

**Buy** Initial Coverage

**PT EUR 6.00** (old: n.a.)

**Price** EUR 3.47  
**Bloomberg** DVN1 GR  
**Reuters** DVNG  
**Sector** Media

**Market leader for inflight entertainment systems.**



Share data: 03.06.2011 / Closing price

**Market cap:** EUR 57.5 m  
**Enterprise Value (EV):** EUR 69.9 m  
**Book value:** EUR 50.4 m  
**No. of shares:** 16.6 m  
**Trading volume Ø:** EUR 67.4 th

**Shareholders:**  
 Freefloat 62.3 %  
 Auctus Capital Partners 16.2 %  
 Aristotelis Mistakidis 10.8 %  
 Axxion S.A. 5.5 %  
 Shareholder Value 5.2 %

**Calendar:**  
 AGM 06/10/11  
 Figures Q2 08/31/11  
 Figures Q3 11/17/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
<b>Sales</b>	120	-	134	-	138	-
<b>EBIT</b>	8.8	-	9.5	-	10.5	-
<b>EPS</b>	0.36	-	0.36	-	0.40	-

Analysis: Warburg Research  
 Date of publication: 06.06.2011  
 Analyst:  
 Felix Ellmann +49 (0)40-309537-120  
 fellmann@warburg-research.com

## Advanced Inflight Alliance is ready to take off

Advanced Inflight Alliance AG is global market leader for inflight entertainment systems (IFE). Advanced Inflight Alliance stands out from competition due to the following factors:

- Based on many years of experience in the IFE market, Advanced Inflight Alliance can fall back on an excellent network. Being the **market leader, Advanced Inflight Alliance has a strong brand**. On top, the stock listing and the solid balance sheet differentiate the company from smaller competitors.
- Unlike many smaller competitors, Advanced Inflight Alliance has **locations at all major hubs** which enables the company to also efficiently supply international airlines in terms of logistics
- Advanced Inflight Alliance is among the **innovative leaders in this sector**. The company anticipates current trends at an early stage and is the **only one-stop-provider** of movies, games and applications.

Advanced Inflight Alliance was able to grow strongly in the last years. Sales increased steadily despite the crisis of the aviation industry. However, this growth was inorganic to some extent. **Further growth is expected for 2011 and beyond:**

- Compared to 2010, **growth** in 2011 and beyond is driven by two acquisitions and by a stabilisation of the aviation business. Organic growth is assumed to be some 3% in the next years. The remainder is due to the consolidation of the two acquisitions.
- 2010 was impacted by the financial crisis and the Eyjafjalla volcano eruption. Additionally **first revenues with applications**, for instance electronic menus or e-readers for newspapers, are realistic for 2011/12 and beyond. It is due to ever cheaper IFE systems with an ever lower weight that carriers which did not have an entertainment system before are now increasingly being equipped. The **equipment of medium-haul airplanes expands Advanced Inflight Alliance's target group**. Growth is also driven by the current rise in **A380 and Dreamliner (end 2011) deliveries with complex IFE technology**.
- Earnings are expected to increase disproportionately** given that the company is accelerating the consolidation of the varied group activities based on its "Inflight Entertainment Excellence 2015" initiative. The focus is placed on a **more efficient organisation** of the over 20 subsidiaries. At the same time, employees are being trained and incentivised in a **more profitable group-wide marketing**. The **discontinuation of severance payments** (EUR 0.5m to former board member and EUR 0.3m for other x/o costs) in 2011 is expected to have a positive impact on earnings.

**News flow** is also expected to improve: 2010/11 was still characterised by a **management board change** and the **economic and financial crisis**. Furthermore, the company recently announced the loss of its customer „Lufthansa“ (which is not very relevant anymore). **Advanced Inflight Alliance now plans to intensify the capital market activities and report on the advances of the restructuring on a regular basis**. Based on a slight sales increase and the structural improvements mentioned above earnings will grow moderately to EUR 10.5m (2013 EBIT) in the next few years. **This yields a PT of EUR 6.00 (DCF) for Advanced Inflight Alliance's share. Given an improved news flow and improved earnings visibility the Advanced Inflight Alliance share looks promising. The initial rating is Buy.**

Fiscal year ending: 31.12.	2007	2008	2009	2010	2011E	2012E	2013E
in EUR m							
<b>Sales</b>	85.1	107	108	111	120	134	138
<i>Change Sales yoy</i>	n.a.	26.2 %	0.6 %	2.8 %	8.0 %	11.7 %	3.0 %
<b>Gross profit</b>	24.5	36.6	40.3	44.1	49.6	55.9	57.8
<i>Gross margin</i>	28.8 %	34.1 %	37.3 %	39.7 %	41.3 %	41.7 %	41.9 %
<b>EBITDA</b>	5.3	12.8	11.7	12.6	15.5	17.8	18.9
<i>EBITDA-margin</i>	6.3 %	11.9 %	10.9 %	11.4 %	12.9 %	13.3 %	13.7 %
<b>EBIT</b>	3.5	8.9	6.8	8.4	8.8	9.5	10.5
<i>EBIT-margin</i>	4.1 %	8.2 %	6.3 %	7.6 %	7.3 %	7.1 %	7.6 %
<b>Net income</b>	3.4	6.0	4.7	5.5	5.6	6.0	6.7
<b>EPS</b>	0.22	0.41	0.33	0.38	0.36	0.36	0.40
<b>Free Cash Flow per share</b>	0.24	0.66	0.35	0.37	0.39	0.57	0.59
<b>Dividend</b>	0.00	0.08	0.10	0.12	0.14	0.16	0.18
<i>Dividend Yield</i>	n.a.	2.3 %	2.9 %	3.5 %	4.0 %	4.6 %	5.2 %
<b>EV/Sales</b>	0.8	0.6	0.6	0.6	0.6	0.5	0.4
<b>EV/EBITDA</b>	12.0	5.0	5.5	5.1	4.5	3.5	2.9
<b>EV/EBIT</b>	18.4	7.2	9.4	7.6	8.0	6.6	5.3
<b>PER</b>	15.8	8.5	10.5	9.1	9.6	9.6	8.7
<b>ROCE</b>	10.3 %	23.9 %	16.4 %	18.5 %	15.6 %	14.7 %	16.0 %
<b>Adj. Free Cash Flow Yield</b>	4.2 %	15.8 %	13.9 %	15.2 %	17.8 %	23.5 %	28.3 %

---

<b>Competitive Quality</b>	<b>3</b>
Customer base as a competitive factor	3
Longevity ensures competitive positions	4
Unique one-stop shop	4
Early anticipation of trends	5
Acquisitions underline competitive position	6
Solid footprint	6
<b>Financials</b>	<b>7</b>
History and recent performance	7
Sales development	7
Costs & earnings	8
Balance sheet	9
<b>Valuation</b>	<b>11</b>
Free cash flow yield	11
DCF model	12
Peer group comparison	13
<b>Newsflow</b>	<b>14</b>
Qualitative news flow: figures are gradually improving	14
Burdening factors are overcome	14
<b>Company &amp; Products</b>	<b>16</b>
Company background	16
Business model	16
Subsidiaries	17
Management	18
Shareholder structure	18
<b>Figures</b>	<b>20</b>

- **Advanced Inflight Alliance (AIA) is a leading provider of inflight entertainment in airliners**
- **The large customer base (references),**
- **...the technological expertise,**
- **...a broad range of applications (video/games/applications)**
- **and the presence at the major hubs differentiates Advanced Inflight Alliance from smaller competitors.**
- **Advanced Inflight Alliance anticipates the upcoming trends of the on-board entertainment already today**

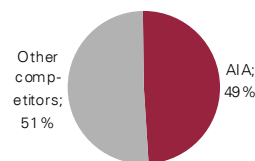
Advanced Inflight Alliance AG is a globally leading company in the field of inflight entertainment in airliners. The company collaborates with the major airlines and has a market share of ca. 50%. Advanced Inflight Alliance's business activities also include the equipment of airliners with electronic games and applications. In this segment the company has a global market share of ca. 90% by now. Advanced Inflight Alliance is innovative leader for applications. In the past fiscal year Advanced Inflight Alliance turned over EUR 111m. The group has 476 employees at 11 locations around the globe. Based on its many years of experience in the IFE market Advanced Inflight Alliance has an excellent network.

## Customer base as a competitive factor

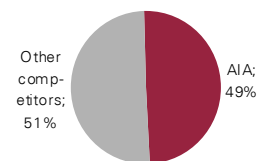
The company's broad customer base is a key advantage. Thanks to its large number of important major customers Advanced Inflight Alliance can clearly differentiate from its competitors. Over the last years the company succeeded in exhibiting the most prominent **brand name** for inflight entertainment – **with a strong impact as a reference for airlines.**

### Market share of Advanced Inflight Alliance in 2010

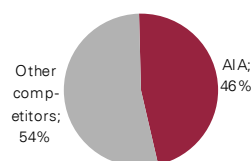
**Europe, Middle East, Africa,**



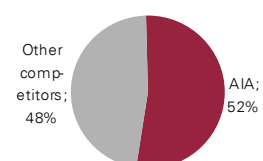
**IFE total market**



**Asia**



**USA & Canada**



Sources: Advanced Inflight Alliance AG

Based on the high number of customers the company enjoys **volume advantages in purchase** and in the field of technical services. This is also relevant from a logistics point of view as Advanced Inflight Alliance is present at all the major hubs which enables the company to also supply global fleets at a high level. Smaller competitors lack this **infrastructural advantage**.

The majority of the international carriers are customers of Advanced Inflight Alliance. National flights often do not have an IFE. The most important customers of Advanced Inflight Alliance are airlines presently ordering a **high number of wide-bodied aircraft with elaborate IFE technology** such as Qatar, Cathay Pacific, Emirates, Singapore Airlines etc.

### Longevity ensures competitive position

IFE solutions are based on entertainment hardware which is either used as original equipment or as a retrofit solution in airliners in the field of entertainment. New aircraft usually have a useful life of up to 20 years. As such, their installed entertainment elements are used over a long period of time.

Once technologies and processes are installed and established they are usually not changed very often. Structural changes entail special costs for the customers. It is important for airlines to have a consistent partner equipping their aircraft with content in a competitive way.

Equipping aircraft with entertainment content is technologically and logistically demanding and is a barrier to market entry for many competitors. However, some competitors are able to provide this service. Along with its established customer relationships and the high quality of the performance, Advanced Inflight Alliance mainly differentiates from the existing competitors thanks to the following factors:

### Unique one-stop-shop

Being the only provider in the market Advanced Inflight Alliance can offer a one-stop full service which consists of three components:

- **Movies:** Advanced Inflight Alliance offers its customers a comprehensive pool of movies in different formats. This is technically demanding but is offered by almost every competitor. The same applies to audio programmes, which are of minor importance though.
- **Games:** alongside movies Advanced Inflight Alliance also offers its customers games. Advanced Inflight Alliance is the only content service provider having its own software company (DTI) which programs and offers the games for IFE systems. Almost all airlines that offer games purchase their games from DTI.
- **Applications:** Advanced Inflight Alliance is innovative and market leader in the field of applications. Already today, the company offers applications such as the interactive electronic menu which saves printing costs compared to the usual menu and reduces a crew's walking distances. Furthermore, an e-reader is offered enabling the reading of electronic magazines. These applications lead to weight savings and/or more efficient processes. More complex applications such as board shops are currently in the development phase. Going forward, applications will be an important component of the IFE. These cannot be provided by smaller companies because of their comparatively high development costs.
- The **combination** and provision of all three components from a single source also has the advantage that the customer needs only one interface for every content and that the hardware producer is delivered from only one side. This is another competitive advantage of this broad coverage. Every airline focused on its core business receives their IFE from an outsourcing partner. This trend is increasing. Particularly providers with a preferably broad thematic (movies, games, applications, etc.), technical (formats, libraries) and geographic (international hubs) coverage qualify for this. Advanced Inflight Alliance is the undisputed leader in this combination.

## Early anticipation of trends

**The market for inflight entertainment systems is changing very slowly and is hardly innovative.** There have been rather similar on-board entertainment systems 40 years ago. That said, major trends become apparent to which Advanced Inflight Alliance responds at an early stage and/or from which it benefits:

- **More lightweight and cheaper technology (“flatscreens”, network technology, central units):** A major trend in IFE seen in the last years is a significant reduction in weight, space and prices for monitors. This has led to an ever increasing number of monitors in aircraft. In the medium term, monitors will presumably also be used for shorter and shorter flight distances. Advanced Inflight Alliance benefits from this general trend in the hardware sector.
- **iPads, smartphones, laptops etc.:** The attention of the IFE system is basically competing with entertainment devices brought along by the passenger. For instance, an iPad is well suited for a very individual creation of an entertainment programme. However, the following factors promote the continuation of IFE systems:
  1. Such a technology is not available to every passenger.
  2. IFE systems generally offer content for free.
  3. IFE systems will increasingly become an „interface“ between the passenger and the airlines and this cannot be achieved by individual entertainment devices.
  4. Only IFE offer “early-window content“. There is a time frame for movies which have already been released in US cinemas but cannot be bought in other countries yet. This content is only available in aircraft.
- **On-board connectivity:** another factor competing with IFE is the on-board internet connection (“connectivity“). However, this is not yet fully given and will be restricted to lower bandwidths in the medium term. Should it be possible to guarantee broadband internet connections in the long term, this may restrict the use of IFE systems. This leads to the question whether airlines are interested in these services in the first place, as they would also lose the customers’ attention. This service might also be integrated as a paid service in an IFE application of Advanced Inflight Alliance.
- **Entertainment on the way to become a profit centre:** in view of the fact that an increasing number of passenger aircraft will be equipped with flat touchscreens in the seating area going forward, there are many different ways for an interaction with customers. This will be considered as a value component by airlines in the medium term. Applications like on-board shopping or paid content will possibly be an interesting option for airlines to integrate IFE in their value chain. This trend is contrary to the on-board connectivity given that airlines will lose this possibility for interaction with their customers when a customer can use an on-board internet connection for free. Advanced Inflight Alliance is prepared to present conceptual approaches and first solutions for profit-oriented applications.
- **Applications as a growth market:** In line with an increasing quality and number of flatscreens / touchscreens onboard an aircraft, the market for applications is an important growth market. Applications such as the e-reader or the electronic menus only mark the beginning of a development which can lead to cost savings (e.g. reduces the crew’s walking distances), weight savings (e.g. less paper) or stronger value creation (e.g. on-board shopping).

Being the market leader, Advanced Inflight Alliance also offers conceptual approaches and solutions for future-orientated topics along with classical content (movies) and games from a single source. This makes Advanced Inflight Alliance an ideal partner for innovative airlines.

## Acquisitions underline competitive position

On May 17, 2011 Advanced Inflight Alliance announced to have acquired Emphasis Video Entertainment Limited, Hong Kong (Emphasis) as well as Entertainment in Motion, Inc., Los Angeles (EIM).

- Servicing more than 50 airlines, **Emphasis** is the worldwide leading provider for Asian-language airline rights. With a range comprising hundreds of Asian movies and TV programmes Emphasis is also active as content service provider for airlines for programmes with Asian content. Thanks to its Hong Kong location and its relationships with important Chinese producers resulting from many years of experience Emphasis is extremely well positioned to benefit from the booming Chinese aviation market in future. The company currently has 16 employees and generates sales in the upper single-digit million euro range.
- Founded in 1988, **EIM** is the worldwide leading independent trader of rights of English movies and TV programmes for airlines. Its customer base consists of over 120 airlines. The company currently has 9 employees and several freelance employees generating sales in the lower double-digit million euro range.

The above transactions round off the value chain, making Advanced Inflight Alliance the only fully integrated provider of inflight entertainment services which directly purchases the content from the studios. The advantages of this orientation are illustrated in two examples: EIM often invests in films before the production is started while, in return, it secures itself the airline marketing rights. This does not only involve blockbusters but also complementary independent productions (e.g. one of five titles of IFE's programme). Given that EIM belongs to Advanced Inflight Alliance, EIM can fall back on Advanced Inflight Alliance's assessment of the marketing prospects for a particular movie within its the decision process for the acquisition of a marketing right for a film. This is likely to considerably reduce the "marketing risk" compared to competing purchasers. EIM is also becoming much more attractive for the producers compared to other competitors, as the sales potential can already be communicated in advance. This is a systematic advantage airline marketing rights are acquired and which EIM did not have on a stand-alone basis before it was acquired by Advanced Inflight Alliance.

## Solid footprint

The small size of many competitors is another key factor decisive for the solid positioning of Advanced Inflight Alliance AG. Over the past years the company was able to integrate many different subsidiaries in the group on the back of a clever purchasing policy, thus becoming global market leader. The difference in scale over many competitors is paying off now and also offers market advantages based on the extensive internationalised logistics. Smaller market participants can only serve their customers regionally. Advanced Inflight Alliance has hubs in all important regions (Los Angeles, Montreal, London, Singapore, Hong Kong, Dubai) from where all important global customers can be reached very quickly. Consequently, all important airlines can be addressed on the sales side. The listing on the stock exchange also has a positive impact. Advanced Inflight Alliance's solid balance sheet and steady growth in connection with capital market's strict reporting obligations reveals Advanced Inflight Alliance's solidity as business partner to potential customers. Overall, Advanced Inflight Alliance is excellently positioned in the IFE market.

- 
- **Q1 2011 was – partially due to one-off effects – very good**
  - **Recent acquisitions and good organic development imply further growth**
  - **Efficiency increases, increase in value added and discontinuation of special charges raise profitability**
- 

## History and recent performance

Advanced Inflight Alliance had to face a difficult market environment in the last years. In this context, the volcanic eruption in Iceland and the financial crisis are worth mentioning. As Advanced Inflight Alliance is only profitable when the customers' aircraft are in the air, the company was not able to effectively use its potential in the last years given that content marketed by Advanced Inflight Alliance is charged by usage ("views"). In general, airlines are less prepared to invest in times of crisis and are tougher in their negotiations than in economically good times. In those times, the airlines are also prepared to a larger extent to offer their passengers "free of charge" high-quality" inflight entertainment.

Internal problems / management change as well as a suboptimal group structure after various acquisitions add to this. A replacement in the management early in 2010 as well as the preparation of structural measures (see below) laid the foundation for further improvements in earnings. Despite a weak market environment and structural changes the company increased 2010 sales by 3% to EUR 111m, while net profit rose by almost 17% to EUR 5.5m over the same period.

In Q1 2011 Advanced Inflight Alliance grew significantly: the group's revenues rose by some 10% to EUR 28.9m, EBT more than quadrupled to EUR 3.4m and earnings per share were up from EUR 0.03 to EUR 0.17. Along with better market conditions (recovery in the aviation industry, good choice of films on the part of the publishers) and the discontinuation of a special charge (EUR 0.5m) in the previous quarter, this also reflects the first successes achieved in restructuring. Additionally, a structural change in the sector became noticeable for the first time: airlines change their entertainment programme every 2 months. This leads to two changes in the first and third quarter as well as one in the second and fourth quarter each. When looking at the year as a whole, the second and fourth quarters are particularly strong. However, these effects balance each other out throughout the year.

## Sales development

Advanced Inflight Alliance generates the major part of its revenues with the sale of content and the respective invoicing per aircraft movement. As such, Advanced Inflight Alliance sells content which the company either pays within the scope of a flat rate or according to aircraft movement. Parts of the business model can be compared with those of a film distributor, whose "cinemas" are aircraft.

Following the strong Q1 2011, slightly rising sales are now expected for FY 2011. Growth is mainly driven by:

- **Normal business:** compared to 2010, growth in 2011 is mainly driven by a return to normal business. 2010 was impacted by the financial crisis and the Eyjafjalla volcanic eruption. No comparable one-time effects are visible in 2011 so far and the overall economic situation is solid.
- **First revenues with applications:** first revenues with applications are realistic for 2011/12 and beyond. These include in particular the electronic menu or the e-reader for magazines. Applications related to shopping, pay-per-view as well as connectivity services are also conceivable in the medium term.
- **IFE systems in medium-haul airplanes:** it is due to ever cheaper IFE systems with

an ever lower weight than airplanes which did not have an entertainment system before are now increasingly being equipped. Particularly the equipment of medium-haul airplanes should expand Advanced Inflight Alliance's target group.

- **Deliveries of the A380 and Dreamliner:** given that the A380 was delivered as late as 2010 and 2011 to a greater extent and that the first deliveries of the Dreamliner (Boeing 787) are scheduled for the end of 2011 after several postponements, growth from these new capacities has not yet materialised in 2010. However, as these airplanes are equipped with comprehensive new IFE technology, large-scale deliveries are the basis for further growth.
- **Inorganic growth:** on May 17, 2011 Advanced Inflight Alliance announced to have acquired two companies (EIM and Emphasis). These two companies will contribute sales (after consolidation) of some EUR 10m and EBITDA of some EUR 2m to the group in 2011 (consolidated from June 1, 2011). Based on a full consolidation, this figure is expected to roughly double (WRe) in 2012.

The moderate organic growth is expected to continue in 2012 and beyond. **However, organic top line growth is expected to only amount to 3% in total from 2010 onwards.** The remainder is due to the acquisitions mentioned above. On the one hand, this assumption is based on the fact that the IFE market is largely divided. On the other hand, the fields of classical content (movies) and technological services might have to face price pressure or the loss of customers (cf. Lufthansa).

## Costs and earnings

Advanced Inflight Alliance's major expenses are material expenses for content and services (stable at ca. 60% of sales), personnel costs (18%-20%) and other operating expenses (9%). A slight scaling is assumed for all three expense items in the next few years. The major driver of the relative cost reduction (scaling) is the company's "Inflight Entertainment Excellence 2015" programme – a package of measures initiated by the management to increase efficiency:

- **Earnings driven by consolidation of the group activities:** the Advanced Inflight Alliance group has some 20 subsidiaries where the activities are redundant to some extent and which offer similar products under different brands. It is planned to simplify the administrative structures, unify the branding and introduce a centralised management position for procurement, sales, customer service and IT projects. To this end, all major processes are to be assessed with regard to their profitability. Furthermore, a group-wide IT is to be introduced. The company's aim is to reduce personnel costs and the other operating expenses of the existing business segments.
- **Earnings driven by incentives:** many of the group's existing subsidiaries have been working independently of each other so far. A centralised efficiency and cost optimisation has not yet been brought forward. This is planned to be changed with training and incentive programmes for the employees. These programmes are planned to mainly convey which content is particularly suited to be sold with profitability. An employee typically sells a portfolio of content to the customers. The sales rep usually has little knowledge as to which content generates low margins or high margins. For instance, this is the case when certain content was acquired for a flat rate independent of the degree of exploitation. The earnings potential of such efficiency-orientated trainings / incentives is obvious. Additionally, the company so far has hardly been active in cross-selling / bundling of content of the sectors (movies, audio, games, applications).
- **Earnings driven by expansion of the value chain:** The acquisitions of Emphasis and EIM in the field of rights trade reported in May enable Advanced Inflight Alliance to further expand the value chain. This also results in margin potential thanks to an early investment in rights and the efficient granting of minimum guarantees. It can be assumed that the stronger and more efficient value creation will lead to higher margins from 2012 onwards.

- **Special factor „severance payments“:** the discontinuation of severance payments of EUR 0.5m in 2010 and one-off costs of EUR 0.3m in connection with the separation from former CEO Otto Dauer should result in a further earnings improvement.
- **Special factor „depreciation and amortisation“:** Roughly one third of Advanced Inflight Alliance's D&A (4% of sales) are related to earlier acquisitions (PPA / goodwill). They will be gradually reduced in the next few years, as no further acquisitions are (can be) anticipated in this analysis. However, further acquisitions are likely as part of the company's development process. The recent acquisitions will lead to slightly higher amortisation from the PPA in the coming years.

All these factors lead to the following expectations for the profit and loss account. The planned capital increase (2.07m shares at a price of EUR 2.30) and debt financing of the acquisitions has been taken into consideration:

### Consolidated Profit & Loss Advance Inflight Alliance

in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
<b>Sales</b>	<b>85.1</b>	<b>107.4</b>	<b>108.1</b>	<b>111.1</b>	<b>120.0</b>	<b>134.0</b>	<b>138.0</b>
Material Expenses	60.6	70.8	67.7	67.0	70.4	78.1	80.2
<b>Gross profit</b>	<b>24.5</b>	<b>36.6</b>	<b>40.3</b>	<b>44.1</b>	<b>49.6</b>	<b>55.9</b>	<b>57.8</b>
Personnel expenses	12.4	16.3	19.0	21.9	23.6	26.4	26.9
Other operating income	0.9	2.3	0.4	0.3	0.4	0.4	0.4
Other operating expenses	7.7	9.8	10.0	9.9	10.8	12.1	12.4
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>5.3</b>	<b>12.8</b>	<b>11.7</b>	<b>12.6</b>	<b>15.5</b>	<b>17.8</b>	<b>18.9</b>
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.2	1.3	1.4
<b>EBITA</b>	<b>4.7</b>	<b>12.0</b>	<b>10.8</b>	<b>11.6</b>	<b>14.3</b>	<b>16.5</b>	<b>17.5</b>
Amortisation of intangible fixed assets	1.3	3.2	4.0	3.2	5.5	7.0	7.0
<b>EBIT</b>	<b>3.5</b>	<b>8.9</b>	<b>6.8</b>	<b>8.4</b>	<b>8.8</b>	<b>9.5</b>	<b>10.5</b>
Interest income	0.9	0.3	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.6	1.0	1.1	1.0	1.1	1.3	1.3
Financial result	0.4	-0.7	-1.0	-0.8	-1.0	-1.2	-1.2
<b>Recurring pretax income from cont. operations</b>	<b>3.8</b>	<b>8.2</b>	<b>5.9</b>	<b>7.6</b>	<b>7.8</b>	<b>8.3</b>	<b>9.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>3.8</b>	<b>8.2</b>	<b>5.9</b>	<b>7.6</b>	<b>7.8</b>	<b>8.3</b>	<b>9.3</b>
Taxes total	0.5	2.1	1.2	2.1	2.2	2.3	2.6
<b>Net income</b>	<b>3.4</b>	<b>6.0</b>	<b>4.7</b>	<b>5.5</b>	<b>5.6</b>	<b>6.0</b>	<b>6.7</b>

Sources: Advance Inflight Alliance (historical data), Warburg Research (estimates)

### Balance sheet

As is usual for a company trading with film rights, Advanced Inflight Alliance's balance sheet has hardly any fixed assets. In addition to receivables (EUR 19m / 21%) and liquid funds (EUR 14m / 16%) half of the **assets** are made up of goodwill (EUR 26m / 29%) and film rights (EUR 19m / 21%).

Given an equity ratio of 47% (EUR 41m) and only few liabilities (EUR 14.5m / 16%) trade receivables (EUR 25m / 28%) are the most important item of the **liabilities**.

**Balance sheet Advance Inflight Alliance**

in EUR m

	2007	2008	2009	2010	2011e	2012e	2013e
<b>Assets</b>							
Intangible assets	17.8	39.1	41.2	44.8	57.1	54.1	51.1
thereof other intangible assets	7.2	17.6	17.5	18.9	17.4	14.4	11.4
thereof Goodwill	10.6	21.4	23.7	25.8	39.7	39.7	39.7
Property, plant & equipment	2.2	2.4	2.4	2.2	3.1	2.4	1.6
Financial assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>20.2</b>	<b>41.5</b>	<b>43.7</b>	<b>47.0</b>	<b>60.2</b>	<b>56.5</b>	<b>52.7</b>
Inventories	0.2	0.4	0.7	1.1	1.2	1.3	1.4
Accounts receivable	12.2	17.9	17.0	18.8	21.4	24.6	26.1
Other Assets	8.1	6.7	6.7	7.3	7.3	7.3	7.3
Liquid assets	19.0	17.5	16.5	14.0	15.7	20.0	24.1
<b>Current assets</b>	<b>39.4</b>	<b>42.4</b>	<b>40.8</b>	<b>41.1</b>	<b>45.5</b>	<b>53.1</b>	<b>58.9</b>
<b>Total assets</b>	<b>59.6</b>	<b>83.9</b>	<b>84.5</b>	<b>88.1</b>	<b>105.8</b>	<b>109.6</b>	<b>111.6</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	14.8	14.5	14.5	14.5	16.6	16.6	16.6
Additional paid-in capital	8.3	8.7	8.8	8.9	12.0	12.0	12.0
Surplus capital	5.4	10.9	14.5	18.5	22.4	26.2	30.2
Other equity components	-1.5	-8.1	-4.5	-0.6	-0.6	-0.7	-0.6
<b>Shareholders' equity</b>	<b>27.1</b>	<b>26.1</b>	<b>33.3</b>	<b>41.4</b>	<b>50.4</b>	<b>54.1</b>	<b>58.2</b>
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total equity</b>	<b>27.1</b>	<b>26.1</b>	<b>33.3</b>	<b>41.4</b>	<b>50.4</b>	<b>54.1</b>	<b>58.2</b>
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Provisions</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Financial liabilities</b>	<b>6.6</b>	<b>14.4</b>	<b>9.3</b>	<b>6.6</b>	<b>14.1</b>	<b>11.1</b>	<b>8.1</b>
Accounts payable	19.1	26.3	24.3	25.1	26.3	29.4	30.3
Other liabilities	6.7	17.1	17.3	14.8	14.8	14.8	14.8
<b>Liabilities</b>	<b>32.5</b>	<b>57.9</b>	<b>51.2</b>	<b>46.7</b>	<b>55.4</b>	<b>55.5</b>	<b>53.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>59.6</b>	<b>83.9</b>	<b>84.5</b>	<b>88.1</b>	<b>105.8</b>	<b>109.6</b>	<b>111.6</b>

Sources: Advance Inflight Alliance (historical data), Warburg Research (estimates)

- All valuation methods suggest a significant undervaluation
- Peer group valuation is insignificant
- DCF model is the central valuation approach indicating a fair value of EUR 6.00.

## Free cash flow yield

The adjusted free cash flow yield assumes that investors seek to purchase assets (here the enterprise value) at such a price that the free cash flow return (free cash flow = net income + depreciations - maintenance capex + taxes - financial result) on the EV exceeds their opportunity costs of 10%.

### Free Cash Flow Yield - Advance Inflight Alliance

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e
Net Income	3.4	6.0	4.7	5.5	5.6	6.0	6.7
+ Depreciation + Amortisation	1.8	4.0	4.9	4.2	6.7	8.3	8.4
- Net Interest Income	0.4	-0.7	-1.0	-0.8	-1.0	-1.2	-1.2
+ Taxes	0.5	2.1	1.2	2.1	2.2	2.3	2.6
- Maintenance Capex	2.6	2.7	2.8	2.9	3.0	3.1	3.2
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>= Adjusted Free Cash Flow</b>	<b>2.7</b>	<b>10.1</b>	<b>8.9</b>	<b>9.7</b>	<b>12.5</b>	<b>14.7</b>	<b>15.7</b>
Adjusted Free Cash Flow Yield	4.2%	15.8%	13.9%	15.2%	17.8%	23.5%	28.3%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>= Enterprise Value</b>	<b>64.1</b>	<b>64.1</b>	<b>64.1</b>	<b>64.1</b>	<b>69.9</b>	<b>62.6</b>	<b>55.5</b>
<b>= Fair Enterprise Value</b>	<b>27.2</b>	<b>101.1</b>	<b>89.4</b>	<b>97.2</b>	<b>124.8</b>	<b>147.2</b>	<b>157.1</b>
- Net Debt (Cash)	-7.4	-7.4	-7.4	-7.4	-1.6	-8.9	-16.0
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Others	14.0	14.0	14.0	14.0	14.0	14.0	14.0
<b>= Fair Market Capitalisation</b>	<b>20.6</b>	<b>94.5</b>	<b>82.7</b>	<b>90.5</b>	<b>112.4</b>	<b>142.1</b>	<b>159.1</b>
No. of shares (m)	16.6	16.6	16.6	16.6	16.6	16.6	16.6
<b>= Fair value per share (EUR)</b>	<b>1.24</b>	<b>5.70</b>	<b>4.99</b>	<b>5.46</b>	<b>6.78</b>	<b>8.57</b>	<b>9.60</b>
premium (-) / discount (+) in %	-64.2%	64.3%	43.9%	57.5%	95.4%	147.1%	176.7%

### Sensitivity Fair value per Share (EUR)

	13.0%	0.86	4.29	3.75	4.11	5.04	6.52	7.41
	12.0%	0.97	4.69	4.09	4.49	5.53	7.09	8.02
	11.0%	1.09	5.15	4.50	4.93	6.10	7.77	8.74
Hurdle rate	<b>10.0%</b>	<b>1.24</b>	<b>5.70</b>	<b>4.99</b>	<b>5.46</b>	<b>6.78</b>	<b>8.57</b>	<b>9.60</b>
	9.0%	1.42	6.38	5.59	6.12	7.62	9.56	10.66
	8.0%	1.65	7.23	6.34	6.93	8.66	10.80	11.97
	7.0%	1.95	8.32	7.30	7.98	10.01	12.38	13.66

Sources: Advance Inflight Alliance (historical data), Warburg Research (estimates)

Based on the FCF yield we calculate fair values of between EUR 7 and EUR 10 for the Advanced Inflight Alliance shares. Note the „Others“ item which is deducted: liquid funds of EUR 12m are deducted here, as these are current advance payments of airlines to which Advanced Inflight Alliance is not entitled.

## DCF model

A DCF model is used as a central valuation model. Based on the sales estimates, a CAGR of ca. 9% is applied to Advanced Inflight Alliance in the period from 2010 to 2013e (mainly due to the acquisitions), while growth gradually approaches the long-term growth rate of 2% thereafter.

A beta of 1.35 was used. The risk-free return on long-term bonds is assumed to be 4.25%. The market yield of 9% means a risk premium of 4.75%. Assuming a complete self-financing in the long-term results in a WACC of 10.35%.

Note the „Others“ item which is deducted: liquid funds of EUR 14m are deducted here, as these are current advance payments of airlines to which Advanced Inflight Alliance is not entitled. Depreciations and amortisations which are higher than investments even in the long term (until 2024) have a value-enhancing effect, as the PPA amortisation of acquisitions already made is considered here.

**Result: the DCF model indicates a fair value of EUR 6.00.**

### DCF Model - Advance Inflight Alliance

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	120.0	134.0	138.0	142.2	146.4	150.8	155.3	160.0	164.8	169.7	174.8	180.1	185.5	189.2
Change	8.0%	11.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	8.8	9.5	10.5	11.4	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.8	15.1
EBIT-Margin	7.3%	7.1%	7.6%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
NOPAT	6.3	6.9	7.6	8.2	8.4	8.7	8.9	9.2	9.5	9.8	10.1	10.4	10.7	10.9
Depreciation	6.7	8.3	8.4	7.1	7.3	7.5	7.8	8.0	8.2	8.5	8.7	9.0	9.3	7.6
in % of Sales	5.6%	6.2%	6.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%
Change in Liquidity from														
- Working Capital	-1.6	-0.2	-0.7	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-1.0	-1.1	-1.1
- Capex	-4.6	-4.6	-4.6	-5.7	-5.9	-6.0	-6.2	-6.4	-6.6	-6.8	-7.0	-7.2	-7.4	-7.6
Capex in % of Sales	3.8%	3.4%	3.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
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)	6.9	10.4	10.7	9.0	9.2	9.5	9.7	10.0	10.3	10.6	10.9	11.2	11.5	9.8

#### Model parameter

Debt ratio	5.00%	Beta	1.35
Costs of Debt	6.8%	WACC	10.35%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

#### Valuation (mln)

Present values 2024e	74.2	Special items	14.0
Terminal Value	31.4		
Liabilities	-6.6		
Liquidity	14.0	No. of shares (mln)	16.57
<b>Equity Value</b>	<b>99.0</b>	<b>Value per share (EUR)</b>	<b>5.97</b>

#### Sensitivity Value per Share (EUR)

##### Terminal Growth

WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.35%	5.25	5.28	5.32	5.36	5.40	5.44	5.49
10.85%	5.52	5.56	5.60	5.65	5.70	5.75	5.80
10.60%	5.66	5.71	5.76	5.81	5.86	5.92	5.98
<b>10.35%</b>	<b>5.82</b>	<b>5.87</b>	<b>5.92</b>	<b>5.97</b>	<b>6.03</b>	<b>6.09</b>	<b>6.16</b>
10.10%	5.98	6.03	6.09	6.15	6.21	6.28	6.36
9.85%	6.15	6.21	6.27	6.34	6.41	6.48	6.56
9.35%	6.53	6.60	6.67	6.75	6.84	6.93	7.03

##### Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.35%	4.33	4.67	5.02	5.36	5.70	6.04	6.38
10.85%	4.57	4.93	5.29	5.65	6.01	6.37	6.73
10.60%	4.70	5.07	5.44	5.81	6.18	6.55	6.92
<b>10.35%</b>	<b>4.83</b>	<b>5.21</b>	<b>5.59</b>	<b>5.97</b>	<b>6.35</b>	<b>6.74</b>	<b>7.12</b>
10.10%	4.97	5.36	5.76	6.15	6.54	6.94	7.33
9.85%	5.12	5.53	5.93	6.34	6.74	7.15	7.55
9.35%	5.45	5.89	6.32	6.75	7.18	7.62	8.05

Source: Warburg Research

## Peer group comparison

The valuation of Advanced Inflight Alliance on the basis of a peer group comparison is of little relevance as there is no listed company in the field of IFE. A peer group consisting of German media stocks is used as an alternative. The following underlying data are taken into account for the comparison:

### Peer group - Key Figures

Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					10e	11e	12e	10e	11e	12e	10e	11e	12e	10e	11e	12e
Constantin Medien	EUR	2.06	175.4	307.5	-0.07	0.16	0.15	471.4	489.3	503.2	109.9	116.6	121.9	22.5	26.5	36.7
Mme Moviemnt	EUR	9.25	103.4	97.5	0.56	0.61	n.a.	115.0	121.0	n.a.	11.0	11.7	n.a.	10.3	11.0	n.a.
Klassik Radio	EUR	6.70	32.3	34.9	0.13	0.25	0.45	15.7	17.7	20.3	1.3	1.8	2.6	0.8	1.3	2.2
Studio Babelsb	EUR	1.56	25.7	26.4	0.14	0.16	0.19	104.0	92.0	94.0	4.1	4.3	4.8	2.5	2.9	3.4
Senator Entertainment	EUR	0.58	11.5	18.9	-0.06	0.13	0.03	36.9	38.9	40.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Splendid Medien	EUR	0.98	9.6	9.3	0.12	0.04	0.25	38.6	39.6	41.2	11.6	n.a.	n.a.	4.5	n.a.	n.a.
Your Family Entertainment	EUR	1.10	9.6	10.3	0.20	0.20	0.23	5.5	6.2	6.8	3.2	3.5	3.8	2.8	1.5	1.7
Odeon Film	EUR	0.91	7.2	10.2	-1.37	-1.00	-0.99	51.6	53.6	54.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Advance Inflight Alliance</b>	<b>EUR</b>	<b>3.47</b>	<b>57.5</b>	<b>69.9</b>	<b>0.38</b>	<b>0.36</b>	<b>0.36</b>	<b>111.1</b>	<b>120.0</b>	<b>134.0</b>	<b>12.6</b>	<b>15.5</b>	<b>17.8</b>	<b>8.4</b>	<b>8.8</b>	<b>9.5</b>

Source: Warburg Research, Thomson Reuters

This yields the following multiples:

### Peer group - Valuation Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					10e	11e	12e	10e	11e	12e	10e	11e	12e	10e	11e	12e
Constantin Medien	EUR	2.06	175.4	307.5	neg.	12.88	13.73	0.65	0.63	0.61	2.80	2.64	2.52	13.65	11.62	8.38
Mme Moviemnt	EUR	9.25	103.4	97.5	16.52	15.16	n.a.	0.85	0.81	n.a.	8.91	8.37	n.a.	9.47	8.87	n.a.
Klassik Radio	EUR	6.70	32.3	34.9	51.54	26.80	14.89	2.22	1.98	1.72	27.45	19.59	13.31	43.58	26.61	16.07
Studio Babelsb	EUR	1.56	25.7	26.4	11.14	9.75	8.21	0.25	0.29	0.28	6.43	6.14	5.50	10.55	9.10	7.76
Senator Entertainment	EUR	0.58	11.5	18.9	neg.	4.42	19.17	0.51	0.49	0.46	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Splendid Medien	EUR	0.98	9.6	9.3	8.13	24.40	3.90	0.24	0.23	0.22	0.80	n.a.	n.a.	2.08	n.a.	n.a.
Your Family Entertainment	EUR	1.10	9.6	10.3	5.50	5.50	4.78	1.88	1.66	1.51	3.26	2.96	2.69	3.67	7.07	6.00
Odeon Film	EUR	0.91	7.2	10.2	neg.	neg.	neg.	0.20	0.19	0.19	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average					18.57	14.13	10.78	0.85	0.78	0.71	8.28	7.94	6.00	13.83	12.65	9.55
Median					11.14	12.88	10.97	0.58	0.56	0.46	4.85	6.14	4.10	10.01	9.10	8.07
<b>Advance Inflight Alliance</b>	<b>EUR</b>	<b>3.47</b>	<b>57.5</b>	<b>69.9</b>	<b>9.13</b>	<b>9.64</b>	<b>9.64</b>	<b>0.63</b>	<b>0.58</b>	<b>0.52</b>	<b>5.54</b>	<b>4.52</b>	<b>3.92</b>	<b>8.33</b>	<b>7.98</b>	<b>7.35</b>
Valuation difference to Average					103%	47%	12%	35%	34%	37%	49%	76%	53%	66%	59%	30%
Fair value per share based on Average					7.06	5.09	3.88	4.95	4.93	5.02	5.55	6.67	5.71	6.26	5.94	4.73

Sources: Warburg Research, Thomson Reuters

The Advanced Inflight Alliance share appears to be clearly undervalued in the comparison. Thematically, however, this peer group comparison is of little relevance and only gives a relative overview of the valuation situation of Germany media companies.

- **Good 2011 results expected after excellent Q1 figures**
- **Major burdening factors are overcome**
- **Capital market activities will be intensified**

### Qualitative news flow: figures are gradually improving

On May 17, 2011 Advanced Inflight Alliance released a full set of Q1 2011 figures with strong growth in sales and earnings. As a result of the accounting cycles Q2 will likely be somewhat weaker but figures should still grow strongly yoy:

<b>Advance Inflight Alliance - Q2 2011</b>						
Figures in EUR m	Q2/11	Q2/10	yoy	6M/11	6M/10	yoy
<b>Sales</b>	26.1	27.9	-6.2%	55.0	54.2	1.5%
<b>EBITDA</b>	3.0	2.7	11.0%	7.4	4.7	59.4%
<i>margin</i>	11.3%	9.5%		13.5%	8.6%	
<b>EBIT</b>	1.8	0.0	-	5.3	2.9	83.7%
<i>margin</i>	6.9%	0.0%		9.7%	5.4%	
<b>EPS in EUR</b>	0.05	0.00	-	0.22	0.16	37.5%

Sources: Advance Inflight Alliance (historical data), Warburg Research (estimates)

### Burdening factors are overcome

However, Advanced Inflight Alliance's last months and years were also burdened by company- and sector-related factors which are overcome now. The news flow should gradually be become better now:

- **Change in the executive board:** the supervisory board dismissed the company's former CEO Otto Dauer for cause on March 3, 2010; it also terminated his director's contract that ran until May 2014. In addition, the company did not pay his claims to bonuses for 2009 and 2010. The parties reached a settlement in court early in 2011, agreeing that Otto Dauer's director's contract was terminated effective March 31, 2010, and that he would be paid EUR 700k; of this amount, EUR 450k were paid as bonus payments outstanding for 2009 and 2010, and EUR 250k were paid as severance pay. Absolutely all of Otto Dauer's claims under his director's contract have thus been satisfied. Taking into account the provisions that were recognised for the 2009 and 2010 bonuses that had been withheld, the company incurred a one-time charge of about EUR 250k under the termination agreement, which impacts earnings in FY 2010. This theme had burdened the news flow in 2010 and implied uncertainties.
- **Loss of Lufthansa as a customer:** following a partnership of many years in a sub-segment (video programming) Lufthansa will change to a competitor in mid-year. Lufthansa decided some years ago to directly acquire all Hollywood productions at its own account from the large studios so that the services demanded by Lufthansa were reduced to the administrative management and procurement of special interest programmes. This is an indication of the high market power of large consumers which can lead to price pressure for comparatively simple services. That said, this is not typical given that the major airlines rather tend to outsource their IFE activities in order to focus on the core transport business. Lufthansa will no longer play a major role in the company's economic planning, but it will still be provided with games & applications as well as audio programmes from Advanced Inflight Alliance. Hence, the loss of Lufthansa as a customer, albeit less important in terms of figures, also weighed on Advanced Inflight Alliance's news flow. On the other hand, this loss of a customer shows that the market will possibly offer lower margins for simple services in the futures. Advanced Inflight Alliance is taking countermeasures by expanding its range of products by applications. Its positioning as a one-stop shop and the acquisitions as well as the related transformation to a

fully integrated provider continue to make Advanced Inflight Alliance the ideal partner of airlines. It is worth mentioning that Lufthansa will possibly also buy content from the acquired EIM. Last but not least, a possible tightening of the market conditions was considered in the estimates by assuming only little growth.

- **Delivery problems for A380 / Dreamliner:** delivery problems of the new A380 and the Dreamliner also were a burden to Advanced Inflight Alliance. As these aircraft are equipped with very complex inflight entertainment systems, it is very important for Advanced Inflight Alliance to know when they will be „in the air“. After these initial problems these wide-bodied aircraft will now gradually go into service. this is particularly important for Advance Inflight Alliance as airlines which acquired new large airplanes with comprehensive IFE solutions are the most important customers of Advanced Inflight Alliance.
- **General problems** such as a volatile oil price and currency effects will continue to burden Advanced Inflight Alliance. However, as the company has expended its value chain in the field of content this effect may be weaker going forward. As the content is produced in cooperation with the US producers a larger part of the value creation / costs are entirely incurred in US dollars. As a result, the overall group is less sensitive to currency fluctuations.
- **Capital market communication as a trigger:** A realignment of the capital market communication under the slogan „transparency and reliability“ is planned as an essential part of the strategy for 2011. Members of the management board are expected to be taking part in much more roadshows and presentations in the next years. This may also have a positive impact on the share.

### Company background

Advanced Inflight Alliance AG, formerly known as Advanced Medien AG, was founded in 1998 and is listed on the stock exchange since 1999. Before the company specialised in inflight entertainment in passenger aircraft, Advanced Inflight Alliance was active in the fields of film production and trading film rights.

By acquiring several companies in Germany, the UK, Canada and India, Advanced Inflight Alliance AG has established market leadership with its core business segment in the niche segment of inflight entertainment (IFE) from 2004 to 2008 and is the only listed company in this area. The subsidiaries cooperate under the "IFE Alliance" platform and offer different content for inflight entertainment, which also includes computer games along with the classical audio and video programmes such as movies, news and sports. Additionally, the company offers graphical user interface design (GUI) for internet applications as well as database management for the comprehensive control of the inflight entertainment system. More than 100 airlines around the globe are supplied with these content.

In addition to the core inflight entertainment segment, the Advanced Inflight Alliance group trades film licenses within its business segment „other licensing“ in which it markets the group's non-current film rights for TV, DVD and the internet.

The company's strategy is to further expand its leading position in inflight entertainment by further acquisitions and to continue organic growth.

### Business model

Along with airfare and some other key criteria, the onboard entertainment for passengers during a flight is of increasing importance in the customers' perception given an increasing competition among airlines.

As a so-called content service provider (CSP), the Advanced Inflight Alliance group focuses primarily on making content available for inflight entertainment systems and all associated activities. The range of services include the selection, purchase, production and technical adjustment of content as well as customer support in connection with the integration and servicing of inflight entertainment programmes. For quite some time now, the Advanced Inflight Alliance group has also been developing modern applications – through its Canadian subsidiary DTI – which airlines can use to offer their passengers additional services such as electronic menus and magazines or even the option of purchasing all kinds of products.

The company targets most of the airlines. It generally acquires new customers through its participation in invitations to tender by which airlines select their inflight providers. In most cases, these tenders entail exclusive provider contracts with terms of two to three years, in which the group delivers a wide variety of contents to the airlines such as movies, TV and music programmes and games. It acquires limited and nonexclusive licences to use a range of content from the owners of the respective rights of use (studios, broadcasters etc.)

Basically, the business model entails purchasing and development entertainment content, providing this content to airlines based on multi-year provider contracts as well as providing additional technical and substantive services related to inflight entertainment to the airlines.

Activities in the "other licensing" segment, which is of subordinate importance today, entail marketing the group's existent non-current film rights in connection with a portfolio of what are now older movies for TV, DVD and the internet.

### Subsidiaries

#### **Atlas Air Film + Media Service GmbH**

As a content service provider with a focus on video programmes (movies, cartoons etc.) Atlas Air serves more than 30 national and international airlines.

#### **Inflight Productions Ltd**

With 195 employees in the Netherlands, the US, Australia, New Zealand, Singapore and the United Arab Emirates IFP serves more than 130 airlines worldwide with the provision and implementation of programme content.

#### **Atlas Air Entertainment Concepts, Inc.**

Focusing on video programmes, AAEC is a content service provider for more than half a dozen international airlines.

#### **DTI Software Inc.**

DTI Software is the worldwide market leader in the inflight electronic game business with a catalogue of more than 150 games serving more than 65 airlines. Other key activities of the company include the provision of services surrounding the development of various applications and the development of graphical user interfaces.

#### **Fairdeal Multimedia Pvt. Ltd**

Fairdeal Multimedia Pvt. Ltd trades inflight entertainment film licences worldwide, focusing mainly on Indian film productions commonly known as „Bollywood“. The company also provides Indian TV programmes and audio programmes as well as additional services related to inflight entertainment to more than 25 customers.

#### **Fairdeal Studios Pvt. Ltd.**

Fairdeal Studios is specialised in the technical processing of films used for inflight entertainment purposes. It acts as a service provider for other group companies as well as for external customers.

#### **IFE Alliance Licensing GmbH**

IFEL is the group's centralised licence purchasing organisation for the inflight entertainment business.

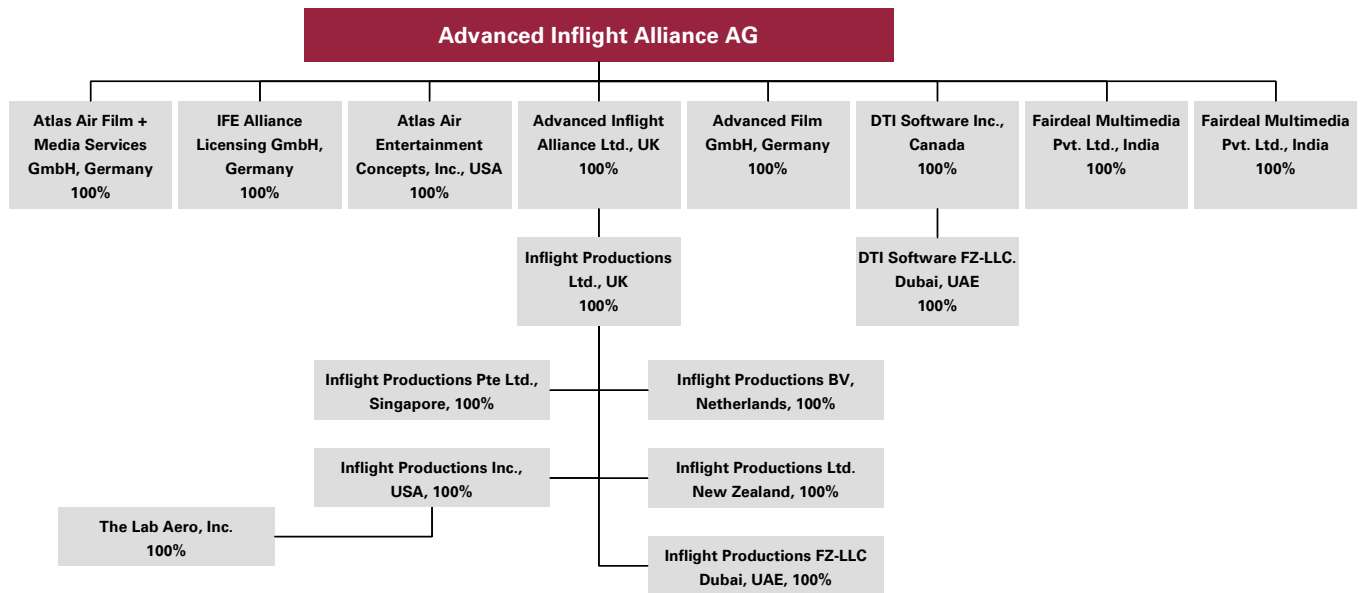
#### **Advanced Film GmbH**

The initial purpose of Advanced Film GmbH was to create and acquire films or partial film rights and to utilise them through sales or licensing. The company's previous film inventory was contributed to its sister company, IFEL, towards the end of FY 2007. The company is no longer operational since then.

#### **Advanced Inflight Alliance Ltd.**

Advanced Inflight Alliance Ltd serves as an intermediate holding company within the Advanced Inflight Alliance group and does not engage in any operating activities of its own.

## The Advanced Inflight Alliance Group



Source: Advanced Inflight Alliance AG

## Management

**Dr. Rüder Berndt** is chairman of Advanced Inflight Alliance AG’s management board since March 2010. Prior to this he was chairman of the supervisory board for many years and has been prominently involved in the company’s restructuring and expansion to become a market leader since 2001.

**Wolfgang Brand** (CFO) was also appointed to Advanced Inflight Alliance’s the management board in March 2010. He was Chief Financial Officer of the listed SHS VIVEON AG before and has many years of international experience in the capital markets.

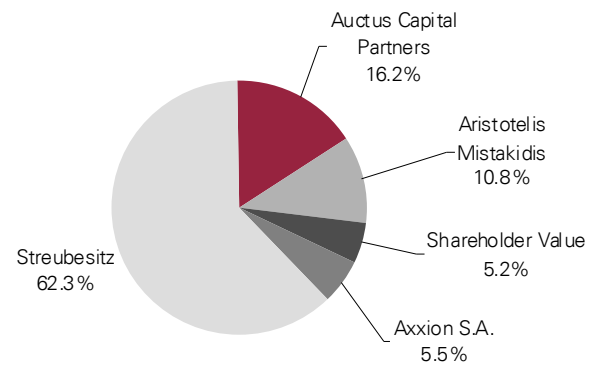
**Louis Bélanger-Martin** was appointed to Advanced Inflight Alliance’s board in October 2010 and occupies the position of Chief Operating Officer. He is the founder of DTI Software Inc. which was acquired by Advanced Inflight Alliance in 2008 and has been working in the group’s Executive Management Committee since the acquisition.

## Shareholder structure

62% of the shares are free float, the remaining shares are held by financial investors Auctus Capital Partners, Aristotelis Mistakidis, Lars Tvede, Axxion S.A. and Shareholder Value Beteiligungen AG.

## Shareholder structure Advanced Inflight Alliance AG

December 31, 2010



Source: AI Alliance, Warburg Research

## Consolidated Profit & Loss Advanced Inflight Alliance

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>	<b>85.1</b>	<b>107</b>	<b>108</b>	<b>111</b>	<b>120</b>	<b>134</b>	<b>138</b>
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>85.1</b>	<b>107</b>	<b>108</b>	<b>111</b>	<b>120</b>	<b>134</b>	<b>138</b>
Material Expenses	60.6	70.8	67.7	67.0	70.4	78.1	80.2
<b>Gross profit</b>	<b>24.5</b>	<b>36.6</b>	<b>40.3</b>	<b>44.1</b>	<b>49.6</b>	<b>55.9</b>	<b>57.8</b>
Personnel expenses	12.4	16.3	19.0	21.9	23.6	26.4	26.9
Other operating income	0.9	2.3	0.4	0.3	0.4	0.4	0.4
Other operating expenses	7.7	9.8	10.0	9.9	10.8	12.1	12.4
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>5.3</b>	<b>12.8</b>	<b>11.7</b>	<b>12.6</b>	<b>15.5</b>	<b>17.8</b>	<b>18.9</b>
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.2	1.3	1.4
<b>EBITA</b>	<b>4.7</b>	<b>12.0</b>	<b>10.8</b>	<b>11.6</b>	<b>14.3</b>	<b>16.5</b>	<b>17.5</b>
Amortisation of intangible fixed assets	1.3	3.2	4.0	3.2	5.5	7.0	7.0
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>3.5</b>	<b>8.9</b>	<b>6.8</b>	<b>8.4</b>	<b>8.8</b>	<b>9.5</b>	<b>10.5</b>
Interest income	0.9	0.3	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.6	1.0	1.1	1.0	1.1	1.3	1.3
Financial result	0.4	-0.7	-1.0	-0.8	-1.0	-1.2	-1.2
<b>Recurring pretax income from cont. operations</b>	<b>3.8</b>	<b>8.2</b>	<b>5.9</b>	<b>7.6</b>	<b>7.8</b>	<b>8.3</b>	<b>9.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>3.8</b>	<b>8.2</b>	<b>5.9</b>	<b>7.6</b>	<b>7.8</b>	<b>8.3</b>	<b>9.3</b>
Taxes total	0.5	2.1	1.2	2.1	2.2	2.3	2.6
<b>Net income from continuing operations</b>	<b>3.4</b>	<b>6.0</b>	<b>4.7</b>	<b>5.5</b>	<b>5.6</b>	<b>6.0</b>	<b>6.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>3.4</b>	<b>6.0</b>	<b>4.7</b>	<b>5.5</b>	<b>5.6</b>	<b>6.0</b>	<b>6.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.4</b>	<b>6.0</b>	<b>4.7</b>	<b>5.5</b>	<b>5.6</b>	<b>6.0</b>	<b>6.7</b>

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Consolidated Profit & Loss Advanced Inflight Alliance

in % of Sales

	2007	2008	2009	2010	2011E	2012E	2013E
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Material Expenses	71.2 %	65.9 %	62.7 %	60.3 %	58.7 %	58.3 %	58.1 %
<b>Gross profit</b>	<b>28.8 %</b>	<b>34.1 %</b>	<b>37.3 %</b>	<b>39.7 %</b>	<b>41.3 %</b>	<b>41.7 %</b>	<b>41.9 %</b>
Personnel expenses	14.6 %	15.2 %	17.6 %	19.7 %	19.7 %	19.7 %	19.5 %
Other operating income	1.1 %	2.1 %	0.4 %	0.3 %	0.3 %	0.3 %	0.3 %
Other operating expenses	9.0 %	9.1 %	9.3 %	9.0 %	9.0 %	9.0 %	9.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>6.3 %</b>	<b>11.9 %</b>	<b>10.9 %</b>	<b>11.4 %</b>	<b>12.9 %</b>	<b>13.3 %</b>	<b>13.7 %</b>
Depreciation of fixed assets	0.7 %	0.7 %	0.8 %	0.9 %	1.0 %	1.0 %	1.0 %
<b>EBITA</b>	<b>5.6 %</b>	<b>11.2 %</b>	<b>10.0 %</b>	<b>10.4 %</b>	<b>11.9 %</b>	<b>12.3 %</b>	<b>12.7 %</b>
Amortisation of intangible fixed assets	1.5 %	2.9 %	3.7 %	2.9 %	4.6 %	5.2 %	5.1 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>4.1 %</b>	<b>8.2 %</b>	<b>6.3 %</b>	<b>7.6 %</b>	<b>7.3 %</b>	<b>7.1 %</b>	<b>7.6 %</b>
Interest income	1.1 %	0.3 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	0.7 %	0.9 %	1.0 %	0.9 %	0.9 %	1.0 %	0.9 %
Financial result	0.4 %	-0.6 %	-0.9 %	-0.8 %	-0.8 %	-0.9 %	-0.9 %
<b>Recurring pretax income from cont. operations</b>	<b>4.5 %</b>	<b>7.6 %</b>	<b>5.4 %</b>	<b>6.8 %</b>	<b>6.5 %</b>	<b>6.2 %</b>	<b>6.7 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBT</b>	<b>4.5 %</b>	<b>7.6 %</b>	<b>5.4 %</b>	<b>6.8 %</b>	<b>6.5 %</b>	<b>6.2 %</b>	<b>6.7 %</b>
Taxes total	0.5 %	2.0 %	1.1 %	1.9 %	1.8 %	1.7 %	1.9 %
<b>Net income from continuing operations</b>	<b>4.0 %</b>	<b>5.6 %</b>	<b>4.4 %</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>4.5 %</b>	<b>4.9 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income before minorities</b>	<b>4.0 %</b>	<b>5.6 %</b>	<b>4.4 %</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>4.5 %</b>	<b>4.9 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>4.0 %</b>	<b>5.6 %</b>	<b>4.4 %</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>4.5 %</b>	<b>4.9 %</b>

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Balance sheet Advanced Inflight Alliance

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
<b>Assets</b>							
Intangible assets	17.8	39.1	41.2	44.8	57.1	54.1	51.1
thereof other intangible assets	7.2	17.6	17.5	18.9	17.4	14.4	11.4
thereof Goodwill	10.6	21.4	23.7	25.8	39.7	39.7	39.7
Property, plant and equipment	2.2	2.4	2.4	2.2	3.1	2.4	1.6
Financial assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Fixed assets</b>	<b>20.2</b>	<b>41.5</b>	<b>43.7</b>	<b>47.0</b>	<b>60.2</b>	<b>56.5</b>	<b>52.7</b>
Inventories	0.2	0.4	0.7	1.1	1.2	1.3	1.4
Accounts receivable	12.2	17.9	17.0	18.8	21.4	24.6	26.1
Other Assets	8.1	6.7	6.7	7.3	7.3	7.3	7.3
Liquid assets	19.0	17.5	16.5	14.0	15.7	20.0	24.1
<b>Current assets</b>	<b>39.4</b>	<b>42.4</b>	<b>40.8</b>	<b>41.1</b>	<b>45.5</b>	<b>53.1</b>	<b>58.9</b>
<b>Total assets</b>	<b>59.6</b>	<b>83.9</b>	<b>84.5</b>	<b>88.1</b>	<b>106</b>	<b>110</b>	<b>112</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	14.8	14.5	14.5	14.5	16.6	16.6	16.6
Additional paid-in capital	8.3	8.7	8.8	8.9	12.0	12.0	12.0
Surplus capital	5.4	10.9	14.5	18.5	22.4	26.2	30.2
Other equity components	-1.5	-8.1	-4.5	-0.6	-0.6	-0.7	-0.6
Book value	27.1	26.1	33.3	41.4	50.4	54.1	58.2
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>27.1</b>	<b>26.1</b>	<b>33.3</b>	<b>41.4</b>	<b>50.4</b>	<b>54.1</b>	<b>58.2</b>
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.1	0.4	0.2	0.2	0.2	0.2
Financial liabilities	6.6	14.4	9.3	6.6	14.1	11.1	8.1
Accounts payable	19.1	26.3	24.3	25.1	26.3	29.4	30.3
Other liabilities	6.7	17.1	17.3	14.8	14.8	14.8	14.8
<b>Liabilities</b>	<b>32.5</b>	<b>57.9</b>	<b>51.2</b>	<b>46.7</b>	<b>55.4</b>	<b>55.5</b>	<b>53.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>59.6</b>	<b>83.9</b>	<b>84.5</b>	<b>88.1</b>	<b>106</b>	<b>110</b>	<b>112</b>

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Balance sheet Advanced Inflight Alliance

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
<b>Assets</b>							
Intangible assets	29.9 %	46.6 %	48.8 %	50.8 %	54.0 %	49.4 %	45.8 %
thereof other intangible assets	12.2 %	21.0 %	20.7 %	21.5 %	16.5 %	13.2 %	10.2 %
thereof Goodwill	17.7 %	25.6 %	28.0 %	29.3 %	37.5 %	36.2 %	35.6 %
Property, plant and equipment	3.8 %	2.9 %	2.9 %	2.5 %	3.0 %	2.2 %	1.5 %
Financial assets	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Fixed assets</b>	<b>33.9 %</b>	<b>49.5 %</b>	<b>51.7 %</b>	<b>53.3 %</b>	<b>56.9 %</b>	<b>51.6 %</b>	<b>47.2 %</b>
Inventories	0.3 %	0.4 %	0.8 %	1.2 %	1.1 %	1.2 %	1.3 %
Accounts receivable	20.5 %	21.3 %	20.1 %	21.3 %	20.2 %	22.5 %	23.4 %
Other Assets	13.6 %	7.9 %	7.9 %	8.3 %	6.9 %	6.6 %	6.5 %
Liquid assets	31.8 %	20.8 %	19.5 %	15.8 %	14.8 %	18.2 %	21.6 %
<b>Current assets</b>	<b>66.2 %</b>	<b>50.6 %</b>	<b>48.3 %</b>	<b>46.6 %</b>	<b>43.0 %</b>	<b>48.5 %</b>	<b>52.8 %</b>
<b>Total assets</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	24.8 %	17.3 %	17.2 %	16.5 %	15.7 %	15.1 %	14.9 %
Additional paid-in capital	14.0 %	10.3 %	10.4 %	10.1 %	11.3 %	10.9 %	10.7 %
Surplus capital	9.1 %	13.1 %	17.2 %	21.1 %	21.2 %	23.9 %	27.1 %
Other equity components	-2.6 %	-9.6 %	-5.3 %	-0.6 %	-0.5 %	-0.6 %	-0.5 %
Book value	45.4 %	31.1 %	39.4 %	46.9 %	47.6 %	49.3 %	52.2 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total equity</b>	<b>45.4 %</b>	<b>31.1 %</b>	<b>39.4 %</b>	<b>46.9 %</b>	<b>47.6 %</b>	<b>49.3 %</b>	<b>52.2 %</b>
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	0.2 %	0.1 %	0.4 %	0.2 %	0.2 %	0.2 %	0.1 %
Financial liabilities	11.1 %	17.1 %	11.0 %	7.5 %	13.3 %	10.1 %	7.2 %
Accounts payable	32.1 %	31.3 %	28.7 %	28.5 %	24.9 %	26.8 %	27.2 %
Other liabilities	11.2 %	20.4 %	20.4 %	16.9 %	14.0 %	13.5 %	13.3 %
<b>Liabilities</b>	<b>54.6 %</b>	<b>69.0 %</b>	<b>60.6 %</b>	<b>53.0 %</b>	<b>52.4 %</b>	<b>50.6 %</b>	<b>47.8 %</b>
<b>Total liabilities and shareholders' equity</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Statement of Cash Flows Advanced Inflight Alliance

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	3.4	6.0	5.9	7.6	5.6	6.0	6.7
Depreciation of fixed assets	0.6	0.8	0.9	1.0	1.2	1.3	1.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.3	3.2	4.0	3.2	5.5	7.0	7.0
Increase/decrease in long-term provisions	-0.4	0.0	0.2	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-2.7	4.5	-1.2	-1.2	0.0	0.0	0.0
<b>Cash Flow</b>	<b>2.2</b>	<b>14.5</b>	<b>9.8</b>	<b>10.6</b>	<b>12.3</b>	<b>14.3</b>	<b>15.1</b>
Increase / decrease in inventory	0.0	-0.2	-0.3	-0.4	-0.1	-0.1	-0.1
Increase / decrease in accounts receivable	1.1	-6.6	1.6	0.2	-2.6	-3.2	-1.5
Increase / decrease in accounts payable	1.4	4.8	-3.2	-0.3	1.2	3.1	0.9
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	2.5	-2.1	-1.9	-0.5	-1.6	-0.2	-0.7
<b>Cash flow from operating activities</b>	<b>4.6</b>	<b>12.5</b>	<b>7.9</b>	<b>10.1</b>	<b>10.7</b>	<b>14.1</b>	<b>14.4</b>
CAPEX	-0.8	-2.8	-2.8	-4.8	-4.6	-4.6	-4.6
Payments for acquisitions	0.0	-17.1	-2.3	-3.7	-15.4	0.0	0.0
Financial investments	13.3	3.7	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	2.8	0.0	0.1	0.1	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>15.2</b>	<b>-16.2</b>	<b>-5.1</b>	<b>-8.3</b>	<b>-20.0</b>	<b>-4.6</b>	<b>-4.6</b>
Change in financial liabilities	-11.5	4.8	-2.3	-3.1	7.5	-3.0	-3.0
Dividends paid	0.0	0.0	-1.2	-1.5	-1.7	-2.2	-2.7
Purchase of own shares	-2.7	-0.5	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	5.2	0.0	0.0
Others	0.4	-0.7	-1.0	-0.9	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-13.9</b>	<b>3.6</b>	<b>-4.4</b>	<b>-5.5</b>	<b>10.9</b>	<b>-5.2</b>	<b>-5.7</b>
Change in liquid funds	6.0	-0.1	-1.6	-3.7	1.7	4.3	4.2
<b>Effects of exchange rate changes on cash</b>	<b>-1.1</b>	<b>-1.4</b>	<b>0.6</b>	<b>1.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Liquid assets at end of period</b>	<b>19.7</b>	<b>17.5</b>	<b>16.4</b>	<b>13.9</b>	<b>15.7</b>	<b>20.0</b>	<b>24.1</b>

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Financial Ratios Advanced Inflight Alliance

	2007	2008	2009	2010	2011E	2012E	2013E
<b>Operational Efficiency</b>							
Total Operating Costs / Sales	93.7 %	88.1 %	89.1 %	88.6 %	87.1 %	86.7 %	86.3 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT-margin	4.1 %	8.2 %	6.3 %	7.6 %	7.3 %	7.1 %	7.6 %
EBITDA / Operating Assets	-118.0 %	-230.8 %	-286.4 %	-413.4 %	-2814.4 %	-1635.0 %	-1615.8 %
ROA	16.7 %	14.6 %	10.8 %	11.6 %	9.3 %	10.6 %	12.7 %
<b>Efficiency of Capital Employment</b>							
Plant Turnover	37.9	44.1	44.2	50.2	38.1	55.6	84.7
Operating Assets Turnover	-18.8	-19.3	-26.4	-36.4	-218	-123	-118
Capital Employed Turnover	2.5	2.7	2.5	2.3	1.9	2.1	2.1
<b>Return on Capital</b>							
ROCE	10.3 %	23.9 %	16.4 %	18.5 %	15.6 %	14.7 %	16.0 %
EBITDA / Avg. Capital Employed	15.8 %	34.6 %	28.3 %	27.9 %	27.5 %	27.5 %	28.8 %
ROE	12.5 %	23.2 %	14.2 %	13.2 %	11.1 %	11.1 %	11.5 %
Net Profit / Avg. Equity	24.9 %	22.8 %	15.9 %	14.7 %	12.2 %	11.5 %	11.9 %
Recurring Net Profit / Avg. Equity	25.0 %	22.8 %	15.9 %	14.7 %	12.2 %	11.5 %	11.9 %
ROIC	9.4 %	12.9 %	9.6 %	10.2 %	8.0 %	8.5 %	9.3 %
<b>Solvency</b>							
Net Debt	-12.3	-3.1	-7.2	-7.4	-1.6	-8.9	-16.0
Net Gearing	-45.6 %	-11.9 %	-21.5 %	-17.8 %	-3.1 %	-16.4 %	-27.5 %
Book Value of Equity / Book Value of Debt	408.0 %	181.3 %	357.7 %	628.2 %	357.7 %	487.8 %	720.1 %
Current ratio	1.3	0.8	0.9	0.9	1.0	1.1	1.2
Acid Test Ratio	1.3	0.8	0.9	0.9	1.0	1.1	1.2
EBITDA / Interest Paid	9.3	12.7	11.2	13.0	14.1	13.7	14.5
Interest Cover	n.a.	13.4	7.2	10.1	8.8	7.9	8.7
<b>Cash Flow</b>							
Free Cash Flow	3.8	9.7	5.1	5.4	6.1	9.5	9.8
Free Cash Flow / Sales	4.4 %	9.1 %	4.7 %	4.8 %	5.1 %	7.1 %	7.1 %
Adj. Free Cash Flow	2.7	10.1	8.9	9.7	12.5	14.7	15.7
Adj. Free Cash Flow / Sales	2.0 %	6.5 %	6.2 %	6.0 %	7.7 %	8.3 %	8.6 %
Free Cash Flow / Net Profit	112.3 %	160.9 %	107.6 %	98.0 %	109.9 %	158.6 %	146.6 %
Interest Received / Avg. Cash	4.9 %	1.9 %	0.6 %	0.9 %	0.7 %	0.6 %	0.5 %
Interest Paid / Avg. Debt	8.7 %	9.6 %	8.9 %	12.2 %	10.6 %	10.3 %	13.6 %
Dividend Payout Ratio	0.0 %	19.5 %	30.8 %	31.8 %	39.4 %	44.3 %	44.6 %
<b>Fund Management</b>							
Investment ratio	-14.6 %	-0.8 %	2.6 %	4.3 %	3.8 %	3.4 %	3.3 %
Maint. Capex / Sales	3.1 %	2.5 %	2.6 %	2.6 %	2.5 %	2.3 %	2.3 %
Capex / Dep	-671.7 %	-22.9 %	57.7 %	112.9 %	68.5 %	55.4 %	54.6 %
Avg. Working Capital / Sales	-7.9 %	-6.9 %	-6.7 %	-5.3 %	-3.7 %	-2.7 %	-2.3 %
Trade Creditors / Trade Debtors	63.8 %	68.2 %	70.1 %	74.8 %	81.4 %	83.7 %	86.1 %
Inventory turnover (days)	0.7	1.3	2.4	3.5	3.7	3.7	3.7
Receivables collection period (DSOs)	52.4	60.8	57.5	61.7	65.0	67.0	69.0
Payables collection period (days)	82.1	89.2	82.0	82.5	80.0	80.0	80.0
Cash conversion cycle (days)	-29.0	-27.1	-22.1	-17.3	-11.4	-9.3	-7.3
<b>Valuation</b>							
Dividend Yield	n.a.	2.3 %	2.9 %	3.5 %	4.0 %	4.6 %	5.2 %
P/B	2.1	2.2	1.7	1.4	1.1	1.1	1.0
EV/sales	0.8	0.6	0.6	0.6	0.6	0.5	0.4
EV/EBITDA	12.0	5.0	5.5	5.1	4.5	3.5	2.9
EV/EBIT	18.4	7.2	9.4	7.6	8.0	6.6	5.3
EV/FCF	17.0	6.6	12.6	12.0	11.4	6.6	5.7
P/E	15.8	8.5	10.5	9.1	9.6	9.6	8.7
P/CF	26.6	4.0	5.9	5.4	4.7	4.0	3.8
Adj. Free Cash Flow Yield	3.4 %	22.7 %	15.3 %	16.5 %	17.6 %	22.8 %	27.2 %

Sources: Advanced Inflight Alliance (historical data), Warburg Research (forecasts)

## Free Cash Flow Yield - Advance Inflight Alliance

Figures in EUR m	2007	2008	2009	2010	2011e	2012e	2013e	
Net Income	3.4	6.0	4.7	5.5	5.6	6.0	6.7	
+ Depreciation + Amortisation	1.8	4.0	4.9	4.2	6.7	8.3	8.4	
- Net Interest Income	0.4	-0.7	-1.0	-0.8	-1.0	-1.2	-1.2	
+ Taxes	0.5	2.1	1.2	2.1	2.2	2.3	2.6	
- Maintenance Capex	2.6	2.7	2.8	2.9	3.0	3.1	3.2	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>= Adjusted Free Cash Flow</b>	<b>2.7</b>	<b>10.1</b>	<b>8.9</b>	<b>9.7</b>	<b>12.5</b>	<b>14.7</b>	<b>15.7</b>	
Adjusted Free Cash Flow Yield	4.2%	15.8%	13.9%	15.2%	17.8%	23.5%	28.3%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
<b>= Enterprise Value</b>	<b>64.1</b>	<b>64.1</b>	<b>64.1</b>	<b>64.1</b>	<b>69.9</b>	<b>62.6</b>	<b>55.5</b>	
<b>= Fair Enterprise Value</b>	<b>27.2</b>	<b>101.1</b>	<b>89.4</b>	<b>97.2</b>	<b>124.8</b>	<b>147.2</b>	<b>157.1</b>	
- Net Debt (Cash)	-7.4	-7.4	-7.4	-7.4	-1.6	-8.9	-16.0	
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Others	14.0	14.0	14.0	14.0	14.0	14.0	14.0	
<b>= Fair Market Capitalisation</b>	<b>20.6</b>	<b>94.5</b>	<b>82.7</b>	<b>90.5</b>	<b>112.4</b>	<b>142.1</b>	<b>159.1</b>	
No. of shares (m)	16.6	16.6	16.6	16.6	16.6	16.6	16.6	
<b>= Fair value per share (EUR)</b>	<b>1.24</b>	<b>5.70</b>	<b>4.99</b>	<b>5.46</b>	<b>6.78</b>	<b>8.57</b>	<b>9.60</b>	
premium (-) / discount (+) in %	-64.2%	64.3%	43.9%	57.5%	95.4%	147.1%	176.7%	
<b>Sensitivity Fair value per Share (EUR)</b>								
	13.0%	0.86	4.29	3.75	4.11	5.04	6.52	7.41
	12.0%	0.97	4.69	4.09	4.49	5.53	7.09	8.02
	11.0%	1.09	5.15	4.50	4.93	6.10	7.77	8.74
Hurdle rate	<b>10.0%</b>	<b>1.24</b>	<b>5.70</b>	<b>4.99</b>	<b>5.46</b>	<b>6.78</b>	<b>8.57</b>	<b>9.60</b>
	9.0%	1.42	6.38	5.59	6.12	7.62	9.56	10.66
	8.0%	1.65	7.23	6.34	6.93	8.66	10.80	11.97
	7.0%	1.95	8.32	7.30	7.98	10.01	12.38	13.66

Sources: Advance Inflight Alliance (historical data), Warburg Research (estimates)

## DCF Model - Advance Inflight Alliance

Figures in EUR m	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	120.0	134.0	138.0	142.2	146.4	150.8	155.3	160.0	164.8	169.7	174.8	180.1	185.5	189.2
Change	8.0%	11.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	8.8	9.5	10.5	11.4	11.7	12.1	12.4	12.8	13.2	13.6	14.0	14.4	14.8	15.1
EBIT-Margin	7.3%	7.1%	7.6%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
NOPAT	6.3	6.9	7.6	8.2	8.4	8.7	8.9	9.2	9.5	9.8	10.1	10.4	10.7	10.9
Depreciation	6.7	8.3	8.4	7.1	7.3	7.5	7.8	8.0	8.2	8.5	8.7	9.0	9.3	7.6
in % of Sales	5.6%	6.2%	6.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%
Change in Liquidity from														
- Working Capital	-1.6	-0.2	-0.7	-0.6	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-1.0	-1.1	-1.1
- Capex	-4.6	-4.6	-4.6	-5.7	-5.9	-6.0	-6.2	-6.4	-6.6	-6.8	-7.0	-7.2	-7.4	-7.6
Capex in % of Sales	3.8%	3.4%	3.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
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)	6.9	10.4	10.7	9.0	9.2	9.5	9.7	10.0	10.3	10.6	10.9	11.2	11.5	9.8

### Model parameter

Debt ratio	5.00%	Beta	1.35
Costs of Debt	6.8%	WACC	10.35%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.00%

### Valuation (mln)

Present values 2024e	74.2	Special items	14.0
Terminal Value	31.4		
Liabilities	-6.6		
Liquidity	14.0	No. of shares (mln)	16.57
<b>Equity Value</b>	<b>99.0</b>	<b>Value per share (EUR)</b>	<b>5.97</b>

### Sensitivity Value per Share (EUR)

#### Terminal Growth

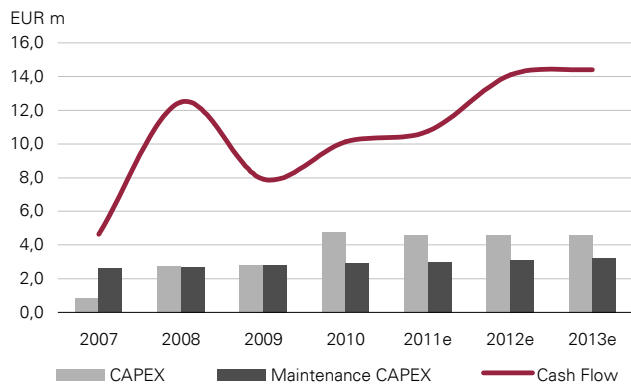
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.35%	5.25	5.28	5.32	5.36	5.40	5.44	5.49
10.85%	5.52	5.56	5.60	5.65	5.70	5.75	5.80
10.60%	5.66	5.71	5.76	5.81	5.86	5.92	5.98
<b>10.35%</b>	<b>5.82</b>	<b>5.87</b>	<b>5.92</b>	<b>5.97</b>	<b>6.03</b>	<b>6.09</b>	<b>6.16</b>
10.10%	5.98	6.03	6.09	6.15	6.21	6.28	6.36
9.85%	6.15	6.21	6.27	6.34	6.41	6.48	6.56
9.35%	6.53	6.60	6.67	6.75	6.84	6.93	7.03

#### Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.35%	4.33	4.67	5.02	5.36	5.70	6.04	6.38
10.85%	4.57	4.93	5.29	5.65	6.01	6.37	6.73
10.60%	4.70	5.07	5.44	5.81	6.18	6.55	6.92
<b>10.35%</b>	<b>4.83</b>	<b>5.21</b>	<b>5.59</b>	<b>5.97</b>	<b>6.35</b>	<b>6.74</b>	<b>7.12</b>
10.10%	4.97	5.36	5.76	6.15	6.54	6.94	7.33
9.85%	5.12	5.53	5.93	6.34	6.74	7.15	7.55
9.35%	5.45	5.89	6.32	6.75	7.18	7.62	8.05

Source: Warburg Research

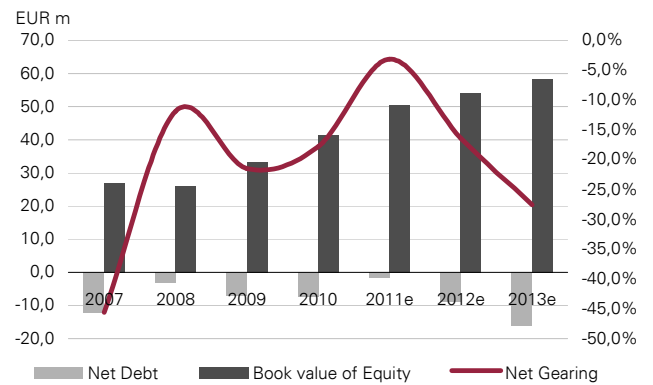
## CAPEX and Cash Flow - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- Cash flow with a rising tendency, interrupted by crisis year

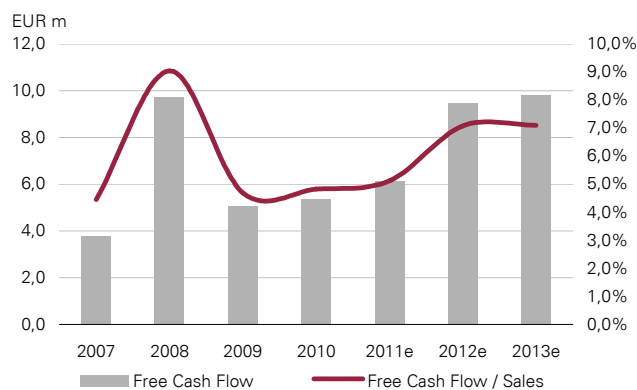
## Balance Sheet Quality - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- Book value of the equity constantly rising thanks to steady profitability
- Company has a positive net cash (negative debt)

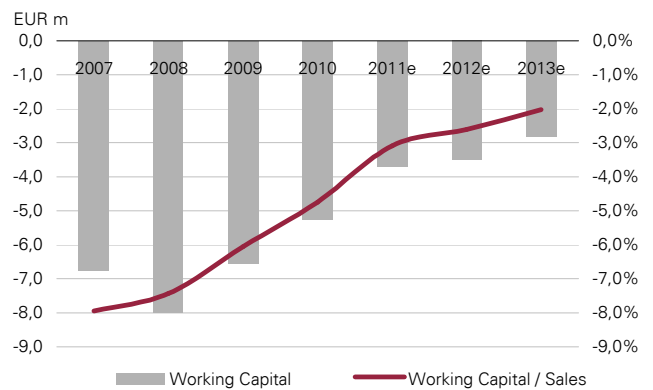
## Free Cash Flow Generation - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- Free cash flow expected to approach peak of 2008 in the next few years

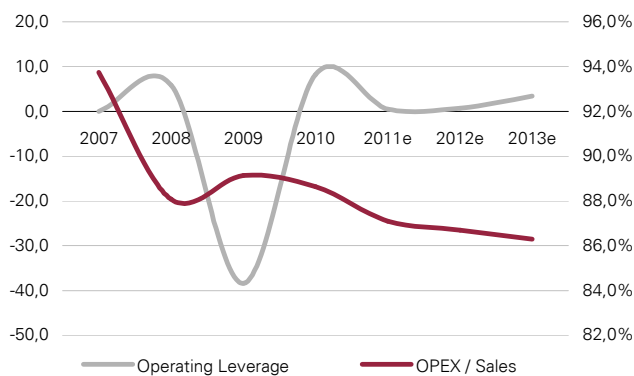
## Working Capital - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- AIA's working capital is typically negative thanks to the airlines' high prepayments
- This should abate as value chain is expanded

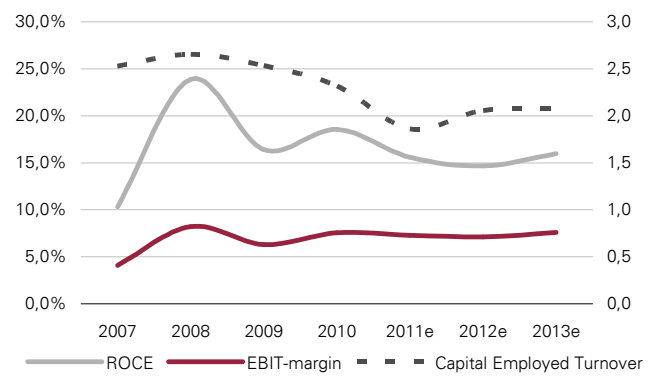
## Operating Leverage - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- Operating expenses expected to gradually in the next few years thanks to consequent cost optimization

## ROCE Development - Advance Inflight Alliance



Sources: Advance Inflight Alliance (historical data), Warburg Research (forecasts)

- EBIT margin may also be slightly raised as a result of efficiency increases
- ROCE expected to remain nearly constant owing to high capital employed

## 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.

This report has been made accessible to the company analysed and was modified thereafter

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.

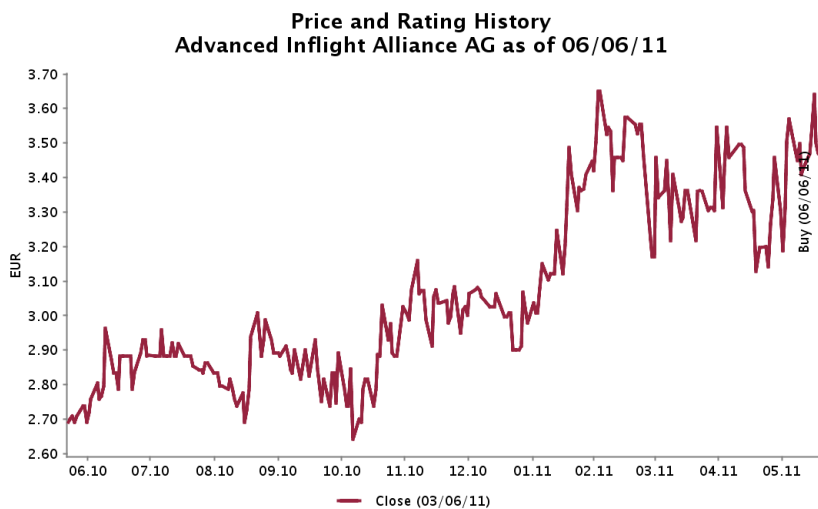
- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
- H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S **Sell**: The price of the analysed equity security is expected to fall over the next 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	117	67%
Hold	51	29%
Sell	6	3%
Rating suspended	1	1%
<b>Total</b>	<b>175</b>	

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	105	70%
Hold	40	27%
Sell	4	3%
Rating suspended	1	1%
<b>Total</b>	<b>150</b>	



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](http://www.warburg-research.com)  
Tel.: +49 40 309537-0 | Fax: +49 40 309537-110 | [info@warburg-research.com](mailto:info@warburg-research.com)



WARBURG RESEARCH

<b>Christian Bruns</b> Head of Research	+49 40 309537-253 <a href="mailto:cbruns@warburg-research.com">cbruns@warburg-research.com</a>	<b>Henner Rüschemier</b> Head of Research	+49 40 309537-270 <a href="mailto:hrueschmeier@warburg-research.com">hrueschmeier@warburg-research.com</a>
<b>Felix Ellmann</b>	+49 40 309537-120 <a href="mailto:fellmann@warburg-research.com">fellmann@warburg-research.com</a>	<b>Jochen Reichert</b>	+49 40 309537-130 <a href="mailto:jreichert@warburg-research.com">jreichert@warburg-research.com</a>
<b>Jörg Philipp Frey</b>	+49 40 309537-258 <a href="mailto:jfrey@warburg-research.com">jfrey@warburg-research.com</a>	<b>Christopher Rodler</b>	+49 40 309537-290 <a href="mailto:crodler@warburg-research.com">crodler@warburg-research.com</a>
<b>Ulrich Huwald</b>	+49 40 309537-255 <a href="mailto:uhuwald@warburg-research.com">uhuwald@warburg-research.com</a>	<b>Malte Schaumann</b>	+49 40 309537-170 <a href="mailto:mschaumann@warburg-research.com">mschaumann@warburg-research.com</a>
<b>Thilo Kleibauer</b>	+49 40 309537-257 <a href="mailto:tkleibauer@warburg-research.com">tkleibauer@warburg-research.com</a>	<b>Susanne Schwartz</b>	+49 40 309537-155 <a href="mailto:sschwartz@warburg-research.com">sschwartz@warburg-research.com</a>
<b>Torsten Klingner</b>	+49 40 309537-260 <a href="mailto:tklingner@warburg-research.com">tklingner@warburg-research.com</a>	<b>Oliver Schwarz</b>	+49 40 309537-250 <a href="mailto:oschwarz@warburg-research.com">oschwarz@warburg-research.com</a>
<b>Eggert Kuls</b>	+49 40 309537-256 <a href="mailto:ekuls@warburg-research.com">ekuls@warburg-research.com</a>	<b>Marc-René Tonn</b>	+49 40 309537-259 <a href="mailto:mtonn@warburg-research.com">mtonn@warburg-research.com</a>
<b>Frank Laser</b>	+49 40 309537-235 <a href="mailto:flaser@warburg-research.com">flaser@warburg-research.com</a>	<b>Björn Voss</b>	+49 40 309537-254 <a href="mailto:bvoss@warburg-research.com">bvoss@warburg-research.com</a>
<b>Andreas Pläsier</b>	+49 40 309537-246 <a href="mailto:aplaesier@warburg-research.com">aplaesier@warburg-research.com</a>	<b>Andreas Wolf</b>	+49 40 309537-140 <a href="mailto:awolf@warburg-research.com">awolf@warburg-research.com</a>
<b>Thomas Rau</b>	+49 40 309537-220 <a href="mailto:trau@warburg-research.com">trau@warburg-research.com</a>	<b>Stephan Wulf</b>	+49 40 309537-150 <a href="mailto:swulf@warburg-research.com">swulf@warburg-research.com</a>
<b>Björn Blunck</b> Business Support	+49 40 309537-160 <a href="mailto:bblunck@warburg-research.com">bblunck@warburg-research.com</a>	<b>Katrin Wauker</b> Business Support	+49 40 309537-200 <a href="mailto:kwauker@warburg-research.com">kwauker@warburg-research.com</a>
<b>Daniel Bonn</b> Business Support	+49 40 309537-205 <a href="mailto:dbonn@warburg-research.com">dbonn@warburg-research.com</a>	<b>Franziska Schmidt-Petersen</b> Business Support	+49 40 309537-100 <a href="mailto:fschmidt-petersen@warburg-research.com">fschmidt-petersen@warburg-research.com</a>
<b>Annika Boysen</b> Business Support	+49 40 309537-202 <a href="mailto:aboysen@warburg-research.com">aboysen@warburg-research.com</a>	<b>Claudia Vedder</b> Business Support	+49 40 309537-105 <a href="mailto:cvedder@warburg-research.com">cvedder@warburg-research.com</a>
<b>Markus Pähler</b> Business Support	+49 40 309537-221 <a href="mailto:mpaehler@warburg-research.com">mpaehler@warburg-research.com</a>		

## M.M. Warburg & CO KGaA

Ferdinandstraße 75 | 20095 Hamburg | [www.mmwarburg.com](http://www.mmwarburg.com)  
Tel.: +49 40 3282-0 | Fax: +49 40 3618-1000 | [info@mmwarburg.com](mailto:info@mmwarburg.com)



M. M. WARBURG & CO  
1798

<b>Oliver Merckel</b> Head of Sales Trading	+49 40 3282-2634 <a href="mailto:omerckel@mmwarburg.com">omerckel@mmwarburg.com</a>	<b>Holger Nass</b> Head of Equity Sales	+49 40 3282-2669 <a href="mailto:hnass@mmwarburg.com">hnass@mmwarburg.com</a>
<b>Thekla Struve</b> Sales Trading	+49 40 3282-2668 <a href="mailto:tstruve@mmwarburg.com">tstruve@mmwarburg.com</a>	<b>Christian Alisch</b> Equity Sales	+49 40 3282-2667 <a href="mailto:calisch@mmwarburg.com">calisch@mmwarburg.com</a>
<b>Gudrun Bolsen</b> Sales Trading	+49 40 3282-2679 <a href="mailto:gbolsen@mmwarburg.com">gbolsen@mmwarburg.com</a>	<b>Cynthia Chavanon</b> Equity Sales	+49 40 3282-2630 <a href="mailto:cchavanon@mmwarburg.com">cchavanon@mmwarburg.com</a>
<b>Bastian Quast</b> Sales Trading	+49 40 3282-2701 <a href="mailto:bquast@mmwarburg.com">bquast@mmwarburg.com</a>	<b>Robert Conredel</b> Equity Sales	+49 40 3282-2633 <a href="mailto:rconredel@mmwarburg.com">rconredel@mmwarburg.com</a>
<b>Patrick Schepelmann</b> Sales Trading	+49 40 3282-2700 <a href="mailto:pschepelmann@mmwarburg.com">pschepelmann@mmwarburg.com</a>	<b>Matthias Fritsch</b> Equity Sales	+49 40 3282-2696 <a href="mailto:mfritsch@mmwarburg.com">mfritsch@mmwarburg.com</a>
<b>Jörg Treptow</b> Sales Trading	+49 40 3282-2658 <a href="mailto:jtreptow@mmwarburg.com">jtreptow@mmwarburg.com</a>	<b>Michael Kriszun</b> Equity Sales	+49 40 3282-2695 <a href="mailto:mkriszun@mmwarburg.com">mkriszun@mmwarburg.com</a>
		<b>Dirk Rosenfelder</b> Equity Sales	+49 40 3282-2692 <a href="mailto:drosenfelder@mmwarburg.com">drosenfelder@mmwarburg.com</a>
		<b>Marco Schumann</b> Equity Sales	+49 40 3282-2665 <a href="mailto:mschumann@mmwarburg.com">mschumann@mmwarburg.com</a>
<b>Andrea Carstensen</b> Sales Assistance	+49 40 3282-2632 <a href="mailto:acarstensen@mmwarburg.com">acarstensen@mmwarburg.com</a>	<b>Julian Straube</b> Equity Sales	+49 40 3282-2666 <a href="mailto:jstraube@mmwarburg.com">jstraube@mmwarburg.com</a>
<b>Wiebke Möller</b> Sales Assistance	+49 40 3282-2703 <a href="mailto:wmoeller@mmwarburg.com">wmoeller@mmwarburg.com</a>	<b>Philipp Stumpfegger</b> Equity Sales	+49 40 3282-2635 <a href="mailto:pstumpfegger@mmwarburg.com">pstumpfegger@mmwarburg.com</a>
<b>Katharina Bruns</b> Roadshow / Marketing	+49 40 3282-2694 <a href="mailto:kbruns@mmwarburg.com">kbruns@mmwarburg.com</a>	<b>Andreas Wessel</b> Equity Sales	+49 40 3282-2663 <a href="mailto:awessel@mmwarburg.com">awessel@mmwarburg.com</a>