn</b>	<b>5.8</b>	<b>4.2</b>	<b>2.4</b>	<b>3.3</b>	<b>4.1</b>
<i>as a percentage of sales</i>	%	<i>602.1</i>	<i>28.3</i>	<i>9.1</i>	<i>6.0</i>	<i>5.8</i>
Adjustment items	EUR mn	0	0	0	0	0
Earnings before minorities	EUR mn	5.8	4.2	2.4	3.3	4.1
<i>as a percentage of sales</i>	%	<i>602.1</i>	<i>28.3</i>	<i>9.1</i>	<i>6.0</i>	<i>5.8</i>
Minority interests	EUR mn	0	0	0	0	0
<b>Earnings after minority interests</b>	<b>EUR mn</b>	<b>5.8</b>	<b>4.2</b>	<b>2.4</b>	<b>3.3</b>	<b>4.1</b>
<b>EPS reported</b>	<b>EUR</b>	<b>3.24</b>	<b>0.52</b>	<b>0.26</b>	<b>0.20</b>	<b>0.25</b>
<b>EPS adjusted</b>	<b>EUR</b>	<b>3.24</b>	<b>0.03</b>	<b>0.26</b>	<b>0.20</b>	<b>0.25</b>
Goodwill per share	EUR	0	0.02	0	0	0
<b>Adjusted EPS before goodwill</b>	<b>EUR</b>	<b>3.24</b>	<b>0.05</b>	<b>0.26</b>	<b>0.20</b>	<b>0.25</b>

## Consolidated balance sheet

		2003	2004	2005e	2006e	2007e
<b>ASSETS</b>						
<b>Fixed assets</b>	<b>EUR mn</b>	<b>0.1</b>	<b>9.3</b>	<b>15.5</b>	<b>19.0</b>	<b>18.7</b>
Intangible assets	EUR mn	0	9.2	9.3	8.9	8.5
Property, plant and equipment	EUR mn	0	0.1	6.1	10.1	10.1
Financial assets	EUR mn	0.1	0	0	0	0
<b>Current assets</b>	<b>EUR mn</b>	<b>7.2</b>	<b>8.0</b>	<b>5.1</b>	<b>11.4</b>	<b>15.8</b>
Inventories	EUR mn	6.7	2.0	2.5	4.0	5.0
Accounts receivable	EUR mn	0.4	1.8	4.0	5.2	7.0
Other assets	EUR mn	0.1	0.1	0	0	0
Marketable securities and cash	EUR mn	0.1	4.2	-1.4	2.2	3.8
<b>Deferred charges</b>	<b>EUR mn</b>	<b>0</b>	<b>0.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>
<b>Balance sheet total</b>	<b>EUR mn</b>	<b>7.3</b>	<b>17.9</b>	<b>22.4</b>	<b>32.5</b>	<b>36.6</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>	<b>EUR mn</b>	<b>-3.6</b>	<b>7.4</b>	<b>12.3</b>	<b>22.6</b>	<b>26.7</b>
Capital subscribed	EUR mn	1.8	8.1	9.3	16.3	16.3
Capital surplus	EUR mn	52.6	0	1.0	1.0	1.0
Earnings reserves	EUR mn	0	0	0	0	0
Net disposable profit	EUR mn	-58.0	-0.4	2.0	5.3	9.4
Differences due to currency translation	EUR mn	0	0	0	0	0
Minorities	EUR mn	0	0	0	0	0
Special reserves for the year	EUR mn	0	0	0	0	0
<b>Provisions</b>	<b>EUR mn</b>	<b>0.9</b>	<b>2.0</b>	<b>1.2</b>	<b>2.6</b>	<b>3.2</b>
Pension provisions	EUR mn	0	0	0	0	0
Other provisions	EUR mn	0.9	2.0	1.2	2.6	3.2
<b>Liabilities</b>	<b>EUR mn</b>	<b>10.0</b>	<b>8.3</b>	<b>8.9</b>	<b>7.3</b>	<b>6.7</b>
Liabilities due to banks	EUR mn	8.5	3.7	3.4	3.3	3.2
Trade payable	EUR mn	1.2	3.7	5.0	3.0	2.0
Other liabilities	EUR mn	0.2	0.9	0.5	1.0	1.5
<b>Deferred charges</b>	<b>EUR mn</b>	<b>0</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance sheet total</b>	<b>EUR mn</b>	<b>7.3</b>	<b>17.9</b>	<b>22.4</b>	<b>32.5</b>	<b>36.6</b>

## Key figures

		2003	2004	2005e	2006e	2007e
<b>Per share data</b>						
EPS (rep.)	EUR	3.24	0.52	0.26	0.20	0.25
EPS (adj. before goodwill)	EUR	3.24	0.05	0.26	0.20	0.25
EPS (adj. after goodwill)	EUR	3.24	0.03	0.26	0.20	0.25
CFPS	EUR	4.38	0.79	0.53	0.36	0.41
FCFPS	EUR	12.35	0.27	-0.81	-0.20	0.10
Book value per share	EUR	-2.01	0.92	1.32	1.39	1.64
Dividend per share	EUR	0	0	0	0	0
<b>Valuation</b>						
P/E (rep. EPS)	x	0.4	2.2	7.6	10.2	8.0
P/E (adj. before goodwill)	x	0.4	24.3	7.6	10.2	8.0
P/E (adj. after goodwill)	x	0.4	38.3	7.6	10.2	8.0
P/CF	x	0.3	1.5	3.7	5.7	4.9
P/BV	x	-0.66	1.29	1.49	1.47	1.24
Dividend yield	%	0	0	0	0	0
EV/CE	x	2.52	1.26	1.34	1.41	1.21
EV/Revenues	x	13.05	0.63	0.87	0.63	0.46
EV/EBITDA	x	-1.6	19.8	7.2	8.1	6.3
EV/EBITA	x	-1.6	22.9	8.6	9.5	7.1
EV/EBIT	x	-1.6	35.2	8.6	9.5	7.1
EV/FCF	x	0.6	4.3	-3.1	-10.5	20.0
<b>Profitability</b>						
ROCE (adj.)	%	-161.1	3.2	13.8	13.3	15.3
CE/Revenues	%	518.8	49.8	65.2	44.8	38.0
NWC/Revenues	%	516.5	-13.1	7.1	9.7	11.7
WACC	%	5.1	9.3	7.9	9.1	9.3
ROCE – WACC	%	-166.2	-6.1	5.8	4.2	6.0
Economic profit	EUR mn	-8.3	-0.5	1.0	1.0	1.6
EBITDA margin (adj.)	%	-831.2	3.2	12.0	7.8	7.3
EBITA margin (adj.)	%	-835.4	2.8	10.2	6.6	6.5
EBIT margin (adj.)	%	-835.4	1.8	10.2	6.6	6.5
Net margin	%	602.1	28.3	9.1	6.0	5.8
<b>Financial status</b>						
Gearing	%	-233.4		39.1	4.7	
Equity ratio	%	-49.2	41.5	54.9	69.5	73.0
Net debt/EV (adj.)	%	67.1		20.7	3.1	
Pension liabilities/EV (adj.)	%	0	0	0	0	0
Interest Coverage	x	-27.4	28.3			
Capex/Revenues	%	29.9	0.9	0.9	7.8	0.4
Capex/Depreciation	%	710.3	221.6	50.2	700.0	41.7
FCF/Net debt	%	-263.6		156.9	309.0	
<b>Growth ratios</b>						
Sales growth	%	-90.1	1445.0	79.4	103.3	31.1
EBITDA growth	%	170.3	-105.9	578.9	31.2	23.5
EBITA growth	%	159.1	-105.1	562.4	33.1	27.4
Chg. revenues/Chg. CE	x	1.50	29.85	0.59	2.59	2.83
Chg. revenues/Chg. NWC	x	1.50	-10.39	-0.40	0.59	0.54

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Company	Date	Product	Rating	Price target
Advanced Medien	03/14/2005	CU	Buy	3.60
Advanced Medien	11/25/2004	CF	Outperform	1.80

CF: Company Flash, CR: Company Report, CU: Company Update, EV: E-Valuation, GD: German Daily, LP: Local Product, MSC: Mid Caps/Small Caps, SF: Sector Flash, SP: Sector Preview, SR: Sector Report, WP: Company Weekly Preview

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Company	Key
Advanced Medien	5

Parts of the analysis were made available to the analyzed company prior to publication and was subsequently revised afterwards.

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