

Hold EUR 1.40 Price EUR 1.40 Downside 0.0 %	Value Indicators: EUR DCF: 1.40	Warburg ESG Risk Score: 1.3 ESG Score (MSCI based): 3.0 Balance Sheet Score: 1.0 Market Liquidity Score: 0.0	Description: Media company with its own content and distribution channels
	Market Snapshot: EUR m Market cap: 14.40 No. of shares (m): 10.29 EV: 22.25 Freefloat MC: 2.70 Ø Trad. Vol. (30d): 0.21 th	Shareholders: Freefloat 18.8 % F&M 68.0 % Holler Stiftung 13.3 %	Key Figures (WRe): 2020e Beta: 1.3 Price / Book: 0.2 x Equity Ratio: 45 % Net Fin. Debt / EBITDA: 6.1 x Net Debt / EBITDA: 6.4 x

Availing of new opportunities for timeless cartoons

Your Family Entertainment AG (formerly RTV Family Entertainment AG) was founded in 1999 and experienced the typical development of what was known at the time as the "new market". Today, as in the past, the business activities are based on film licences – valued by the stock market at the time at up to EUR 850m (RTV AG). The rights catalogue of high-quality cartoon classics (including "Fix & Foxi" and "Urmel") today comprises ca. 170 titles (films and series), which had an historical production value of EUR 1.2bn in its day (historical acquisition costs EUR 118m).

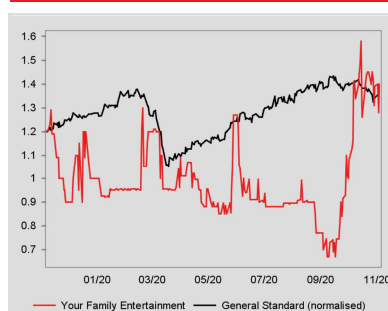
Decisive in the vast majority of these licences is not this history but that the main characters and themes are well over 50 years old (Fix & Foxi 1953, Urmel 1963) and that the high production standards of the time (hand drawings, educational value) had to satisfy the commissioning clients, which were mostly public-sector broadcasters. The actual productions are more modern, e.g. Fix & Foxi 1 was made in 1998 and Fix & Foxi Series 2 in 2001.

Presented to today's technical requirements (technically, the productions are continuously revised and improved), over modern broadcasting channels (VoD, pay-TV, free-TV etc.) and in diverse language editions, this content, which has proven its success editorially and in its craftsmanship, addresses the challenging target group of families. In contrast to an adult target group, children of this age are not judgemental nor have they been influenced by a strict code of modernity and "coolness". This target group can be won over time and again with classic content. Furthermore, the content does not have any reference to passing trends and can thus be easily included in a repertoire. This is also reflected in the monetary value of the content, the value creation of which has been continuously improved in the last years, without a negative impact from a considerable "aging" of the, in media standards, "classic" licence material.

Based on its own content, the company managed to further expand its main distribution channels. Among these are classic licence sales in linear TV, licences for video on demand (VoD), e.g. Amazon, distribution of its own pay-TV channel "Fix & Foxi" in television networks worldwide and its own free-TV channel "Ric" in cable networks and satellite. While classic licence sales in free-TV show very strongly fluctuations in earnings (2017 very strong, 2018-2020e prospectively very weak) and the company's own broadcasting activities are growing only moderately, the development of the licence business in VoD is very successful.

The EBIT (adjusted for the value effects of the film assets) in the relevant observation period is in positive-breakeven territory. And this is where the opportunity lies for this pure licence-driven model: Even single successful activities like, for instance, a sustained VoD success or the distribution of classic film rights ("remakes") could quickly have positive relative earnings effects. As well as these opportunities, the question of the long-term usability of the rights catalogue remains decisive. The visible potential for stronger economies of scale in VoD with additional reach (pay-TV, free-TV) is modelled in for the medium term but, based on the unusual business model, the values calculated for the company include strict assumptions for the terminal value (2033 and beyond). For reasons of caution a revenue decrease of 10% p.a. implies that the content cannot generate value indefinitely.

The share, with a price target of EUR 1.40, is rated at Hold (initial assessment). The value reflects the painstaking detail of remarketing the content by YFE. It does not include any remakes or production activity. The strategic value for a potential rights acquisition would be far more closely aligned with the value of the film rights (EUR 11.50 per share).

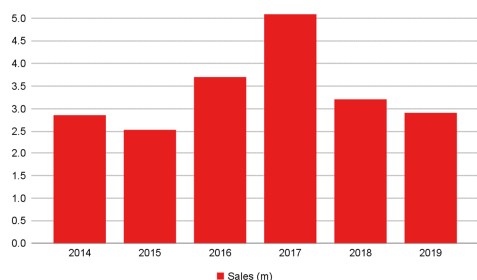


Rel. Performance vs General	
1 month:	26.5 %
6 months:	39.6 %
Year to date:	33.0 %
Trailing 12 months:	1.6 %

Company events:	

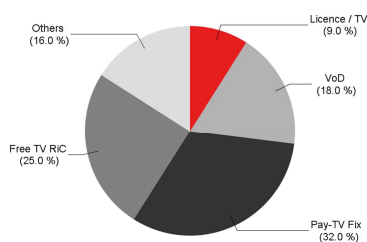
FY End: 31.12. in EUR m	CAGR (19-22e)	2016	2017	2018	2019	2020e	2021e	2022e
Sales	10.3 %	3.70	5.09	3.21	2.91	3.27	3.54	3.91
Change Sales yoy		46.0 %	37.5 %	-36.9 %	-9.3 %	12.4 %	8.4 %	10.3 %
Gross profit margin		71.2 %	79.9 %	64.8 %	60.7 %	68.5 %	70.4 %	71.8 %
EBITDA	-	3.81	5.44	0.56	-0.04	1.22	1.42	1.61
Margin		102.8 %	106.9 %	17.5 %	-1.2 %	37.4 %	40.2 %	41.3 %
EBIT	-	-2.56	1.16	-3.93	-2.09	0.20	0.40	0.59
Margin		-69.1 %	22.9 %	-122.4 %	-71.8 %	6.0 %	11.2 %	15.0 %
Net income	-	-2.86	0.88	-4.22	-2.37	-0.04	0.15	0.34
EPS	-	-0.28	0.09	-0.41	-0.23	0.00	0.01	0.03
EPS adj.	-	-0.28	0.09	-0.41	-0.23	0.00	0.01	0.03
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		-0.05	-0.03	0.01	-0.05	0.00	0.02	0.02
FCF / Market cap		-3.9 %	-2.1 %	0.5 %	-3.9 %	3.2 %	18.3 %	17.6 %
EV / Sales		5.6 x	3.8 x	6.9 x	6.8 x	2.8 x	n.a.	n.a.
EV / EBITDA		5.4 x	3.5 x	39.4 x	n.a.	7.6 x	n.a.	n.a.
EV / EBIT		n.a.	16.5 x	n.a.	n.a.	46.8 x	n.a.	n.a.
P / E		n.a.	17.7 x	n.a.	n.a.	n.a.	140.0 x	46.7 x
P / E adj.		n.a.	17.7 x	n.a.	n.a.	n.a.	140.0 x	46.7 x
FCF Potential Yield		18.4 %	28.3 %	2.5 %	-0.2 %	13.2 %	n.a.	n.a.
Net Debt		6.39	2.81	7.30	7.89	7.85	7.59	7.35
ROCE (NOPAT)		n.a.	6.1 %	n.a.	n.a.	1.2 %	2.5 %	3.7 %
Guidance:	n.a.							

Sales development
in EUR m



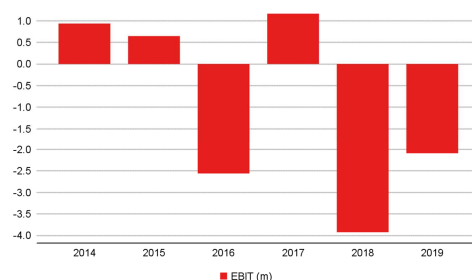
Source: Warburg Research

Sales by segments
2020e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

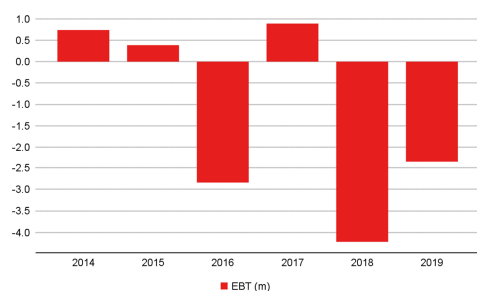
Company Background

- Your Family Entertainment originated from the former RTV AG
- At the core of the business activity is the company's own film assets as well as licences and rights that are utilised by the company to generate value
- Today, the company focuses on generating value from the content (which includes classics like "Fix & Foxi", Enid Blyton, and "Urmel") as well as the marketing of ancillary rights
- The content, which is almost entirely over 50 years old, is aimed at the target group of young children for which the content has proven to be consistently up-to-date and attractive
- Value is generated over four distribution channels: linear TV licence sales, VoD licence sales, the company's own free-TV channel Ric, and the company's own pay-TV channel stream "Fix & Foxi"

Competitive Quality

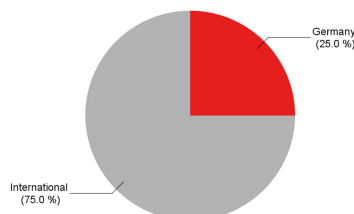
- The group's media catalogue, for which the original acquisition costs were ca. EUR 120m, is practically impossible to replicate today (original production value EUR 1.2bn)
- The productions, which were often financed by public broadcasters in the past, are of very high quality editorially and in terms of their craftsmanship
- With the distribution channels free-TV, VoD, and pay-TV, the company can benefit from the increase in media use, especially internationally (e.g. pay-TV in emerging economies)

EBT development
in EUR m



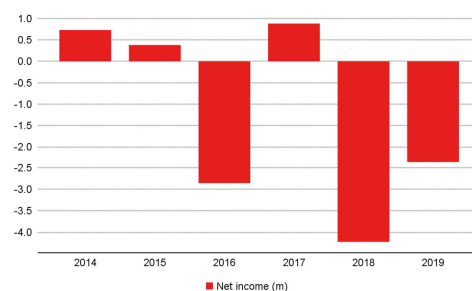
Source: Warburg Research

Sales by regions
2020e; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

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Summary of Investment Case

Investment triggers

- Your Family Entertainment AG has a unique portfolio of cartoons and other content and rights. They are among the classics of this genre. Exploitation of this content is complex and multidimensional. In recent years, Your Family Entertainment has managed to generate value with this content with varying degrees of success. Most recently, however, the revenues from the Video on Demand (VoD) sector have shown a stable and robust trend which, flanked by other marketing channels, should lead the company to sustained profitability.
- The original acquisition cost of these titles (EUR 118m, original production budget EUR 1.2bn) but also valuations by KAGAN MEDIA APPRAISALS (industry specialists) of EUR 46.2m in connection with losses carried forward of more than EUR 80m are clearly disproportionate to the current market capitalisation.
- Expansion of the existing TV and content sales (licence trading) business and use of the digital growth markets: In the coming years, the company should be able to gradually increase the value of the film rights, mostly driven by additional VoD demand, but also by the further expansion of free-TV activities, new customer acquisition in the pay-TV sector and the internationalisation of the language versions.
- Monetisation of YFE's unused assets via new editions: The exploitation of classic content as remakes offers an additional opportunity which has not been modelled in.

Valuation

- The valuation of the share on the basis of a scenario of successful realisation indicates a fair value of EUR 1.40 per share. This value does not imply a significant terminal value and corresponds approximately to the present value of the current contractual relationships (see cash-cow scenario).
- A completely different picture emerges from the stand-alone valuation of film assets (EUR 118m) or by taking a robust terminal value assumption based on the structure created and the successful renegotiation of film rights of the library, of which approx. 60% expire by 2042 (EUR 6.62, see Valuation section).

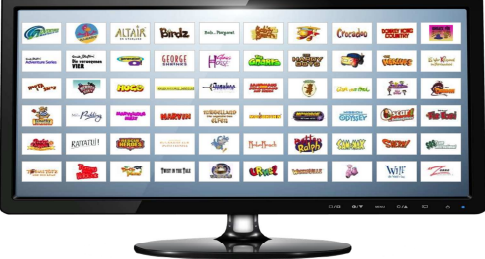
Growth

- In addition to a normal historical film rights licensing business, Your Family Entertainment has succeeded in recent years in building up a revenue stream on the basis of the VoD offer, its own pay-TV channel stream (Fix & Foxi) and its own free-TV channel stream (RiC), which today represents approx. three-quarters of revenues.
- The VoD segment is currently experiencing particularly high demand (2018: +65%, 2019: +38%, 2020e: +35%). There is no end in sight to this trend or the interesting earnings prospects ("licensing income") associated with it. The current COVID-19 pandemic even offers the potential of an extraordinary economic situation in the form of high demand for content.
- The EBIT margin adjusted for valuation effects (film assets) was 14% in 2016 after several years of losses. In 2017, it was 28% due to special licence sales (free-TV, classic licence trading). Since large parts of the licence portfolio were marketed on a long-term basis in the course of this business, the classic licence business was weak in the following years (2018 and 2019e). Thus, the adjusted EBIT (2018, 2019, 2020) is again slightly negative. Driven in particular by VoD and moderate growth in the breadth of business activities, positive results are expected again from 2021 onwards.
- The acquisition of additional customers and scaling is generally achieved at very low incremental costs. The EBIT margin is expected to reach 40% by 2031 (adjusted for the accounting treatment of film assets in 2019e: -13%, 2020e: 6%, 2021e: 11%).

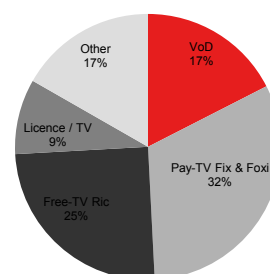
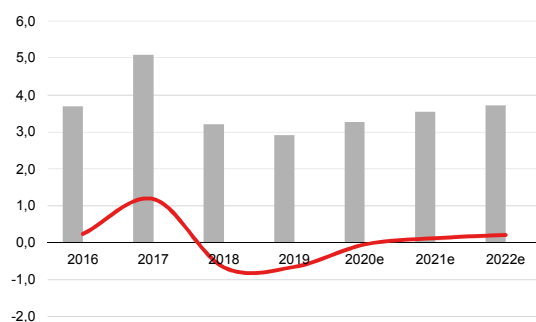
Competitive quality

- The contents of Your Family Entertainment are very valuable from an educational point of view and, as a stock of rights, are no longer replicable. Much of the content was produced, with the help of public broadcasters, to the highest standards.
- The commercial exploitation mainly on the basis of two established streams (VoD, Pay-TV Fix & Foxi, Free-TV RiC) as verified content suppliers in diverse channels, countries, languages and cultural areas cannot be reproduced easily either.
- As a niche provider for television companies with a narrow focus (children's and family entertainment), this creates an interesting competitive position.

Company Overview

Your Family Entertainment					
Segments	Free/Pay-TV Licence business	VoD	Pay-TV Fix & Foxi	Free-TV RiC	Others
Offering	Licence	Licence	Recurring	Advertising	
	Supplier of cartoon classics from own portfolio to linear-TV providers (individual licences and packages)	Supply of the repertoire to VoD providers	Making pay-TV stream available to broadcasting organisations	Making a free-TV stream available for own value generation and for international broadcasting organisations	Generation of value with rights via marketing companies and merchandising
					
	One-off revenue	Recurring revenue	Recurring revenue	Recurring revenue	Mixed
Revenue 2020e EUR m	0,3	0,6	1,0	0,8	0,5
%	9%	18%	32%	25%	17%
Market position	Owning and generating value with one of the largest film libraries worldwide for children and young adult entertainment (80,000 programme minutes) 				
Market and market environment	Linear TV under pressure worldwide	VoD growing strongly globally	Demand for pay-TV, mainly in emerging markets	Position as a very small niche provider in a shrinking market	
Competitors	Rights owners worldwide, new content	Rights owners worldwide, new content	Global media corporations (e.g. Disney)	Linear television worldwide	
Customers	Mainly linear television organisations in German-speaking regions	Youtube, Netflix, Amazon and others...	Pay-TV providers worldwide	Advertisers, international television broadcasters	

Revenue & EBIT (adjusted for the valuation of film assets) Revenue distribution by segment (2020e)



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)

Source: Warburg Research

Multidimensional value generation with cartoon classics

- At the core of the enterprise are extensive rights to cartoon classics, literary screen adaptations, and live-action programmes
- With its continuous renewal, the target group (children/family) is, time and again, very receptive to "high quality stories, well told"
- The structure of the value generation is also uniquely positioned by the company, especially for future developments ("platform")

Content provides the basis

The basis of Your Family Entertainment's activities is a portfolio of high quality entertainment programmes for children and the whole family. The company has one of the largest broadcaster-independent programme libraries for children's and family entertainment in Europe, including 3,500 half-hour programmes of educationally valuable children's and family entertainment. The programme stock includes well-known and popular series such as "Enid Blyton", "Fix & Foxi", "Urmel" and "Altair".

The company was a founding shareholder of the first German private broadcaster Sat.1 in 1984, contributed to the development of Super RTL's children's morning programming and is a founding member of the Association of Private Broadcasters and Telemedia (VPRT). More than 60% of the content was produced in-house or co-produced in the early years of the company. This represents a peak value in Europe. For many programmes, the rights of use are unlimited in terms of time and geography. The catalogue of rights also includes various ancillary rights (DVD, VoD, merchandising, e-books etc.

With technical upgrades (picture quality, etc.) and international language versions, as well as the acquisition of new rights, this portfolio is constantly being expanded and upgraded on a small scale. A special aspect is also the fact that YFE often has special pre-emption rights. These often enable the favourable acquisition of country rights or utilisation rights from exiting market participants.

Comprehensive usage rights

Programme library

- One of the largest independent film libraries in Europe for children and young adult entertainment
- Over 3,500 high-quality half-hour episodes produced or acquired in more than 40 years
- More than 60% produced in-house or co-produced
- Unlimited rights of use in terms of time and geography for many of the ~170 programmes
- Rights catalogue includes various ancillary rights (DVD/ blue-ray, VoD, internet, merchandising, e-books, etc.)
- Often several language versions per programme title (German, English, French, Italian, Spanish, Russian, ...)
- The library has been continuously optimised and expanded, e.g. by acquiring high-quality productions
- Replacement value much higher (original production budget approx. EUR 1.2 bn) as, among other reasons, assets are entered in the balance sheet at residual book values

Sources: Your Family Entertainment, Warburg Research,
in perpetuity = complete, perpetual rights of use

„If something was popular for two generations, it is a classic“



Timeless, localised, and non-violent

Decisive for the vast majority of these licenses is the fact that the essential characters and themes are well over 50 years old (Fix & Foxi *1953, Urmel *1963). The successful marketing of this content over the last decades shows that these are classics. Such content obviously does not have the short lifespan of most media content and will probably not "suddenly" become too old in the next 20 years.

It is particularly important for the programme design that the content is largely non-violent, educational and entertaining. This contrasts with the tendency towards a deterioration in the standard of content (according to JIM 2018) e.g. on YouTube. The content is completely apolitical and non-religious, which is highly relevant for many potential target countries. In addition, the content is suitable for a repertoire, i.e. programmes are selected for their "timelessness". Issues of topical relevance are not part of the library. However, the "timelessness" of the content is particularly important. This is because the content is aimed at small children, who are usually unable to distinguish the modernity of content as they are, as yet, unaware of such concepts. The only requirement that will naturally provide for a "new" audience time and again is a story that has proven its appeal presented in a child-oriented manner. As recently as in 2016, the pay-TV stream Fix & Foxi was awarded the Eutelsat TV Award.

In addition, Your Family Entertainment ensures that the quality of the content is constantly revised. Most recently, selected content was brought up to the "4K" standard. In addition, localisation work is being carried out on an ongoing basis. Many programme titles are available in several language versions (German, English, Arabic, French, Russian and Spanish). Language versions are becoming increasingly important in the context of value generation (see following sections). The historical production costs of the library (not adjusted for inflation) were EUR 1.2bn at the time (historical acquisition costs EUR 118m). By way of comparison: For today's TV productions, the typical production costs per minute are USD 4,000-10,000 (corresponds to EUR 300-900m based on the content library of Your Family Entertainment), which roughly corresponds to the original production budget of around EUR 1.2bn. An expert opinion by KAGAN MEDIA APPRAISALS put the value of the library at EUR 46.2m in 2014. On the balance sheet, the rights are currently around EUR 16m. The valuation in this study is based solely on discounted earnings. Hidden reserves which could result from other considerations of recoverability are not taken into account, although they could represent a real option value.

Marketing as a positioning feature

As well as the comprehensive content, the special feature of Your Family Entertainment is chiefly the multidimensional value generation. The company maintains many diverse sales cooperation agreements and has contractual transactions with about 4,000 customers. This gives it a very high level of marketing expertise in all the relevant forms of distribution. The revenue of the last years has mainly been generated with 140 of these customers.

Revenue overview by segment

Licence / TV	424,0	236,0	638,0	2.094,0	281,0	158,0	300,0	330,0	339,9
yoy	-51,4 %	-44,3 %	170,3 %	228,2 %	-86,6 %	-43,8 %	89,9 %	10,0 %	3,0 %
VoD	370,0	276,0	255,0	186,0	307,0	424,0	572,4	744,1	837,3
yoy	20,1 %	-25,4 %	-7,6 %	-27,1 %	65,1 %	38,1 %	35,0 %	30,0 %	12,5 %
Pay-TV Fix & Foxi	846,0	904,0	1.133,0	1.185,0	1.090,0	1.006,0	1.036,2	1.067,3	1.099,3
yoy	9,4 %	6,9 %	25,3 %	4,6 %	-8,0 %	-7,7 %	3,0 %	3,0 %	3,0 %
Free-TV Ric	766,0	686,0	1.000,0	1.046,0	1.007,0	791,3	815,1	839,5	864,7
yoy	283,0 %	-10,4 %	45,8 %	4,6 %	-3,7 %	-21,4 %	3,0 %	3,0 %	3,0 %
Other	452,0	432,0	672,0	575,0	522,0	531,0	546,9	563,3	580,2
yoy	21,5 %	-4,4 %	55,6 %	-14,4 %	-9,2 %	1,7 %	3,0 %	3,0 %	3,0 %
Umsatz	2.858,0	2.534,0	3.698,0	5.086,0	3.207,0	2.910,3	3.270,6	3.544,2	3.721,5
yoy	13,1 %	-11,3 %	45,9 %	37,5 %	-36,9 %	-9,3 %	12,4 %	8,4 %	5,0 %

Sources: Your Family Entertainment (reported data), Warburg Research (estimates)

Licence trading free-TV and pay-TV / Licence trading VoD

Historically grown, about 10-15% of sales are still generated by the classic licensing to linear TV stations today. While in 2017, exceptionally high revenues of around EUR 2.1m were associated with a single deal (a larger licence package was agreed over a longer period), revenues of between EUR 0.3m and EUR 0.9m are realistic in this segment. The customers of the more than 4,000 licence partners are predominantly television stations in the German-speaking countries. This revenue stream is generally very volatile.

The area of video-on-demand makes a much more stable contribution to sales. Here, content is made available on demand, primarily to Amazon, Maxdome and others (a total of around 100 platforms). This business is currently growing significantly and accounts for almost 12% of annual sales with a strong upward trend.

Fix & Foxi (pay-TV)

The pay-TV segment offers a robust revenue base. Here, Your Family Entertainment offers the TV channel stream Fix & Foxi to the various worldwide pay-TV networks. Every year new customers are acquired and, at the same time, the networks in turn acquire increasing numbers of end-consumers. The pay-TV market shows growth potential for the YFE channel, especially in Asia/Mena/Africa. In 2020, one-third of revenues will come from this segment of attractive recurring revenues.

A special feature of the channel is its worldwide availability. This makes it possible to address the high growth in the emerging markets in particular. The following chart shows the international customers of the Fix & Foxi Stream (pay-TV channel):

Fix & Foxi worldwide



Sources: Your Family Entertainment, Warburg Research

Multidimensional value generation

Clear increase in VoD

Robust growth in pay-TV

In February 2020 Vodafone started offering "Fix & Foxi" in its pay-TV portfolio and extended its VoD partnership with YFE.

The different customer groups show that basically all emerging markets can be accessed with this concept, because the technical range is almost universal.

Since the end of 2007, Fix & Foxi has stood for sophisticated, high-quality and ad-free entertainment for children, young people and adults 24 hours a day. Fix & Foxi offers programmes for children from 5-11 years.

The quality of content is key: at the Eutelsat TV Awards 2016, Fix & Foxi was named the best children's channel in Europe, Russia, Africa and the Middle East.

Ric (Free TV)

The television channel Ric is a free-TV offering in the German-speaking area. Here, too, an ever larger audience has been reached with further technical coverage. This substantially increased the revenues generated with advertising. Approximately 25% of group sales are attributable to this area.

The basis of this list is the continuous expansion of the reach to currently over 33 million households via the local cable network operators. But IPTV (television/stream via Internet) is also playing an increasingly important role here (1&1, A1, Magine TV, M2M TV, O2 TV- & Video App, Purtel, Salt.,TVSpielfilm, Live-App, waipu.tv, X-Box Live, Zattoo).

2019 saw the start of international activities (Ric International). The initial focus is on Eastern Europe.

Technical reach of Ric

Free-TV is also international



Source: Your Family Entertainment, Warburg Research

The goal of these activities is to continuously increase advertising revenues in this area (see also the section on "Revenue Development").

In addition to normal advertising revenues, Ric also generates revenues from the use of its broadcasting space as a media shop ("teleshopping") outside broadcasting hours.

Other

The extensive trademark rights of the group regularly generate sources of revenue in addition to the aforementioned licensing and TV business. The sale of rights to collecting societies ("GEMA") and ancillary rights (e.g. books) are the main sources of revenue - but merchandising activities are also worth mentioning. For example, ALEX Restaurants uses Fix & Foxi for products in menus aimed at children.

In the medium term, however, the new reproduction of established content (possibly with established media partners) represents a special opportunity. A monetisation of rights via new editions of well-known comic characters with strong partners has already been realised many times by similar companies in recent years (Bibi & Tina, Maya the Bee, The Smurfs and many, many more).

Remakes offer an opportunity

Potential monetisation of rights with new editions



Source: Your Family Entertainment, Warburg Research

Internationalisation

As Your Family Entertainment owns the full copyrights for a large part of the library, localisation of the content in other countries is straightforward. This makes it possible to reach large new target groups with very little effort. Often it is pay-TV stations of different nations/regions in search of suitable content, that turn to content from Your Family Entertainment (broadcasting stream Fix & Foxi). In this context, the company has already made content available in various languages. Thus Fix & Foxi broadcasts 24/7 in English, Arabic, French, Urdu and German. Your Family Entertainment also offers extensive content in Romanian and Bulgarian.

In many cases, the localisation of content is also carried out on behalf of local television stations, which receive free usage rights in return for the language versions. For Your Family Entertainment, this enriches the quality of the library with little effort.

Special feature: An impact investment

Impact investments are intended to have a positive social impact alongside financial returns. They generate social and environmental benefits as well as classic financial returns. In contrast to donors, impact investors are looking for financial returns or at least capital preservation. Impact investments are thus channelled into tackling social and environmental challenges and have a positive impact on society. This is where YFE comes in: With educational content, the company creates considerable non-financial social benefits and is perceived accordingly or is so managed in model portfolios.

Localisation leads to scaling

YFE also has a positive social image

Perception of YFE in the context of impact investing



Source: Your Family Entertainment, Warburg Research

Unique positioning

YFE clearly distinguishes itself from the traditional market players in the media sector:

- With its rights portfolio, YFE's positioning is diametrically distinct from that of risky production companies that are highly dependent on creative talent and generally do not create lasting value or hold or retain access to important rights.
- YFE's positioning is also far less risky than traditional licence traders, who have to continuously buy new content and are subject to strong fluctuations on both sides (buying and selling).
- YFE also distinguishes itself from the major television broadcasters, which, in addition to the above-mentioned risks, also have extensive dependencies on the advertising market and face typical technical and structural risks.

Clear distinctions from other market participants

The unique positioning of Your Family Entertainment results from three aspects:

- The company's extensive programme, which has been proven not to "age" (in some cases over 50 years old) and reaches an open-minded target group (small children) with classic, proven, repertoire-compatible content.
- The **multidimensional value generation** as a content platform in the dimensions of pay-TV, free-TV, VoD, licence and merchandise. The acquisition of more and more new pay-TV clients (Fix & Foxi) in particular but also the expansion of the technical reach (RiC) constitute the drivers of growth here.

In particular, the currently **very strong demand for VoD content** represents an interesting growth prospect. However, the **internationalisation and localisation** of content and the provision of the English pay-TV stream ("Fix & Foxi") for other emerging markets (pay-TV) can also further scale the business over the next few years at almost the same cost. The internationalisation of free-TV also offers considerable opportunities.

Visible growth at stable costs

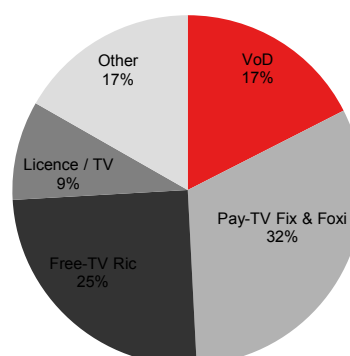
- In particular, a rapidly growing VoD business, but also the development of worldwide pay-TV customers ("emerging markets") and the international expansion of free-TV activities form the basis for further growth
- Stable cost situation forms the foundation for potentially very high scaling owing to base effects
- Treatment of film assets as a theoretical value effect without practical significance is adjusted
- Significant tax loss carryforwards (approx. EUR 80m) round off the positive picture (implies medium-term possibility of tax-free dividends)

Income development

Revenue development

The turnover of Your Family Entertainment AG is divided into five areas, for which the assumptions made are explained below. Approximately three-quarters of the revenues are attributable to the two most important areas, VoD, the pay-TV stream Fix & Foxi and the company's own television channel RiC.

Revenue by segment 2020e



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)

Importance of classic licensing
business declining

Licensing VoD

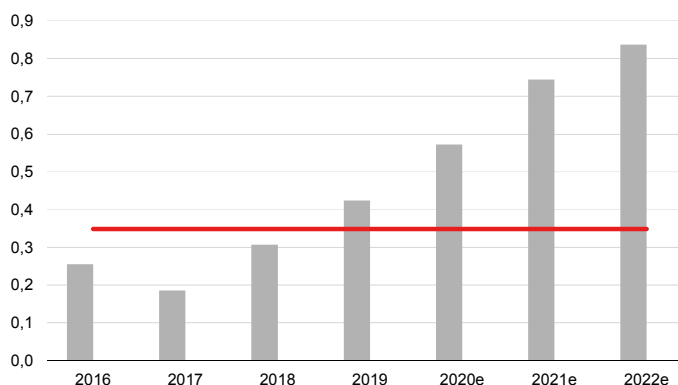
Licences in the video-on-demand sector (YouTube, Joyn...) have shown very clear relative growth in recent years with a significant increase in turnover: 2018 +65%, 2019 +38% 2020e +35%. Although this area does not even account for 20% of sales, the continuing high momentum offers an interesting opportunity due to the fundamentally high margin potential of licence revenues. An end to this growth is not expected in the context of the high growth of the aforementioned customers. This is also because the expansion of local IPTV providers (Joyn, CANAL, HBO, TimVision and many more) continues unabated alongside the prominent ones (Amazon). Here the COVID-19 pandemic could even develop into an explicit revenue driver.

VoD is becoming ever more important

The recent content partnership with HUAWEI Video, one of the most important apps of the Huawei Mobile platform, which offers a wide range of international and local video content, also offers potential in the VoD area. With this cooperation, YFE is making its Fix & Foxi streaming channels available to the HUAWEI video platform in (mini)SVOD format. Huawei plans to roll out the channels in various European countries, parts of Asia

(excluding China) and the MENA region. HUAWEI Video is currently building an international "Mobile Video" platform to offer its customers "global + local" programmes in many countries and regions. HUAWEI Video is working with international and regional content partners who contribute different categories to the offer.

Development of segment revenue licences (VoD)



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)
Red line: 5-year average 2016-20e

Pay-TV Fix & Foxi

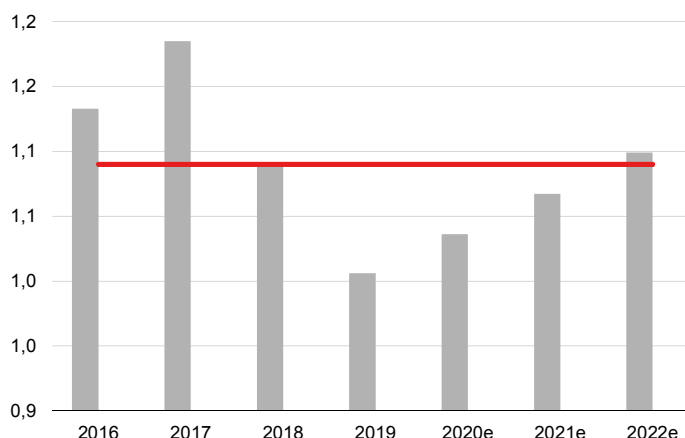
A stable pillar of the future development is the company's own pay-TV stream "Fix & Foxi". By continually expanding its customer base worldwide (local pay-TV channels) combined with a steady improvement in localisation, sales here were able to contribute around EUR 1m in attractive licence revenues in recent years to cover the cost base. For the coming years (from 2020 onwards) an annual growth rate of 3% is expected for this segment.

In this area, the company has done very significant groundwork with important localisations of the stream in Spanish, English and Arabic, which can now be successively marketed. The latest localisations in Urdu show that customers in previously less relevant markets are increasingly finding that they have the critical mass of users to raise relevant amounts of money for niche content.

The largest pay-TV market by far is the USA with USD 100bn. The market volume here exceeds that of the rest of the world. YFE supplied the first listed European pay-TV channel here. In the USA, Fix & Foxi is also attempting to operate so-called replacement business. When pay-TV providers are weakened by VoD market participants (Netflix, Amazon), programme components are potentially replaced by cheaper ones. Here Fix & Foxi can replace more expensive channel streams. Ironically, Your Family Entertainment is benefiting, in this case, from the increasing cost pressure that linear TV is exposed to. As a result, broadcasters are generally willing to negotiate on procurement - and YFE can provide complete streams without significant incremental costs. Of course YFE in the USA also profits from the availability of the Spanish stream alongside the English stream.

However, international efforts should also be relevant. Specific distribution efforts are currently underway in China, India, Korea, Mexico, Mongolia and Vietnam. However, the MENA (Middle East & North Africa) region is particularly promising via the English and Arab Stream. It is also interesting to note that the technical provision via satellite is usually at marginal incremental costs.

Development of segment revenue Pay-TV "Fix & Foxi"

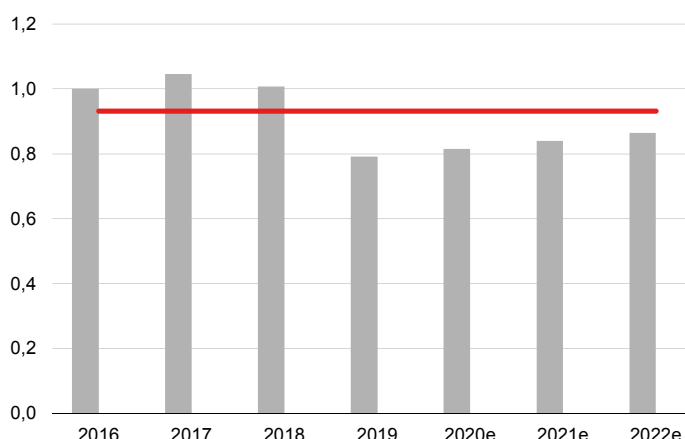


Sources: Your Family Entertainment (reported data), Warburg Research (estimates)
Red: 5-year average 2016-20e

Free-TV RiC

The free-TV station RiC has also made a stable contribution to revenues in recent years (mainly advertising revenues and renting of programme space outside broadcasting time). However, due to the already very high technical coverage of the channel, the internationalisation of the free-TV concept is now also planned. As mentioned above, the company has various localised content and cooperates with local television stations, which undertake the localisation in return for royalties. In the coming periods, it is expected that the free-TV concept will also be internationalised. Here, too, it will be possible to draw largely on already internationalised/localised content. A growth rate of 3% p.a. is expected for this segment in the coming years.

Development of the segment revenue Free-TV RiC



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)
Red: 5-year average 2016-20e

Free-TV too is providing robust income

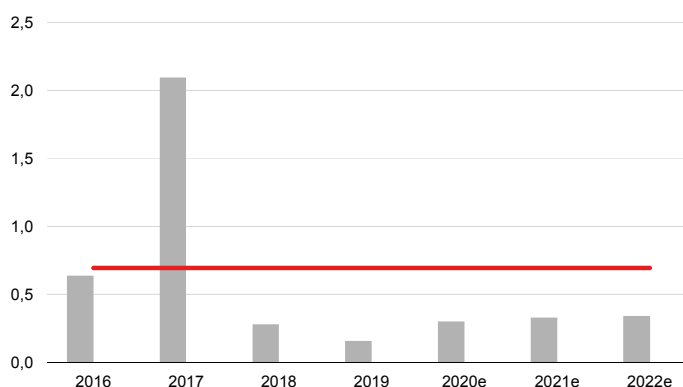
Licensing business is very volatile

Licences (free/pay-TV)

In the field of licences for free-TV and pay-TV, licences are traditionally sold to television

broadcasters (linear TV). These sales are historically extremely volatile, as bookings by linear TV stations are erratic. Historically, the annual revenues generated here fluctuate between EUR 150k (2019) and EUR 2.1m (2017). On average, this range has been around EUR 0.35m p.a. over the past five years. However, as revenues of only EUR 150k were generated in this segment in 2019, this area is estimated at only EUR 300k for 2020e (WRe) and then a slow gradual approach to the long-term average is assumed (EUR 700k). Thereafter, an annual growth rate of 3% is anticipated. In 2020, this segment is expected to contribute only 9% to group revenues. The relative importance of this segment decreases steadily in the assumptions.

Development of segment revenue Licences (free/pay-TV)

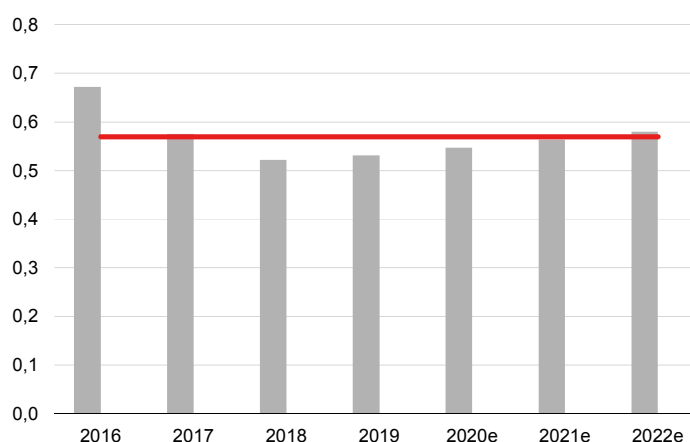


Sources: Your Family Entertainment (reported data), Warburg Research (estimates)
Red: 5-year average 2016-20e

Other revenues

Based on the level of 2019, other sales are planned to grow at 3% per year, gradually approaching the average level of recent years. Revenues here come from a variety of sources such as DVDs, collecting societies or from the use of the Fix & Foxi brand, which is over 50 years old, for merchandising.

Development of segment revenue Other



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)
Red: 5-year average 2016-20e

Other revenues provide constant stream of income

Cost development

Based on the data for the first half of the year, the **material costs** in 2020e are expected to be around EUR 1m and are also maintained at this level in the planning, including inflation adjustment (2%). This includes mainly the costs of the technical provision of the programme (satellite, cable, internet)

The most recent annual **personnel expenses** were EUR 1.2m. The forecast for 2020 is EUR 1.3m (expansion of the management board). It should then be possible to keep this structure constant. Here, too, adjustment is made for annual inflation (2%).

Other operating income has fluctuated strongly in the past and includes, for the most part, write-ups on film assets. In the future, these will be accounted for at a flat rate (see section "Treatment of film assets" below). In the past, the operating portion of other operating income amounted to approximately EUR 0.1m per year and will continue to do so. Here, too, adjustment is made for annual inflation (2%).

The costs of the structure are manageable

Other operating expenses include operating components and so-called barter transactions (mostly advertising services / marketing). Historically, this expense item has fluctuated strongly between EUR 1-2m - but is typically offset by revenues (barter transactions). These did not arise to any significant extent in 2019 and will not be planned for in the future (WRe), as they are unforeseeable and are, in any case, mostly neutral in terms of earnings. In future, only the operating component of other operating expenses will be taken into account here at EUR 0.8m p.a. Adjustment will be made for annual inflation here too in future. (2%).

Depreciation and amortisation mainly include amortisation of film assets. Similar to the write-ups, these are not planned. Please refer to the section "Treatment of film assets" below. Operating depreciation (EUR 30k) is also subject to adjustment for annual inflation (2%).

Taxes are insignificant in the planning period due to substantial tax loss carryforwards (approx. EUR 80m). In accordance with German tax legislation, only low tax expenses are recognised for earnings of EUR 1m or more (DCF)

Treatment of film assets

The table below shows the assumptions for the P&L. Compared to the historical values, a significant simplification is noticeable here under "Other operating income" (adjustment: elimination of write-ups on film assets) and depreciation (adjustment: elimination of depreciation on film assets). This major simplification is made because individual licence awards in the course of portfolio value generation result in almost erratic temporary revaluations in the course of impairment testing. These are quickly written off again and lead to a significant non-cash fluctuation in earnings. As the film assets are, in part, cartoon classics, some of which are more than 50 years old, whose production value was historically EUR 118m and, at today's estimates, would probably be well over EUR 200m, it is clear that constant updating of the valuation is not feasible. (An expert opinion by KAGAN MEDIA APPRAISALS put the value of the library at EUR 46.2m in 2014. The rights are currently valued at around EUR 16m)

Recognition of film assets not appropriate

In order for our forecasts to nevertheless come close to the EBITDA reported in the future, a lump sum of EUR 1.0m in write-up = depreciation is applied here (see table). In the short term, this approximation will differ considerably from the reported values, but in the long term, it reflects the context in a meaningful way. In individual fiscal years, this can fluctuate quite considerably. **This procedure has no impact on the DCF value used in this analysis.**

Implicit improvements in the quality of the film assets, including technical improvements (about EUR 0.2m p.a.) or localisations (about EUR 0.2m p.a. plus work by local television stations in return for a licence fee exemption are neglected in this approach. The same applies to the potential "ageing" of the portfolio. In the specific situation ("very old classics", suitable for repertoire), this cannot be meaningfully represented in figures.

Earnings development

The following table shows the historical (also adjusted for changes in the value of film assets) and the expected earnings situation. The overall picture shows that adjusted earnings (the only relevant earnings figure is "adjusted EBIT") appear to have declined significantly since 2017. In 2017, however, the particularly high earnings were due to an atypical one-off licence sale in the Licence / TV segment (see above), in 2018 and 2019 the adjusted EBIT was similarly negative at around EUR -400k, as RiC delivered below-average results and, at the same time, the VoD business was slow to show positive development. An earnings turnaround is expected here in 2020/21 (WRe):

Earnings forecasts - adjusted for valuation effects of film assets

in EUR k	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
Licence / TV	424,0	236,0	638,0	2.094,0	281,0	158,0	300,0	330,0	339,9
yoy	-51,4 %	-44,3 %	170,3 %	228,2 %	-86,6 %	-43,8 %	89,9 %	10,0 %	3,0 %
VoD	370,0	276,0	255,0	186,0	307,0	424,0	572,4	744,1	837,3
yoy	20,1 %	-25,4 %	-7,6 %	-27,1 %	65,1 %	38,1 %	35,0 %	30,0 %	12,5 %
Pay-TV Fix & Foxi	846,0	904,0	1.133,0	1.185,0	1.090,0	1.006,0	1.036,2	1.067,3	1.099,3
yoy	9,4 %	6,9 %	25,3 %	4,6 %	-8,0 %	-7,7 %	3,0 %	3,0 %	3,0 %
Free-TV Ric	766,0	686,0	1.000,0	1.046,0	1.007,0	791,3	815,1	839,5	864,7
yoy	283,0 %	-10,4 %	45,8 %	4,6 %	-3,7 %	-21,4 %	3,0 %	3,0 %	3,0 %
Other	452,0	432,0	672,0	575,0	522,0	531,0	546,9	563,3	580,2
yoy	21,5 %	-4,4 %	55,6 %	-14,4 %	-9,2 %	1,7 %	3,0 %	3,0 %	3,0 %
Sales	2.858,0	2.534,0	3.698,0	5.086,0	3.207,0	2.910,3	3.270,6	3.544,2	3.721,5
yoy	13,1 %	-11,3 %	45,9 %	37,5 %	-36,9 %	-9,3 %	12,4 %	8,4 %	5,0 %
Material Expenses	883,6	1.106,8	1.064,6	1.021,9	1.128,2	1.144,2	1.029,7	1.050,3	1.071,3
Gross profit	1.974,4	1.427,2	2.633,4	4.064,1	2.078,8	1.766,2	2.240,8	2.493,9	2.650,1
Personnel expenses	1.355,5	1.647,2	1.170,6	1.149,2	1.153,9	1.218,8	1.316,3	1.355,8	1.396,5
Other operating income	2.835,6	3.206,6	3.491,8	4.066,2	1.088,0	413,6	1.096,5	1.098,4	1.100,4
thereof	2.750,0	2.997,0	3.178,0	3.942,0	903,0	319,0	1.000,0	1.000,0	1.000,0
thereof other operating income, operating	85,6	209,6	313,8	124,2	185,0	94,6	96,5	98,4	100,4
Other operating expenses	2.100,3	1.620,9	1.151,6	1.541,6	1.453,2	996,4	797,1	813,0	829,3
EBITDA	1.354,2	1.365,7	3.803,0	5.439,4	559,7	-35,4	1.223,9	1.423,5	1.524,7
EBITDA margin	47,4 %	53,9 %	102,8 %	106,9 %	17,5 %	-1,2 %	37,4 %	40,2 %	41,0 %
Depreciation	418,0	719,4	6.363,7	4.276,7	4.486,0	2.054,0	1.026,5	1.027,0	1.027,6
thereof depreciation of film assets	156,0	484,0	6.264,0	4.236,0	4.458,0	2.028,0	1.000,0	1.000,0	1.000,0
thereof depreciation and amortisation, operating	262,0	235,4	99,7	40,7	28,0	26,0	26,5	27,0	27,6
EBIT	936,2	646,2	-2.560,7	1.162,7	-3.926,3	-2.089,4	197,4	396,5	497,2
EBIT margin	32,8 %	25,5 %	-69,2 %	22,9 %	-122,4 %	-71,8 %	6,0 %	11,2 %	13,4 %
Less write-up of film assets	-2.750,0	-2.997,0	-3.178,0	-3.942,0	-903,0	-319,0	-1.000,0	-1.000,0	-1.000,0
Plus depreciation of film assets	156,0	484,0	6.264,0	4.236,0	4.458,0	2.028,0	1.000,0	1.000,0	1.000,0
EBIT adjusted	-1.657,8	-1.866,8	525,3	1.456,7	-371,3	-380,4	197,4	396,5	497,2
EBIT margin adjusted	-58,0 %	-73,7 %	14,2 %	28,6 %	-11,6 %	-13,1 %	6,0 %	11,2 %	13,4 %
Interest expenses	-196,3	-259,8	-284,7	-273,2	-291,5	-269,6	-240,0	-250,0	-250,0
EBT adjusted	-1.854,1	-2.126,6	240,6	1.183,5	-662,8	-649,9	-42,6	146,5	247,2
Income taxes	-9,0	-5,9	-15,8	-10,3	0,5	-12,6	0,0	0,0	0,0
Net income adjusted	-1.863,2	-2.132,5	224,7	1.173,1	-663,3	-637,4	-42,6	146,5	247,2
EPS adjusted in EUR	-0,18	-0,21	0,02	0,11	-0,06	-0,06	0,00	0,01	0,02

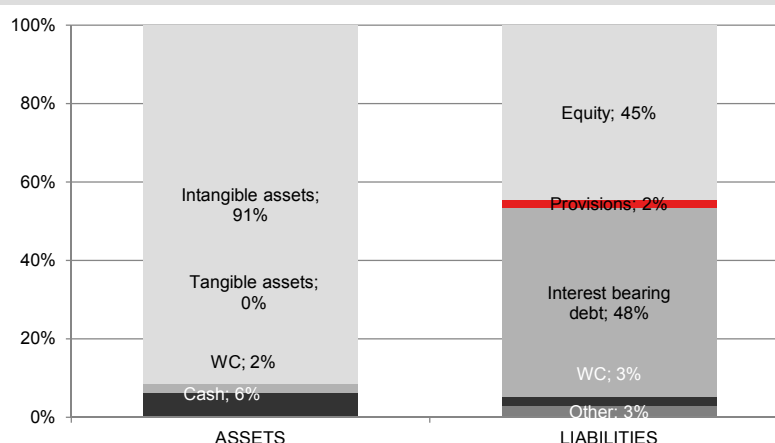
Sources: Your Family Entertainment (reported data), Warburg Research (estimates)

Balance sheet

With a balance sheet total of around EUR 18m at the end of 2019, around 90% of assets were accounted for by the above-mentioned imputed film assets. Otherwise, the assets consist mainly of liquidity (EUR 1.1m).

The main items on the liabilities side of the balance sheet are equity (45%) and liabilities, which mainly consisted of a convertible bond (EUR 4.4m) and liabilities to banks (EUR 4.2m). These liabilities were offset by the considerable liquidity of EUR 1.1m mentioned above.

Balance sheet structure 2019



Sources: Your Family Entertainment (reported data), Warburg Research (estimates)

Balance sheet shows considerable debt

Convertible bond

As of 1.2.2020 Your Family Entertainment refinanced its existing convertible bond (EUR 4.4m, 2 year maturity). The bond carries an interest rate of 3.5% and the creditors are entitled to convert into shares at a ratio of 1:1 (subscription price EUR 1.70). The bond has a maturity of two years, again, until 31.3.2022.

As part of the subscription and over-subscription offer, around EUR 1m was subscribed by existing shareholders, the remaining EUR 3.3m was placed with institutional investors as part of the private placement, whereby the high demand led to an oversubscription, as was already the case with the 2018 / 2020 convertible bond. Given the current market situation, this would also be expected for a further placement in around 1.5 years as part of an extension of the financing.

The main liabilities of the Group are thus attributable to this convertible bond and liabilities to banks. In principle, however, this balance sheet structure is also a risk factor from the point of view of the shareholders in the context of the volatile media business (also with regard to typical valuation fluctuations of the film assets of significance to the balance sheet).

Valuation

- The business model of Your Family Entertainment is not comparable with other media companies due to its special history and value creation.
- Only a valuation on the basis of discounted expected income appears to make sense (DCF).
- Scenarios need to be considered. In particular, assumptions must be made about the residual value of the portfolio.
- Peer group does not provide meaningful conclusions in this case

DCF model

The basis for discounting the expected cash flows is formed by the assumptions for sales and earnings performance outlined in the previous sections. However, since the expansion of the broadcasting infrastructure and the scaling of the catalogue of rights via television stations in emerging markets may take decades, concrete assumptions are made even beyond the detailed planning.

In addition to the assumption of revenue growth (10%) until 2033, the assumptions of cost development in particular (adjusted for inflation, see above) are updated until 2033. This results in a scaling of the margin to 40% from 2033 onwards. The company is strategically aligned to a scaling in the valuation of the existing rights portfolio.

The perpetual growth rate is assumed to be -10% (negative). This simulates the discontinuation of the business model until 2042, as larger rights packages come up for renegotiation (Your Family Entertainment has unlimited perpetual rights for 34% of the current portfolio). The fundamental question of long-term media use also represents a risk factor, which is to be taken into account with this approach.

Another key assumption is that a target debt ratio of 40% (currently 48%) will be applied. This assumption is based on the fact that the company is substantially financed by a convertible bond (EUR 4.1m), the conversion of which (EUR 1.70) is not assumed.

From these assumptions, the following DCF value is derived:

For how long can value be generated from classics? – notional modulation

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	3.27	3.54	3.91	4.30	4.73	5.20	5.72	6.29	6.92	7.61	8.38	9.21	10.14	-10.0 %
Sales change	12.4 %	8.4 %	10.3 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	
EBIT	0.20	0.40	0.59	0.69	0.85	1.14	1.49	1.76	2.08	2.44	2.85	3.32	3.85	-10.0 %
EBIT-margin	6.0 %	11.2 %	15.0 %	16.0 %	18.0 %	22.0 %	26.0 %	28.0 %	30.0 %	32.0 %	34.0 %	36.0 %	38.0 %	
Tax rate (EBT)	0.0 %	0.0 %	0.0 %	0.0 %	1.5 %	3.0 %	3.5 %	4.5 %	5.0 %	5.6 %	6.0 %	7.0 %	7.3 %	-10.0 %
NOPAT	0.20	0.40	0.59	0.69	0.84	1.11	1.44	1.68	1.97	2.30	2.68	3.08	3.57	
Depreciation	1.03	1.03	1.03	1.07	1.18	1.30	1.43	1.57	1.73	1.90	2.09	2.30	2.53	-10.0 %
in % of Sales	31.4 %	29.0 %	26.3 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	
Changes in provisions	0.00	0.00	0.00	-0.09	-0.02	-0.03	-0.02	-0.01	-0.04	-0.04	-0.04	-0.03	-0.03	-10.0 %
Change in Liquidity from														
- Working Capital	-0.08	-0.10	0.10	0.12	0.02	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-10.0 %
- Capex	1.02	1.02	1.02	1.07	1.18	1.30	1.43	1.57	1.73	1.90	2.09	2.30	2.53	
Capex in % of Sales	31.1 %	28.7 %	26.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	-10.0 %
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	0.28	0.51	0.50	0.48	0.79	1.05	1.41	1.66	1.93	2.25	2.63	3.05	3.53	3
PV of FCF	0.28	0.47	0.44	0.39	0.62	0.77	0.98	1.08	1.18	1.30	1.43	1.56	1.71	
share of PVs	5.33 %			49.35 %										45.32 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	40.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	6.17 %	Beta	1.30

Valuation (m)

Present values 2032e	12		
Terminal Value	10		
Financial liabilities	9		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	1	No. of shares (m)	10.3
Equity Value	14	Value per share (EUR)	1.40

Sensitivity Value per Share (EUR)

Beta WACC		Terminal Growth							Beta WACC		Delta EBIT-margin						
		-10.75 %	-10.50 %	-10.25 %	-10.00 %	-9.75 %	-9.50 %	-9.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.60	7.2 %	1.13	1.14	1.15	1.16	1.17	1.19	1.20	1.60	7.2 %	1.06	1.10	1.13	1.16	1.20	1.23	1.26
1.45	6.7 %	1.24	1.25	1.27	1.28	1.29	1.31	1.32	1.45	6.7 %	1.17	1.21	1.24	1.28	1.31	1.35	1.38
1.38	6.4 %	1.30	1.31	1.33	1.34	1.35	1.37	1.39	1.38	6.4 %	1.23	1.27	1.30	1.34	1.38	1.41	1.45
1.30	6.2 %	1.36	1.38	1.39	1.40	1.42	1.44	1.45	1.30	6.2 %	1.29	1.33	1.37	1.40	1.44	1.48	1.51
1.22	5.9 %	1.43	1.44	1.46	1.47	1.49	1.51	1.52	1.22	5.9 %	1.36	1.40	1.43	1.47	1.51	1.55	1.58
1.15	5.7 %	1.49	1.51	1.52	1.54	1.56	1.58	1.60	1.15	5.7 %	1.43	1.46	1.50	1.54	1.58	1.62	1.66
1.00	5.2 %	1.64	1.65	1.67	1.69	1.71	1.73	1.75	1.00	5.2 %	1.57	1.61	1.65	1.69	1.73	1.77	1.81

- EBIT and depreciation are historically strongly distorted by the value effects of the film assets
- These will be evened out in future by notionally assuming identical appreciation and depreciation of the film assets
- The fundamental assumption framework implies an expansion (also in the very long term) of the customer base
- As a central assumption, this leads to a long-term continuous increase in the EBIT margin
- The contentious issue of the lifespan of the portfolio is simulated with a very low terminal value

Valuation scenarios

Scenarios provide an overview

When deriving the DCF value, it is important to put this into the context of valuation scenarios:

Valuation scenarios

Scenario	Value per share	Commentary	Residual value for the portfolio
	EUR		
Base scenario	1,40	The margin can be increased by scaling to 40% by 2033. Thereafter, simulation of the termination of the business operations (-10% growth) and sale of the portfolio	yes, implicit
<i>Negative scenario</i>			
Shutdown 2031	0,79	Company value until 2033 without residual value or terminal value	no
<i>Positive scenario</i>			
"Realistic" terminal value	6,62	Terminal value with 3% growth	yes, implicit
Cash-cow	1,52	Reduction of staff to a minimum, generation of EUR1.5m cash flow per year	yes, implicit

Source: Warburg Research

Central to the assessment of the value of the company is an assumption about the lifetime of the content. As we are dealing essentially with cartoons, in this case, and live-action classics that are compatible with a repertoire, a long, if not perpetual, lifetime can be assumed.

At the same time another assumption is important, namely active marketing efforts. Today, the company is positioned in such a way that it aims to acquire additional pay-TV channels as customers and to expand its free-TV activities. To this end, the company currently employs 17 people. If the company were to manage only recurring revenues, it would be possible on this basis to achieve an EBIT of approximately EUR 1.5m per year ("cash cow").

However, even with a strategy geared to expanding activities, media consumption and the usability of content remain risk factors. Especially since the base scenario assumes a gradual increase in the EBIT margin from 6% (2020e) to 40% (!) at the end of the period under review and that the renegotiation of larger rights packages (approx. 60%) is due by 2042. The basic scenario is therefore a successful expansion of the customer portfolio and the simulation of a termination of the business by 2042.

Value of the film rights is decisive

In fact, the continuation of the business is more likely. Here, however, the modulation of media consumption and also the legal situation after 2042 are unknown.

If the company succeeds in continuing to grow from 2042 onwards and in acquiring older rights at a favourable price - and, as in the past, in acquiring additional rights - company values of up to over EUR 6.00 appear realistic - valuation regions which also tend to correspond more to the "intrinsic value" of the rights portfolio. For reasons of caution, the continuation is not assumed.

Peer group

In order to put Your Family Entertainment data into the context of listed media companies, the following tables show a classification of the company in a comparison group.

Unique structure – Not comparable

Due to the Your Family Entertainment business model, which is based on the exploitation of a catalogue of rights whose value significantly exceeds the company's stock market value and therefore atypical assumptions of very long-term increasing margins are made, a short-term comparison of multiples is not meaningful. No valuation-relevant conclusions can be drawn from these data.

Basic data: Peer Group Analysis

Company	LC	Price in LC	MC in LC m	EV in LC m	20e	EPS 21e	22e	20e	Sales 21e	22e	20e	EBITDA 21e	22e	20e	EBIT 21e	22e
Netflix, Inc.	USD	496.95	219,550.0	235,900.7	6.25	9.07	12.36	24,930.0	29,482.6	34,278.0	5,044.5	6,179.0	8,214.0	4,517.2	5,725.2	7,614.0
Walt Disney Company	USD	125.07	226,009.0	285,208.6	1.52	2.53	4.96	64,579.0	70,174.0	82,686.0	8,640.0	11,284.0	16,348.5	6,597.0	8,394.5	13,762.0
Genius Brands International, Inc.	USD	1.09	280.6	37.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lions Gate Entertainment Corp Class	USD	6.87	1,514.5	4,419.1	-0.14	0.12	0.37	3,220.3	3,767.0	4,295.3	437.0	471.0	558.1	133.3	182.0	263.9
Toho Co. Ltd.	JPY	4,265.00	757,711.1	635,137.8	78.95	190.29	216.10	171,790.0	234,800.0	258,015.0	31,681.0	53,800.0	64,355.0	21,009.4	46,509.0	54,011.0
Modern Times Group MTG AB Class	SEK	138.00	9,293.2	9,128.3	-0.75	3.07	4.46	4,064.0	4,910.0	5,618.5	420.5	721.0	862.7	134.6	436.7	580.0
Your Family Entertainment	EUR	1.40	14.4	21.7	0.00	0.01	0.03	3.3	3.5	3.9	1.2	1.4	1.6	0.2	0.4	0.6

Source: Warburg Research

Peer Group Your Family Entertainment AG

Company	LC	Price in LC	MC in LC m	EV in LC m	20e	P / E 21e	22e	20e	EV / Sales 21e	22e	20e	EV / EBITDA 21e	22e	20e	EV / EBIT 21e	22e
Netflix, Inc.	USD	496.95	219,550.0	235,900.7	79.5 x	54.8 x	40.2 x	9.5 x	8.0 x	6.9 x	46.8 x	38.2 x	28.7 x	52.2 x	41.2 x	31.0 x
Walt Disney Company	USD	125.07	226,009.0	285,208.6	82.3 x	49.4 x	25.2 x	4.4 x	4.1 x	3.4 x	33.0 x	25.3 x	17.4 x	43.2 x	34.0 x	20.7 x
Genius Brands International, Inc.	USD	1.09	280.6	37.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lions Gate Entertainment Corp Class	USD	6.87	1,514.5	4,419.1	n.a.	57.3 x	18.6 x	1.4 x	1.2 x	1.0 x	10.1 x	9.4 x	7.9 x	33.1 x	24.3 x	16.7 x
Toho Co. Ltd.	JPY	4,265.00	757,711.1	635,137.8	54.7 x	22.7 x	20.0 x	3.7 x	2.7 x	2.5 x	20.0 x	11.8 x	9.9 x	30.2 x	13.7 x	11.8 x
Modern Times Group MTG AB Class	SEK	138.00	9,293.2	9,128.3	n.a.	45.0 x	30.9 x	2.2 x	1.9 x	1.6 x	21.7 x	12.7 x	10.6 x	67.8 x	20.9 x	15.7 x
Average					72.2 x	45.8 x	27.0 x	4.2 x	3.6 x	3.1 x	26.3 x	19.5 x	14.9 x	45.3 x	26.8 x	19.2 x
Median					79.5 x	49.4 x	25.2 x	3.7 x	2.7 x	2.5 x	21.7 x	12.7 x	10.6 x	43.2 x	24.3 x	16.7 x
Your Family Entertainment	EUR	1.40	14.4	21.7	n.a.	140.0 x	46.7 x	6.6 x	6.1 x	5.6 x	17.7 x	15.2 x	13.4 x	109.9 x	54.8 x	37.1 x

Source: Warburg Research

Company & Products

Business activity

Your Family Entertainment AG focuses on entertainment programmes for children, young adults and families. The company became known as RTV Entertainment AG and has its roots in the Ravensburger AG. The headquarters is located in Munich.

Leading in the area of children's entertainment

Your Family Entertainment concentrates on the areas of licence sales as well as free TV and pay TV. The strategy is based on a large library of 3,500 half-hour educational and non-violent entertainment programmes. Your Family Entertainment produced or co-produced 60% of its content and is considered as leading in Europe in this area. Today, the company is concentrating on international expansion of this content by licensing its programmes in more than 180 countries.

Management

Dr. Stefan Piëch, Chief Executive Officer



Dr. Stefan Piëch was elected to the supervisory board of "RTV Family Entertainment AG" in October 2005. In July 2006, he became chairman of the board and later, chief executive officer of the company which was renamed Your Family Entertainment. He is responsible for the international expansion of the company. Previous to his role at Your Family Entertainment, he was a founding member and CEO of the film production and distribution company Openpictures AG. He graduated in film and media studies and business from the University of Stirling.

Media experience at the top

Bernd Wendeln, Chief Operating Officer



Bernd Wendeln has been the COO of Your Family Entertainment since December 1, 2019 (member of the executive board since June 1, 2020) and has many years of management experience in the media business from his roles in the Tele München Group and the ProSiebenSat.1 Group. In the Tele München Group (now part of Leonine) he developed and headed up the first VOD channel "Filmtastic" as well as expansion into new business areas. In the ProSiebenSat.1 Group, Bernd Wendeln was active in all segments of the group in strategic and M&A projects. Previously, Mr. Wendeln was working in the area of private equity. He holds an MBA from the INSEAD Business School.

Michael Huber, Chief Financial Officer


Michael Huber has been the chief financial officer for Your Family Entertainment since November 2015. From 2007 to 2012 he already served as CFO at Your Family Entertainment. Previously, he initially held positions as financial controller in the automotive industry and later as CFO in various sectors. Among other companies, Michael Huber worked for Skidata Winter AG and for the Blue Cap AG. He graduated in business studies from the Technical University Landshut.

History

- 1883: Otto Maier founds the first publisher of children's books and games.
- 1912: Expansion to western Europe and Russia.
- 1964: Branches in Austria, the Netherlands, the UK, France, Italy, Belgium and the US.
- 1984: Founding member of SAT1
- 1999: IPO of "RTV Family Entertainment AG"
- 2006: Restructuring and renaming as "Your Family Entertainment AG"
- 2007: Pay-TV channel "yourfamily" goes online
- 2008: Licence extension for Nelvana Enterprises
- 2009: Acquisition of the licensing rights to "Berlin Animation Film (BAF)"
- 2010: "yourfamily" wins the HotBird TV prize in the children's channel segment
- 2011: Expansion to Bulgaria in the local language
- 2012: Start of the free-TV channel RiC
- 2013: Expansion of the "family" to the former Yugoslavia and Romania; 20 mobile channels in cooperation with H3G in Austria.
- 2014: Start of the "yourfamily international" channel in MENA & Africa south of the Sahara. Relaunch of the pay-TV channel "Fix & Foxi"
- 2016: Fix & Foxi wins the Eutelsat TV Award as the best children's channel
- 2019: Free-TV channel RiC TV can be received outside of DACH
- 2020: Fix & Foxi starts on Vodafone (formerly Kabel Deutschland), cooperation with Huawei (App)

Eventful history ...

Shareholder structure

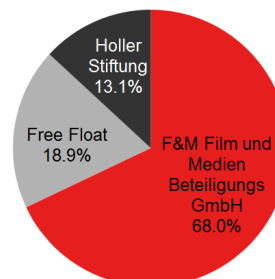
The shareholder structure is composed of two large investors and the free float. F&M Film und Medien Beteiligungs GmbH, which holds a stake of 68% has been the major shareholder since 2005. CEO Stefan Piech together with some private investors holds

CEO is the main shareholder

the majority in F&M.

The Holler Foundation holds a share of 13.1%. This foundation is focused on the wellbeing of children and is a direct sponsor of the children's charity SOS Kinderdörfer e.V. The remaining 18.9% is the freefloat

Shareholders



Source: Your Family Entertainment, Warburg Research

Segments

Licensing

In this segment, film and ancillary rights are marketed over various channels. Your Family Entertainment has a library programme of more than 80,000 minutes at its disposal. With this programme, revenue can be generated again and again with the use of various licensing time periods, diverse markets, distribution channels and licensing rights. Your Family Entertainment, in its contract business with licences, is involved with about 4,000 customers in contractual transactions.

Pay-TV channel "Fix & Foxi"

Pay-TV channel, Fix & Foxi is a high quality film and series channel without advertising, which is broadcast 24 hours a day and was formerly known as "Your Family". The channel is available in several countries in the local language. Its technical reach includes Europe, Africa and America. In 2016, the channel won the Eutelsat TV award as the best children's channel.

Free-TV channel "RiC"

The free-TV channel RiC broadcasts in the German speaking regions (DACH) and reaches more than 33 million households. The target focus is Germany with 24.7 million households, followed by Austria (5.5m), Italy (2m) and Switzerland (1.8m). RiC is also available online worldwide over IPTV, Android & iOS.

New media

Due to changing consumer behaviour, Your Family Entertainment is focusing in particular on expansion into new media. As an "early mover", the company is entering new markets and platforms, such as streaming portals like Netflix, video-on-demand and mobile TV. The company has been cooperating with YouTube since 2010 and benefits from constant advertising revenues. Your Family Entertainment is also the first provider of children's programmes on the Maxdome video-on-demand portal with an available portfolio of 1,200 half-hour programmes. It also cooperates with Mobile TV 3 (Austria), where Your Family Entertainment covers about 88% of children's channels. The three best channels of Your Family Entertainment together exceed the audience share of KiKa or Super RTL.

Revenue by segment

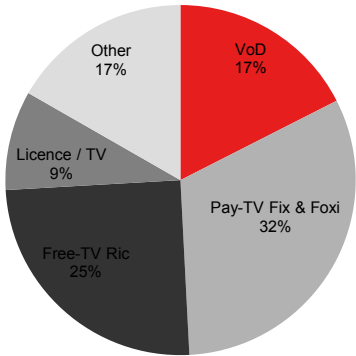
Your Family Entertainment divides its revenues into the categories of licensing, pay-TV,

Centred on 80,000 minutes of own
programme content

Balanced revenue mix

free-TV and others. The granting of licences makes up almost half the revenues (44.8%). Pay-TV and fee-TV make almost equal contributions to the overall revenue with 23.3% and 20.6% respectively. The year 2017 was distinguished by an abnormally high share generated by licences (licence sale to linear TV).

Revenue by segment in 2020e



Source: Your Family Entertainment, Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
Sales	3.27	3.54	3.91	4.30	4.73	5.20	5.72	6.29	6.92	7.61	8.38	9.21	10.14	-10.0 %
Sales change	12.4 %	8.4 %	10.3 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	
EBIT	0.20	0.40	0.59	0.69	0.85	1.14	1.49	1.76	2.08	2.44	2.85	3.32	3.85	
EBIT-margin	6.0 %	11.2 %	15.0 %	16.0 %	18.0 %	22.0 %	26.0 %	28.0 %	30.0 %	32.0 %	34.0 %	36.0 %	38.0 %	
Tax rate (EBT)	0.0 %	0.0 %	0.0 %	0.0 %	1.5 %	3.0 %	3.5 %	4.5 %	5.0 %	5.6 %	6.0 %	7.0 %	7.3 %	
NOPAT	0.20	0.40	0.59	0.69	0.84	1.11	1.44	1.68	1.97	2.30	2.68	3.08	3.57	
Depreciation in % of Sales	1.03 31.4 %	1.03 29.0 %	1.03 26.3 %	1.07 25.0 %	1.18 25.0 %	1.30 25.0 %	1.43 25.0 %	1.57 25.0 %	1.73 25.0 %	1.90 25.0 %	2.09 25.0 %	2.30 25.0 %	2.53 25.0 %	
Changes in provisions	0.00	0.00	0.00	-0.09	-0.02	-0.03	-0.02	-0.01	-0.04	-0.04	-0.04	-0.03	-0.03	
Change in Liquidity from														
- Working Capital	-0.08	-0.10	0.10	0.12	0.02	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
- Capex	1.02	1.02	1.02	1.07	1.18	1.30	1.43	1.57	1.73	1.90	2.09	2.30	2.53	
Capex in % of Sales	31.1 %	28.7 %	26.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	0.28	0.51	0.50	0.48	0.79	1.05	1.41	1.66	1.93	2.25	2.63	3.05	3.53	3
PV of FCF	0.28	0.47	0.44	0.39	0.62	0.77	0.98	1.08	1.18	1.30	1.43	1.56	1.71	10
share of PVs	5.33 %			49.35 %										45.32 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	40.00 %	Financial Strength	1.30
Cost of debt (after tax)	2.5 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	6.17 %	Beta	1.30

Valuation (m)

Present values 2032e	12		
Terminal Value	10		
Financial liabilities	9		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	1	No. of shares (m)	10.3
Equity Value	14	Value per share (EUR)	1.40

Sensitivity Value per Share (EUR)

		Terminal Growth									Delta EBIT-margin						
Beta	WACC	-10.75 %	-10.50 %	-10.25 %	-10.00 %	-9.75 %	-9.50 %	-9.25 %	Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.60	7.2 %	1.13	1.14	1.15	1.16	1.17	1.19	1.20	1.60	7.2 %	1.06	1.10	1.13	1.16	1.20	1.23	1.26
1.45	6.7 %	1.24	1.25	1.27	1.28	1.29	1.31	1.32	1.45	6.7 %	1.17	1.21	1.24	1.28	1.31	1.35	1.38
1.38	6.4 %	1.30	1.31	1.33	1.34	1.35	1.37	1.39	1.38	6.4 %	1.23	1.27	1.30	1.34	1.38	1.41	1.45
1.30	6.2 %	1.36	1.38	1.39	1.40	1.42	1.44	1.45	1.30	6.2 %	1.29	1.33	1.37	1.40	1.44	1.48	1.51
1.22	5.9 %	1.43	1.44	1.46	1.47	1.49	1.51	1.52	1.22	5.9 %	1.36	1.40	1.43	1.47	1.51	1.55	1.58
1.15	5.7 %	1.49	1.51	1.52	1.54	1.56	1.58	1.60	1.15	5.7 %	1.43	1.46	1.50	1.54	1.58	1.62	1.66
1.00	5.2 %	1.64	1.65	1.67	1.69	1.71	1.73	1.75	1.00	5.2 %	1.57	1.61	1.65	1.69	1.73	1.77	1.81

- EBIT and depreciation are historically strongly distorted by the value effects of the film assets
- These will be evened out in future by notionally assuming identical appreciation and depreciation of the film assets
- The fundamental assumption framework implies an expansion (also in the very long term) of the customer base
- As a central assumption, this leads to a long-term continuous increase in the EBIT margin
- The contentious issue of the lifespan of the portfolio is simulated with a very low terminal value

Valuation	2016	2017	2018	2019	2020e	2021e	2022e
Price / Book	1.0 x	1.1 x	1.4 x	1.5 x	0.2 x	0.2 x	0.2 x
Book value per share ex intangibles	-8.45	-6.94	-7.67	-8.36	-8.31	-8.26	-7.93
EV / Sales	5.6 x	3.8 x	6.9 x	6.8 x	2.8 x	n.a.	n.a.
EV / EBITDA	5.4 x	3.5 x	39.4 x	n.a.	7.6 x	n.a.	n.a.
EV / EBIT	n.a.	16.5 x	n.a.	n.a.	46.8 x	n.a.	n.a.
EV / EBIT adj.*	n.a.	16.5 x	n.a.	n.a.	46.8 x	n.a.	n.a.
P / FCF	n.a.	n.a.	182.2 x	n.a.	31.2 x	5.5 x	5.7 x
P / E	n.a.	17.7 x	n.a.	n.a.	n.a.	140.0 x	46.7 x
P / E adj.*	n.a.	17.7 x	n.a.	n.a.	n.a.	140.0 x	46.7 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	18.4 %	28.3 %	2.5 %	-0.2 %	13.2 %	n.a.	n.a.

*Adjustments made for: Theoretical changes in the value of the film assets

Consolidated profit & loss

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Sales	3.70	5.09	3.21	2.91	3.27	3.54	3.91
Change Sales yoy	46.0 %	37.5 %	-36.9 %	-9.3 %	12.4 %	8.4 %	10.3 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	3.70	5.09	3.21	2.91	3.27	3.54	3.91
Material expenses	1.06	1.02	1.13	1.14	1.03	1.05	1.10
Gross profit	2.64	4.07	2.08	1.77	2.24	2.49	2.80
Gross profit margin	71.2 %	79.9 %	64.8 %	60.7 %	68.5 %	70.4 %	71.8 %
Personnel expenses	1.17	1.15	1.15	1.22	1.32	1.36	1.44
Other operating income	3.49	4.07	1.09	0.41	1.10	1.10	1.10
Other operating expenses	1.15	1.54	1.45	1.00	0.80	0.81	0.85
Unfrequent items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	3.81	5.44	0.56	-0.04	1.22	1.42	1.61
Margin	102.8 %	106.9 %	17.5 %	-1.2 %	37.4 %	40.2 %	41.3 %
Depreciation of fixed assets	0.05	0.04	0.03	0.03	0.03	0.03	0.03
EBITA	3.76	5.40	0.53	-0.06	1.20	1.40	1.59
Amortisation of intangible assets	6.31	4.24	4.46	2.03	1.00	1.00	1.00
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	-2.56	1.16	-3.93	-2.09	0.20	0.40	0.59
Margin	-69.1 %	22.9 %	-122.4 %	-71.8 %	6.0 %	11.2 %	15.0 %
EBIT adj.	-2.56	1.16	-3.93	-2.09	0.20	0.40	0.59
Interest income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest expenses	0.28	0.27	0.29	0.27	0.24	0.25	0.25
Other financial income (loss)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBT	-2.84	0.89	-4.22	-2.36	-0.04	0.15	0.34
Margin	-76.8 %	17.5 %	-131.4 %	-81.1 %	-1.3 %	4.1 %	8.6 %
Total taxes	0.02	0.01	0.00	0.01	0.00	0.00	0.00
Net income from continuing operations	-2.86	0.88	-4.22	-2.37	-0.04	0.15	0.34
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	-2.86	0.88	-4.22	-2.37	-0.04	0.15	0.34
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-2.86	0.88	-4.22	-2.37	-0.04	0.15	0.34
Margin	-77.3 %	17.3 %	-131.5 %	-81.5 %	-1.3 %	4.1 %	8.6 %
Number of shares, average	10.29	10.29	10.29	10.29	10.29	10.29	10.29
EPS	-0.28	0.09	-0.41	-0.23	0.00	0.01	0.03
EPS adj.	-0.28	0.09	-0.41	-0.23	0.00	0.01	0.03

*Adjustments made for: Theoretical changes in the value of the film assets

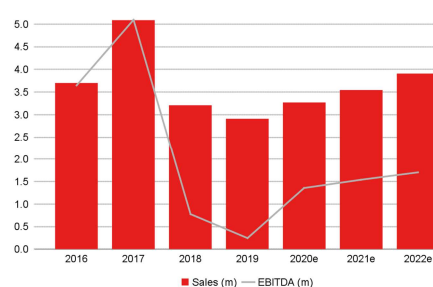
Guidance: n.a.

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Total Operating Costs / Sales	-2.8 %	-6.9 %	82.5 %	101.2 %	62.6 %	59.8 %	58.7 %
Operating Leverage	n.a.	n.a.	n.a.	5.0 x	n.a.	12.0 x	4.7 x
EBITDA / Interest expenses	13.4 x	19.9 x	1.9 x	n.m.	5.1 x	5.7 x	6.5 x
Tax rate (EBT)	-0.6 %	1.0 %	0.0 %	-0.5 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	205,568	299,250	200,500	171,196	192,387	208,485	229,854

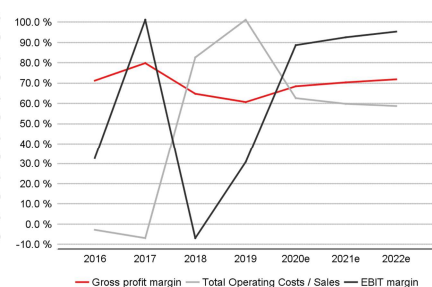
Sales, EBITDA

in EUR m

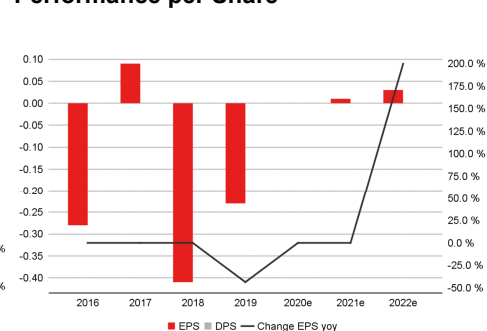


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

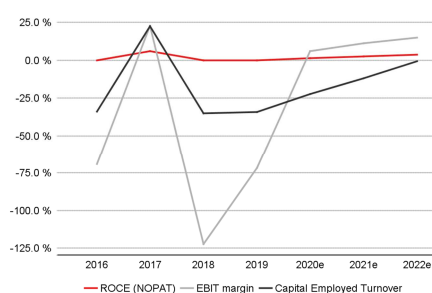
Consolidated balance sheet

In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Assets							
Goodwill and other intangible assets	22.18	21.55	18.04	16.36	16.36	16.36	16.36
thereof other intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
thereof Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property, plant and equipment	0.07	0.06	0.03	0.03	0.02	0.01	0.00
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other long-term assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed assets	22.25	21.61	18.08	16.39	16.38	16.37	16.36
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.98	1.13	0.67	0.41	0.40	0.40	0.50
Liquid assets	0.83	4.10	1.10	1.07	1.11	1.37	1.62
Other short-term assets	0.25	0.09	0.08	0.07	0.07	0.07	0.07
Current assets	2.06	5.33	1.84	1.55	1.59	1.84	2.19
Total Assets	24.30	26.90	19.90	17.90	18.00	18.20	18.50
Liabilities and shareholders' equity							
Subscribed capital	10.29	10.29	10.28	10.27	10.27	10.27	10.27
Capital reserve	2.79	2.79	2.78	2.78	2.78	2.78	2.78
Retained earnings	0.65	1.53	-2.69	-5.06	-5.10	-4.95	-4.62
Other equity components	0.00	0.00	0.00	0.00	0.10	0.00	0.00
Shareholders' equity	13.73	14.61	10.37	7.99	8.05	8.09	8.43
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total equity	13.73	14.61	10.37	7.99	8.05	8.09	8.43
Provisions	0.85	0.87	0.82	0.82	0.82	0.82	0.82
thereof provisions for pensions and similar obligations	0.31	0.31	0.35	0.35	0.35	0.35	0.35
Financial liabilities (total)	6.90	6.60	8.05	8.61	8.61	8.61	8.61
thereof short-term financial liabilities	3.41	3.11	3.67	4.24	4.24	4.24	4.24
Accounts payable	0.84	0.75	0.60	0.43	0.50	0.60	0.60
Other liabilities	1.98	4.11	0.08	0.07	0.07	0.07	0.07
Liabilities	10.58	12.33	9.54	9.92	9.99	10.09	10.09
Total liabilities and shareholders' equity	24.30	26.90	19.90	17.90	18.00	18.20	18.50

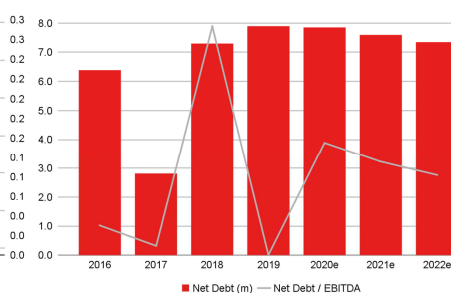
Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Efficiency of Capital Employment							
Operating Assets Turnover	-2.2 x	12.4 x	42.9 x	-339.6 x	-34.1 x	-17.2 x	-33.1 x
Capital Employed Turnover	0.2 x	0.3 x	0.2 x	0.2 x	0.2 x	0.2 x	0.2 x
ROA	-12.8 %	4.1 %	-23.3 %	-14.5 %	-0.3 %	0.9 %	2.0 %
Return on Capital							
ROCE (NOPAT)	n.a.	6.1 %	n.a.	n.a.	1.2 %	2.5 %	3.7 %
ROE	-19.4 %	6.2 %	-33.8 %	-25.8 %	-0.5 %	1.8 %	4.1 %
Adj. ROE	-19.4 %	6.2 %	-33.8 %	-25.8 %	-0.5 %	1.8 %	4.1 %
Balance sheet quality							
Net Debt	6.39	2.81	7.30	7.89	7.85	7.59	7.35
Net Financial Debt	6.07	2.50	6.95	7.54	7.50	7.24	7.00
Net Gearing	46.5 %	19.2 %	70.3 %	98.8 %	97.5 %	93.8 %	87.1 %
Net Fin. Debt / EBITDA	159.6 %	45.9 %	1239.9 %	n.a.	612.7 %	508.8 %	433.5 %
Book Value / Share	13.7	14.6	10.4	8.0	8.0	8.1	8.4
Book value per share ex intangibles	-8.5	-6.9	-7.7	-8.4	-8.3	-8.3	-7.9

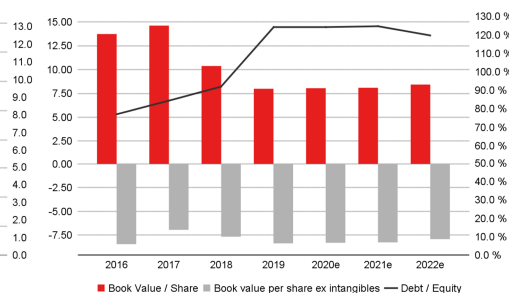
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

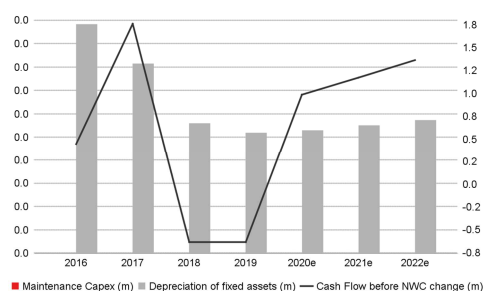
In EUR m	2016	2017	2018	2019	2020e	2021e	2022e
Net income	-2.86	0.88	-4.22	-2.37	-0.04	0.15	0.34
Depreciation of fixed assets	0.05	0.04	0.03	0.03	0.03	0.03	0.03
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	6.31	4.24	4.46	2.03	1.00	1.00	1.00
Increase/decrease in long-term provisions	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
Other non-cash income and expenses	-3.05	-3.40	-0.90	-0.32	0.00	0.00	0.00
Cash Flow before NWC change	0.45	1.76	-0.64	-0.64	0.98	1.17	1.36
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase / decrease in accounts receivable	-0.38	-0.18	0.25	0.14	0.01	0.00	-0.10
Increase / decrease in accounts payable	-0.14	-0.09	-0.16	-0.17	0.07	0.10	0.00
Increase / decrease in other working capital positions	-0.42	-1.78	0.67	0.25	0.00	0.00	0.00
Increase / decrease in working capital (total)	-0.94	-2.05	0.77	0.22	0.08	0.10	-0.10
Net cash provided by operating activities [1]	-0.49	-0.29	0.13	-0.42	1.06	1.27	1.26
Investments in intangible assets	-0.05	-0.03	-0.05	-0.03	-1.00	-1.00	-1.00
Investments in property, plant and equipment	-0.01	-0.03	0.00	-0.02	-0.02	-0.02	-0.02
Payments for acquisitions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income from asset disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided by investing activities [2]	-0.06	-0.06	-0.05	-0.05	-1.02	-1.02	-1.02
Change in financial liabilities	0.24	3.64	-3.49	0.20	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	-0.01	0.00	-0.02	-0.13	0.00	0.00	0.00
Capital measures	0.89	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided by financing activities [3]	1.12	3.64	-3.51	0.08	0.00	0.00	0.00
Change in liquid funds [1]+[2]+[3]	0.57	3.29	-3.42	-0.39	0.04	0.26	0.25
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent at end of period	0.81	4.10	0.67	0.28	1.11	1.37	1.62

Financial Ratios

	2016	2017	2018	2019	2020e	2021e	2022e
Cash Flow							
FCF	-0.55	-0.35	0.08	-0.47	0.04	0.26	0.25
Free Cash Flow / Sales	-15.0 %	-6.9 %	2.5 %	-16.1 %	1.4 %	7.2 %	6.3 %
Free Cash Flow Potential	3.79	5.43	0.56	-0.05	1.22	n.a.	n.a.
Free Cash Flow / Net Profit	19.4 %	-39.6 %	-1.9 %	19.7 %	-105.2 %	175.8 %	73.7 %
Interest Received / Avg. Cash	0.0 %	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.2 %	4.0 %	4.0 %	3.2 %	2.8 %	2.9 %	2.9 %
Management of Funds							
Investment ratio	1.6 %	1.1 %	1.5 %	1.7 %	31.1 %	28.7 %	26.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	n.a.	n.a.
Capex / Dep	1.0 %	1.4 %	1.1 %	2.4 %	99.1 %	99.0 %	98.9 %
Avg. Working Capital / Sales	-53.3 %	-13.8 %	6.1 %	0.0 %	-2.5 %	-4.8 %	-4.4 %
Trade Debtors / Trade Creditors	116.7 %	150.3 %	112.0 %	94.8 %	80.0 %	66.7 %	83.3 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	97	81	76	51	45	41	47
Payables payment period (days)	288	269	193	137	177	209	198
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

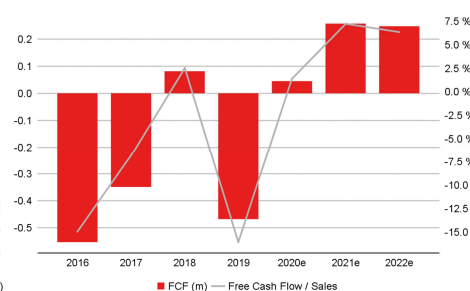
CAPEX and Cash Flow

in EUR m



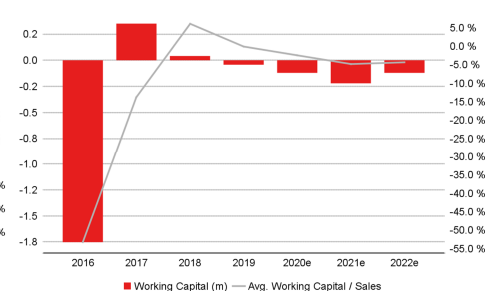
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
Your Family Entertainment	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A161N14.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

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

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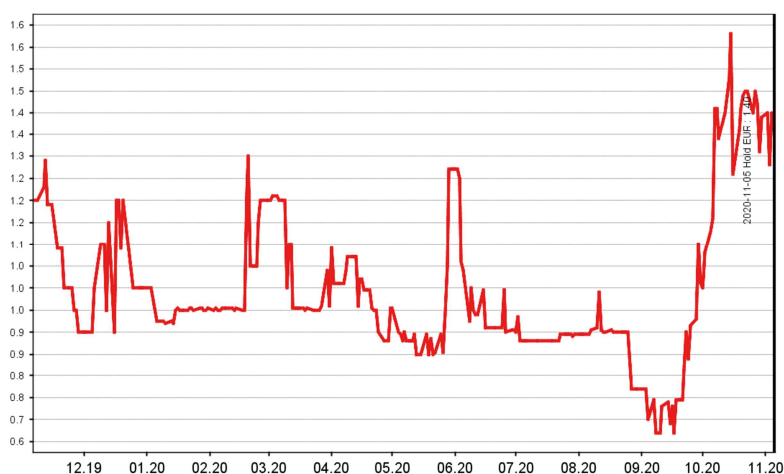
Rating	Number of stocks	% of Universe
Buy	133	65
Hold	56	27
Sell	9	4
Rating suspended	6	3
Total	204	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	36	84
Hold	5	12
Sell	0	0
Rating suspended	2	5
Total	43	100

PRICE AND RATING HISTORY YOUR FAMILY ENTERTAINMENT AS OF 05.11.2020



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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