



Investment Research

Buy

VS

Share price: EUR 6.91

closing price as of 16/10/2009

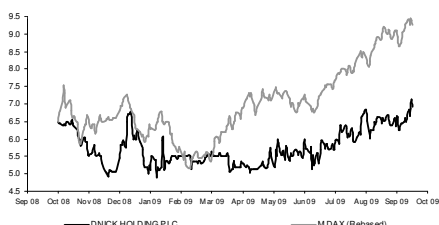
Target price: EUR 10.00

Reuters/Bloomberg D2H.DE/D2H GY

Daily avg. no. trad. sh. 12 mth	3,245
Daily avg. trad. vol. 12 mth (m)	0.02
Price high 12 mth (EUR)	7.13
Price low 12 mth (EUR)	4.91
Abs. perf. 1 mth	4.7%
Abs. perf. 3 mth	21.2%
Abs. perf. 12 mth	1.6%

Market capitalisation (EURm)	39
Current N° of shares (m)	6
Free float	62%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	237	175	192
EBITDA (m)	9	10	12
EBITDA margin	3.9%	5.5%	6.4%
EBIT (m)	7	7	10
EBIT margin	3.0%	4.1%	5.1%
Net Profit (adj.)(m)	8	4	6
ROCE	10.7%	6.9%	8.1%
Net debt/(cash) (m)	22	9	10
Net Debt/Equity	0.4	0.1	0.1
Net Debt/EBITDA	2.3	1.0	0.8
Int. cover(EBITDA/Fin.int)	3.5	5.6	12.7
EV/Sales	0.3	0.3	0.3
EV/EBITDA	7.1	6.4	5.0
EV/EBITDA (adj.)	4.2	6.0	5.0
EV/EBIT	9.4	8.5	6.4
P/E (adj.)	4.3	9.6	6.7
P/BV	0.5	0.6	0.6
OpFCF yield	-1.7%	38.5%	8.8%
Dividend yield	0.0%	3.6%	5.9%
EPS (adj.)	1.37	0.72	1.03
BVPS	10.89	11.41	12.19
DPS	0.00	0.25	0.41



Source: Factset

Shareholders: Goldman Sachs 23%; Bear Stearns 10%; Management 5%;

For company description please see summary table footnote

Maintaining profitability in worst case environment

- **We initiate coverage on DNICK Holding plc (D2H) with Buy, TP EUR 10.00.**
- **Company Profile:** D2H is a leading independent manufacturer of special materials made of nickel and nickel alloys, as well as metal products. A majority of its earnings (64% of 2009e EBIT before holding costs and consolidation) are contributed by the blank coins segment.
- **Independent player with strategic advantages:** 1) Higher flexibility than subsidiaries of major steel companies in the iron-nickel segment due to with a prompt response to customers' needs and ability to deliver small volumes. 2) In the coin blank segment: governments do not like to depend on mints of other states and prefer independent suppliers.
- **Strong cash generation:** D2H achieved an operating cash flow of EUR 16.8m in H1 2009, helped by c. EUR 15.4m decrease in working capital and a EUR 5m extension of factoring. Given the optimized cash management D2H should be able to 1) finance CapEx out of OpFCF, 2) to actively participate in new market opportunities (Indian JV) and 3) to start thinking about dividend payments for FY 2009e.
- **Triggers:**
 - 1) Strong improvement of financial ratios in 2009:
 - 2) Outperformance of blank coins segment should continue in H2
 - 3) Conservative management of expectations (Guidance: positive absolute profit)
- **Valuation:** Our DCF based TP of EUR 10.00 puts D2H on a target PE of 9.7x in 2010e and is still below current book value. Given 44% upside we initiate coverage with Buy.

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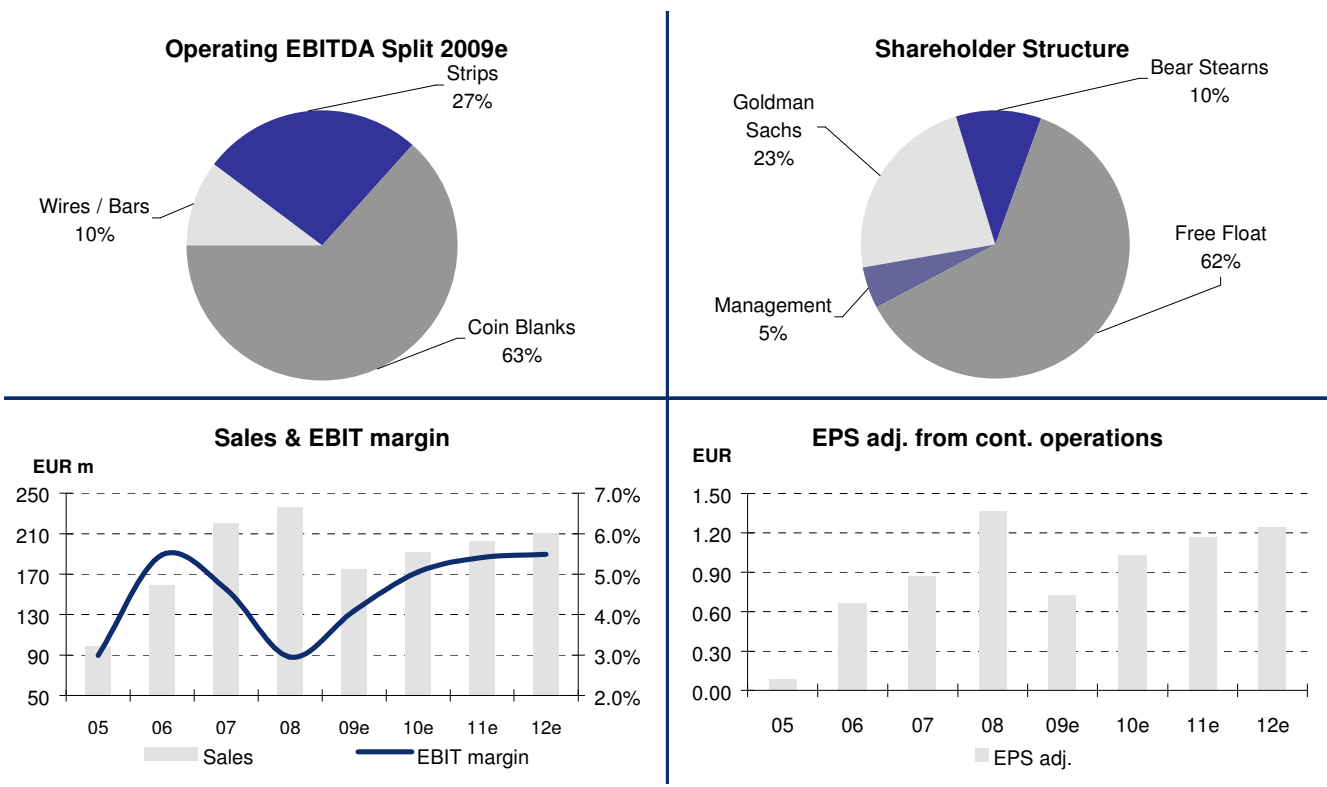
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Executive Summary

DNICK Holding plc (D2H) experienced tough times in H12009, similar to most companies dependent on the basic resources sector. But helped by the strong volume growth in blank coins it was able to partly counterbalance the recessional effects, maintaining a significant operating profitability level (H1 2009 Operating EBITDA 6.0m vs. 8.7m in H1 2008). Our target price of EUR 10.00 implies a 2010e PE of 9.7x vs 6.7x the current share price.

- **Company Profile:** D2H is a manufacturer of special materials made of nickel and nickel alloys, as well as metal products. The group is divided into the fully separated business areas of iron-nickel and coin blanks. In the FY 2008 the group achieved sales of EUR 237m.
- **Market:** The rather mature global market for nickel and nickel alloy products is expected to grow, in line with the general economy, at 1-2% p.a. on average in the long term. D2H competes with subsidiaries of big steel multinationals such as Thyssen-Krupp VDM and a large number of independent producers.
- **Triggers & Drivers:** We expect H209 operating profitability to remain clearly in positive territory. In addition to that, the reported numbers should profit from the significant upswing of nickel prices since July 1st.
- **Financials:** We expect D2H to deliver a 9.6% sales growth in 2010e, due to its focus on the growing blank coins segment, stabilising underlying raw material prices and the start-up of Indian activities (JV with ArcelorMittal and Shivalik Bimetal Controls).
- **Valuation:** Based on a DCF approach, we derive our target price of EUR 10.00 which implies a 2010e PE of 9.7x. Upside potential of 44%. Buy.

At a Glance



Sources: Company data, equinet Research

Valuation

Our target price of EUR 10.00 is based on a DCF calculation. At our TP of EUR 10.00, D2H would be priced at a 2010e PE of 9.7x. We see D2H's current valuation as attractive, especially since the company should be able to improve its financial ratios in 2009e as it benefits from the more than 50% yoy drop in nickel prices.

DCF valuation

- **Sales development:** We believe D2H should be able to deliver sales CAGR 2009-12e of 6.1%, however this depends largely on the expected stable development of the nickel price. For 2013 ff we included a declining sales growth of 3.6% to 1.8%
- **Profitability:** In Phase I, D2H should increase its reported profitability due to 1) a narrowing gap between reported and the historically (2007, 2008) much higher operating EBITDA driven by an expected decreased volatility of raw material prices and 2) the start of the Indian operation in Q4 2009 and 3) an unchanged high demand in the project-driven blank coins segment.
- **CapEx & NWC:** After the completion of its major capacity expansion project for blank coins production in 2008 and the start of its Indian JV in 2009 capex should not exceed EUR 4m p.a. going forward. Net working capital declines due to lower raw material prices in 2009 and should moderately increase from the new level.
- **WACC & long-term FCF growth:** We have applied a WACC of 9.28%, which is based on the assumption of a target equity ratio of 70% and beta of 1.7. In Phase III we expect D2H to grow its FCF by 1.5% p.a.
- **Fair value – DCF approach:** Our DCF calculation delivers a fair value for D2H of EUR 10.09. Please note that we already deducted the 2008 **EUR 10m utilisation of factoring lines** from the total present value as the low reported net debt number would lead to too aggressive estimates.

DCF Analysis

€m	Phase I				Phase II						Phase III
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Sales	175	192	202	210	218	225	231	237	242	246	
%yoy		9.5%	5.3%	4.1%	3.6%	3.1%	2.8%	2.4%	2.1%	1.8%	
EBIT	7.2	9.7	10.9	11.5	11.3	11.7	12.0	12.3	12.6	12.8	
EBIT margin	4.1%	5.1%	5.4%	5.5%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	
Tax	-2.4	-3.3	-3.7	-3.9	-3.9	-4.0	-4.1	-4.2	-4.3	-4.3	
Tax rate	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	
Depreciation	2.4	2.6	2.8	2.9	2.4	2.5	2.5	2.6	2.7	2.7	
% of sales	1.4%	1.3%	1.4%	1.4%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	
Capital expenditure	-4.0	-4.0	-4.0	-4.0	-2.4	-2.5	-2.5	-2.6	-2.7	-2.7	
% of sales	2.3%	2.1%	2.0%	1.9%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	
Δ Working Capital	10.6	-3.3	-4.1	-2.5	-0.8	-0.7	-0.7	-0.6	-0.6	-0.5	
% of sales	-6.1%	1.7%	2.0%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	
Free Cash Flow	13.8	1.7	1.9	4.0	6.7	7.0	7.3	7.5	7.7	7.9	101
%yoy		-87.5%	10.9%	109.2%	68.5%	4.3%	3.8%	3.3%	2.9%	2.6%	1.5%
Present Value CF	13.5	1.5	1.6	3.0	4.6	4.4	4.2	4.0	3.7	3.5	45
Present value phase I		20			Market cap.		36		Equity ratio		70%
Present value phase II		24			Risk premium		4.00%		Beta		1.7
Present value phase III		45			Risk free rate		4.50%		WACC		9.28%
Total present value		89			Sensitivity analysis			Growth in phase III			
+ cash and liquid assets		5					0.5%	1.0%	1.5%	2.0%	2.5%
- interest bearing debt		27				8.35%	10.86	11.48	12.20	13.03	14.00
- use of Factoring		10				8.82%	9.93	10.46	11.07	11.77	12.58
Equity value		57			WACC	9.28%	9.10	9.57	10.09	10.68	11.36
Number of shares (m)		5.6				9.75%	8.36	8.76	9.21	9.72	10.30
Fair value per share		10.09				10.21%	7.70	8.05	8.44	8.88	9.37

Source: equinet

Multiple Valuation

- **The peer group** includes big international players such as ArcelorMittal and Thyssenkrupp, of which minor subsidiaries (ArcelorMittal Stainless & Nickel Alloys, Thyssen VDM) are large competitors to Deutsche Nickel, but are focused on bigger customer. Hence the comparable basis is very limited. Norilsk Nickel is one of the possible suppliers of D2H and is not a competitor. The Korean Poongsan Corporation (c. EUR 1bn 2009e sales) is a manufacturer of non-ferrous metals and the world leading supplier of blank coins and is a competitor of D2H's subsidiary Saxonia.
- **Discount:** In our view, due its comparatively low market capitalisation, missing track record and the, so far, limited liquidity of the share D2H may be put on a 20% discount versus the large cap peers despite its solid balance sheet (2009e gearing 14%, net debt/EBITDA 1.0x).
- **Lack of profitability in 2009e:** With the exception of Norilsk Nickel and Poongsan all the companies of the peer group are expected to be non-profitable in 2009e. Hence, a multiple comparison for the current year is not possible. However, it underlines that D2H's expected ability to remain significantly profitable in 2009 is a rare quality in the special materials sector.
- **D2H enterprise value already adjusted:** D2H EV/EBIT and EV/EBITDA multiples include EUR 12m for the expected use of factoring in 2010 and 2011, which does not show up only looking at the reported net debt figure.
- **Fair Value range – multiple valuation:** A multiple comparison for 2010e/2011e, based on consensus estimates, delivers a fair value range between EUR 9.33 and EUR 14.15, already including the 20% discount mentioned earlier.
- **Conclusion:** Our DCF based target price of EUR 10.00 is fully backed by the peer group analysis, which derives a fair value of EUR 11.10.

Company	Currency	Price	Market Cap (m)	PE '10e (adj.)	PE '11e (adj.)	EV/EBIT '10e (adj.)	EV/EBIT '11e (adj.)	EV/EBITDA '10e (adj.)	EV/EBITDA '11e (adj.)	EV/Sales '10e
Special Materials										
ARCELOR MITALL	EUR	26.49	41,341	12.6	10.3	9.8	7.1	6.2	7.1	1.01
ACERINOX	EUR	14.92	3,720	27.5	19.5	18.6	14.3	12.2	14.3	1.08
MMC Norilsk Nickel ADR *	USD	13.41	25,563	16.5	13.8	8.8	8.4	8.8	7.6	2.81
POONGSAN Corp.*	KRW	23,650.00	662,774	5.5	5.3	6.4	5.9	5.0	4.7	0.46
SSAB *	SEK	110.50	26,605	17.9	10.2	13.0	8.0	7.5	5.5	1.13
THYSSENKRUPP	EUR	25.12	12,924	23.6	11.4	15.5	9.7	6.8	9.7	0.51
Median				17.2	10.9	11.4	8.2	7.1	7.4	1.04
DNICK Holding plc	EUR	6.91	39	6.7	5.9	6.3	5.7	4.9	4.5	0.28
Premium / Discount				-61%	-46%	-45%	-31%	-31%	-38%	-74%

Fair Value DNICK Holding based on 2010e and 2011e peer group multiples (20% Discount):

Average	11.10	PE '10	14.15	EV/EBIT '10	12.55	EV/EBITDA'10	9.33
		PE '11	10.16	EV/EBIT '11	9.43	EV/EBITDA'11	10.99

* estimates by Thomson Financial, all other by ESN, EV of D2H includes EUR 12m for expected use of factoring in 2010 and 2011

Source: Thomson Financial, ESN

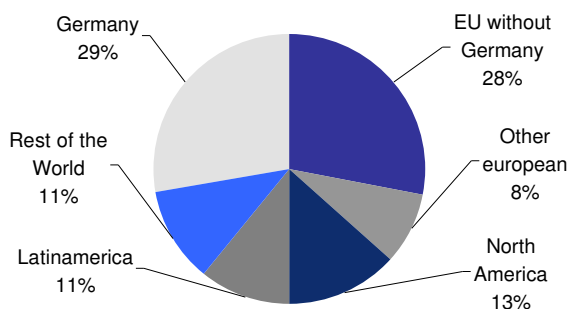
Company Profile

D2H is a German-based producer of special materials in the iron-nickel segment, and one of the leading independent private producers of coin blanks.

Company overview

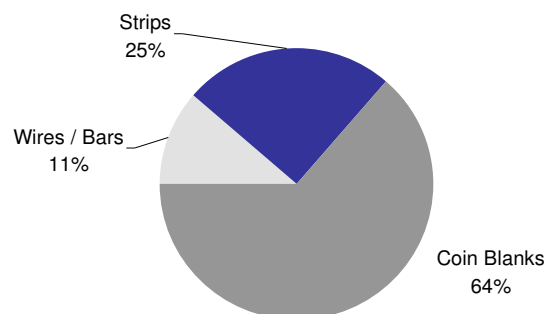
- **Company profile:** D2H is the successor of the former Deutsche Nickel AG, which used to be part of the insolvent VDN group. D2H is one of the world's leading manufacturers of iron-nickel and nickel alloy materials. The three main production facilities are all located in Germany (Schwerte, Aue and Halsbrücke).
- **Strategy:** D2H provides individual customer solutions in the iron/nickel segment and uses free capacities to offer contract processing. In the blank coins segment D2H exploits its favourable positioning as state-independent supplier.
- **Business model:** As the technical entrance barriers are low, the high start-up costs for the instalment of new production lines and the mature market itself reduce D2H's risk of facing new competitors. D2H limits its activities to the iron-nickel and blank coins segment and is actively looking for M&A and cooperation possibilities.
- **Customer structure:** Wires manufactured are mainly used in the automotive, optics (nickel glasses), light and electronics sectors. In the bars segment the company manufactures materials in different nickel alloys and dimensions that are used primarily as semi-finished products in fittings and apparatus.
- **Geographical breakdown:** D2H has an international client base. Hence only 29% of sales are generated domestically, while 36% of the products are delivered to European clients (ex Germany), 24% to Americas and 11% to the Rest of the World (especially Asia).
- **Historical growth:** As the level of sales depends to a large extent on raw material prices a historical comparison would be misleading. In terms of volume the output growth from 2005 until 2008 has been around 10% p.a. while the current year is likely to show a drop of around 15% in the iron-nickel segment. However, blank coins should be able to post volume growth of at least 25% yoy as the enlarged production capacities (expansion 2008) are fully used.
- **Current profitability vs. historic levels:** The operating EBITDA margin, adjusted for metal price fluctuations, has been established in a range of 5.0% to 7.0% of sales and, we reckon, should stay in this territory even in the current challenging year (EBITDA margin 2009e: 5.5%)
- **Working capital management:** As D2H benefited from the falling nickel prices in H1 2009, the company was able to significantly reduce its working capital needs by EUR 15.4m. We expect this development to be sustainable, if no sudden recovery of raw material prices occurs.

DNICK Holdings: Sales by regions 2008



Sources: Company data, equinet Research

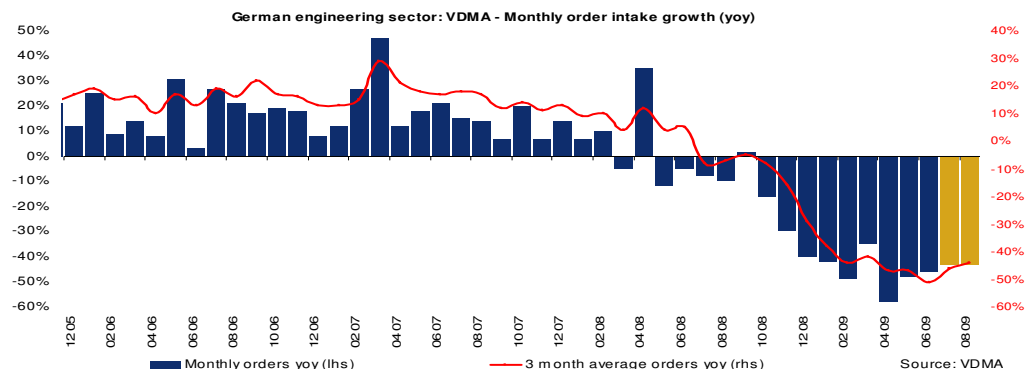
Operating EBITDA Split 2009e



Sources: Company data, equinet Research

Iron-nickel

- **In the past decade world nickel demand increased from 1.009m tonnes in 1998 to 1.278m tonnes in 2008, a growth rate of 2.4% per year. D2H's sales decline in the iron-nickel segment in 2009e should be close to the 40% yoy drop in general business indicators such as VDMA order intake, with declining volumes (c. -15%) coinciding with lower price levels (at least -30% yoy). D2H focuses on three markets in the iron-nickel segment: Bars, wires and strips.**
- **Bars (Deutsche Nickel GmbH):** D2H supplies corrosion-resistant bars that are used to produce valve rods and balls, screws, nuts, flanges, shafts and other products. In 2008 45% of the bars were delivered to America, 26% to Europe, 19% to Germany and 10% to Asia. 57% of last year's turnover was generated with products for use in the Chemical and Oil & Gas sector.
- **Wires (Deutsche Nickel GmbH):** D2H produces a variety of round and flat wires which are used in electrical engineering, lighting, optics (nickel glasses), spark plugs and other applications. In 2008 29% of the wires were supplied to the automotive industry, 20% for general welding applications, 17% for electrical engineering, 13% for lighting and 10% for optics. Last year 39% of the wires sales volume was generated outside Europe.
- **Strips (Auerhammer Metallwerk GmbH):** D2H produces strips in four categories: thermostatic bimetals, plated strips, metal strips and metallic foils. The products are used in electrical and control engineering, in the automotive sector, for ammunition, solar panels, insulation and for the production of blank coins (Auerhammer supplies also c. EUR 4m p.a. of plated strips to D2H's subsidiary Saxonia Eurocoin). In 2008 only 19% of strips were sold to clients outside Europe, and 47% to domestic clients.



Blank coins (Saxonia Eurocoin GmbH)

- **Market competitive structure:** The market is dominated by state owned mints that are mainly focussed on supplying their own demand, but also offer free capacities to other states. The Korean Poongsan is the leading independent supplier of blank coins, and Saxonia Eurocoin is one of the largest independent players based in Europe.
- **Project driven business:** In general the potential client (state) announces new projects with all the necessary specifications in a public bidding process. The size of the single projects is usually between 500 and 5000 tonnes of blank coins and may have a delivery time of 3 to 12 months. After a given project is completed the supplier has to qualify for the next project. Besides price competition, reliability, customer relationship management and flexible capacities are key qualities.
- **Market growth:** The majority of Saxonia's clients are located in the emerging markets of South America and Asia (88% of 2008 sales were generated abroad). The growth of the economies leads to disproportionately greater demand for coins. For example: more cars - more parking lots - more ticket machines – more coins.

Triggers & Swot Analysis

Triggers & Drivers

- **Strong improvement of financial ratios in 2009:** Thanks to the yoy drop in nickel prices D2H should drastically decrease its financial indebtedness.
- **Blank coins segment unaffected by economic turmoil:** Last year D2H increased output volume by around 21%, and should even achieve higher growth in the current year as the expanded production facilities are close to full utilization.
- **Conservative management of expectations:** D2H reported excellent H1 results given the current environment (see page 9) but refrained from giving concrete FY2009 guidance except announcing that they target a positive EBT.

Strengths & Opportunities

- **Strategic advantages:** 1) *compared to subsidiaries of major steel companies:* D2H's customer and market proximity with a prompt response to customers' needs; 2) *compared to state owned blank coins:* independence, no information flow to other states.
- **Well diversified customer structure:** No customer accounts for more than 5% of turnover.
- **Cost management successful:** D2H has cut overhead costs at the holding company to less than EUR 1.2m, which should become fully visible in 2009e.
- **D2H may find a buyer for unused properties in Schwerte**
- **Potential recovery of volume in iron/nickel segment:** If the current stabilisation of the economic environment leads to a recovery scenario, strong volume growth especially in contract processing orders would be possible.
- **Experienced management team:** CEO Dr. Blumbach, CFO Mr. Seipelt and Non-Executive Director Paul-Felton Smith have a decent track record in streamlining and optimizing business models to increase shareholder value.
- **What could really go right for the company?** D2H's best case scenario would be 1) steady raw material prices leading to reduced hedging costs and absence of revaluation charges and 2) narrowing the valuation gap to the peer group by intensifying investor relations

Weaknesses & Threats

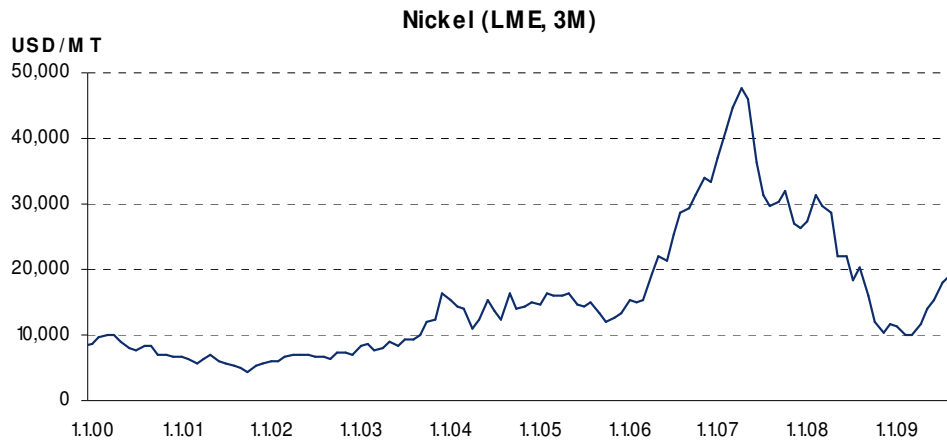
- **Falling raw material prices would burden reported profits:** As in 2008, further stock revaluation charges – depending on the price development of raw materials - cannot be ruled out.
- **Potential share overhang from non strategic shareholders**
- **Potentially continued downward pressure on iron/nickel volumes if the economic recovery fails to materialize:** D2H generates approx. 25% of sales in the automotive sector and approx. 30% with industrial applications, which are both cyclical end markets.
- **Limited legal framework:** As a British company listed in the German Open Market D2H doesn't have to comply with most market regulations. For example shareholders do not have to announce holding changes, the company doesn't have to make adhoc announcements, and it doesn't report insider dealings either. On the positive side, D2H is currently considering joining a regulated segment and is already publishing every report in English and German simultaneously.
- **What could really go wrong for the company?** Clients in the blank coins segment could choose to discontinue project based relationships with Saxonia Eurocoin and should be difficult to replace. Higher raw material prices would lead to higher working capital needs, which may be difficult to refinance.

Financials

Driven by lower nickel prices and strict cost management D2H's financial ratios should improve significantly in 2009.

P&L analysis influenced by inventory revaluation

- **Sales:** After an expected sales decline due to recessional effects in 2009e, we see D2H returning to a growth path. We forecast a sales growth of around 6.3% p.a. driven by a minor recovery of the nickel price in FY2009-12e.
- **Reported vs. adjusted profitability:** D2H's reported profitability depends heavily on the year-end price of the raw material as D2H has a high base volume of raw material (D2H uses a base stock of around 750 tonnes of nickel, which leads to c. EUR 0.5m of revaluation charges per USD 1,000 yoy drop in the nickel price). The upside – in line with the accounting standards - is limited to the reversal of historic write-downs. Hence the positive extraordinary gains (2006: 2.8m revaluation gain) should in general be lower than the extraordinary losses (2008: 6.5m revaluation losses). Additionally, D2H's financing capabilities and needs depend on the value of its asset based borrowing facility.



Source: equinet

- **H209 results forecast undemanding:** Our H2 estimates may be on the conservative side as they are at the lower end of a realistic range that we see at EUR 85m to EUR 95m for sales and EUR 4m to EUR 6m for operating EBITDA.

Translation from reported to adjusted figures

EURm	2005	2006	2007	2008	09 H1	09e H2	2009e	2010e	2011e	2012e
Sales	98.8	159.6	220.6	236.7	89.6	85.6	175.2	191.9	202.1	210.4
Reported EBITDA	4.4	11.4	12.8	9.3	5.6	4.0	9.6	12.3	13.7	14.4
+/- Effect of stock revaluation under IFRS	0.0	-2.8	0.7	6.5	0.4	0.2	0.6	0.0	0.0	0.0
Adjusted EBITDA	4.4	8.6	13.5	15.8	6.0	4.2	10.2	12.3	13.7	14.4
- Depreciation as reported	-1.5	-2.7	-2.6	-2.3	-1.2	-1.2	-2.4	-2.6	-2.8	-2.9
Adjusted EBIT	3.0	5.9	10.9	13.5	4.8	3.0	7.8	9.7	10.9	11.5
+/- financial result as reported	-2.2	-1.6	-3.6	-1.9	-1.0	-0.6	-1.6	-0.9	-0.9	-0.9
<i>not including extraordinaries (restructuring/disposals)</i>	-16.3	-2.7	-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBT	0.7	4.3	7.3	11.6	3.8	2.4	6.2	8.8	10.1	10.7
Taxes with normative tax rate (34%)	-0.2	-1.5	-2.5	-4.0	-1.5	-0.6	-2.1	-3.0	-3.4	-3.6
- Minorities as reported	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>not including discontinued activities</i>	-8.5	-7.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EAT	0.5	3.6	4.8	7.7	2.3	1.8	4.1	5.8	6.6	7.0
<i>Reported EAT</i>	-24.8	-3.8	3.3	3.9	2.0	1.7	3.7	5.8	6.6	7.0
Adjusted EPS	0.09	0.67	0.87	1.37	0.41	0.31	0.72	1.03	1.17	1.24
<i>Reported EPS</i>	-4.60	-0.70	0.61	0.70	0.35	0.30	0.65	1.03	1.17	1.24

Source: equinet

Earnings Development

- **Financial result & EBT:** DH2's financial result should improve further due to the company's cash generation, reducing the net debt position. EBT should therefore rise more than proportionally (CAGR 2009-12e of 24.2%) compared to sales.
- **Tax rate:** We have applied a tax rate of 34%.
- **EPS development:** For 2009-13e we expect an EPS CAGR of 19.8%.

Profit development

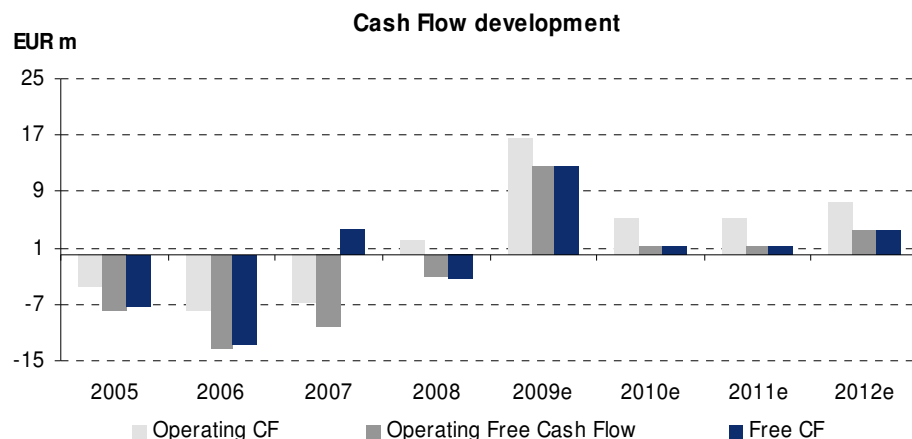
EUR m	2006	2007	2008	2009e	2010e	2011e	2012e	CAGR*
Sales	159.6	220.6	236.7	175.2	191.9	202.1	210.4	6.3%
<i>Growth</i>		38.2%	7.3%	-26.0%	9.5%	5.3%	4.1%	
EBIT	8.7	10.2	7.0	7.2	9.7	10.9	11.5	17.2%
<i>Growth</i>		17.0%	-31.6%	2.6%	35.3%	12.6%	5.7%	
EBT	4.4	4.7	5.1	5.6	8.8	10.1	10.7	24.2%
<i>Growth</i>		6.0%	9.4%	8.6%	58.6%	13.9%	6.2%	
EAT	-3.8	3.3	3.9	3.7	5.8	6.6	7.0	24.2%
<i>Growth</i>		-188.9%	16.2%	-5.5%	58.6%	13.9%	6.2%	
EPS adj.	0.67	0.87	1.37	0.72	1.03	1.17	1.24	19.8%
<i>Growth</i>		30.1%	57.8%	-47.2%	42.3%	13.9%	6.2%	

* CAGR 2009e - 2012e

Source: DNICK Holding plc, equinet research

Cash Flow Analysis

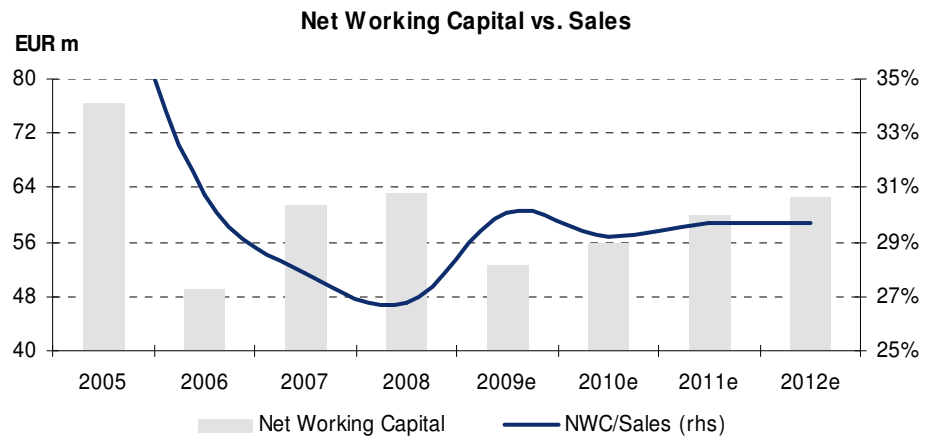
- **CF 2008:** A steep rise in working capital (+ EUR 8.9m) led to a FCF contraction in 2008.
- **Operating Cash Flow:** For 2009e, we anticipate a decrease in working capital (de-stocking and fall in raw material prices) and expect a strong operating cash flow of EUR 16.6m. We expect the company's operating CF to stabilise on a positive, albeit much lower level due to likely stabilizing raw material prices going forward.
- **Maintenance & Expansion CapEx:** We expect CapEx of EUR 4m in 2009e and 2010e for maintenance and ongoing expansion projects (India).
- **Operating FCF & Free Cash Flow:** We do not include any acquisitions in our forecast. Thus, operating FCF equals FCF. In H109, D2H was able to generate FCF of EUR 14.8m (2009e FCF of EUR 16.4m), of which EUR 13.5m was due to a reduction in inventories.



Sources: Company data, equinet Research

Working Capital

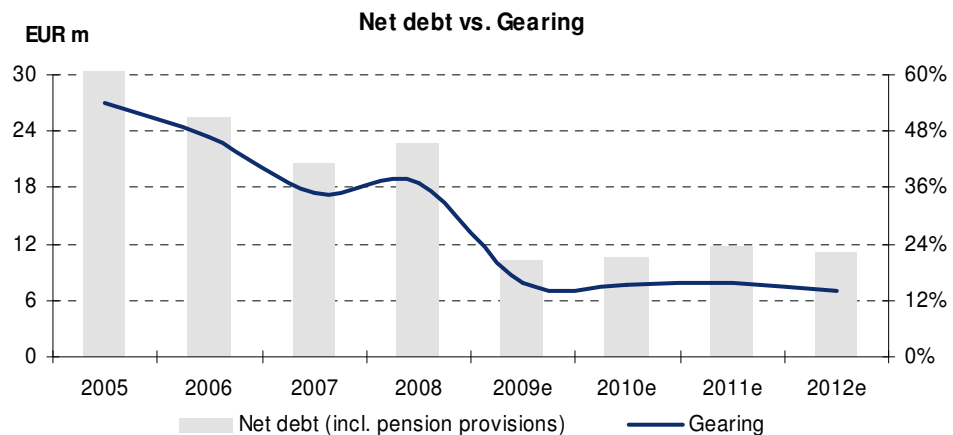
- **Net working capital:** D2H should employ roughly EUR 53m NWC (30% of sales) in 2009e, a decline of 16% compared to 2008 (EUR 63m, 27% of sales), due to de-stocking at the beginning of 2009 and the decline in raw material prices.
- **Working capital composition:** Inventories should amount to EUR 50.8m (29% of sales), accounts receivable to EUR 13.4m (7.6% - not including receivables of est. EUR 12m sold via factoring), and accounts payable to EUR 11.5m (6.6%) in 2009e.
- **NWC development:** After the expected drop in inventories in 2009e, NWC should stabilise from 2010e onwards and develop in line with sales and the development of raw material prices.



Sources: Company data, equinet Research

Equity & Debt

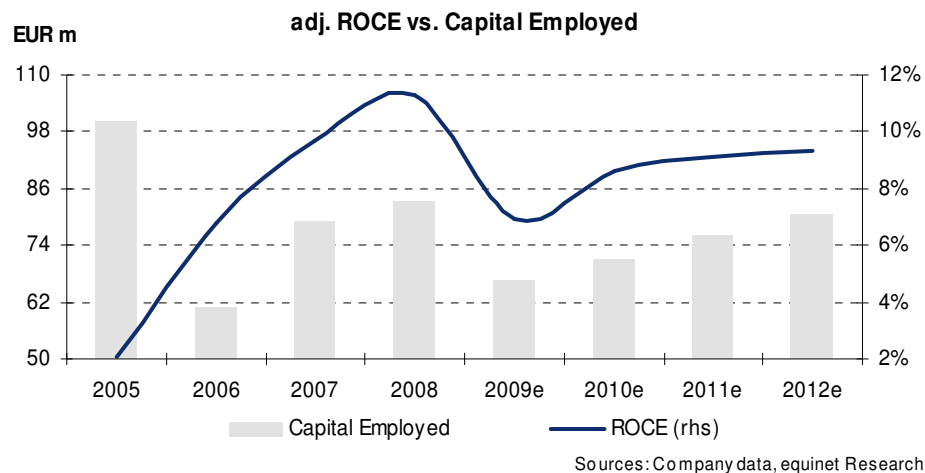
- **Equity:** The equity position increased by 3% yoy in 2008, as D2H so far has not paid out any dividend. The equity ratio amounted to 51.3% in FY 2008.
- **Net debt position:** 2008 net debt amounted to EUR 22.7m (incl. pension provisions of EUR 0.8m but excluding est. use of factoring of EUR 12m). Net debt should decline drastically to EUR 10m in 2009e on the back of the working capital reduction. Going forward the expected dividend payments and possibly rising raw material prices should not allow further reductions.
- **Gearing:** In 2009, gearing should decrease substantially on the back of solid operating results and special cash generating effects in 2009
- **Net debt/EBITDA & interest coverage (EBITDA/financial result) ratios** are expected to be 1.0x and 5.6x in 2009e.



Sources: Company data, equinet Research

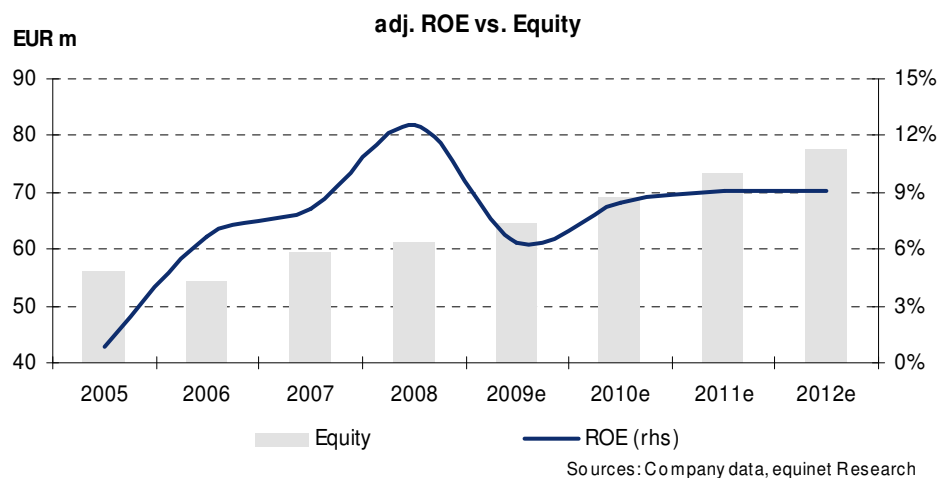
ROCE

- **Capital employed:** In FY2008, CE amounted to EUR 83.3m, or 35% of sales. Tangible assets accounted for EUR 20.0m, intangible assets for EUR 0.1m, financial assets & others for EUR 10.1m and NWC for EUR 63.4m.
- **ROCE:** Primarily driven by an increase in operating earnings – adjusted for stock revaluation losses - ROCE increased to 11.3% in 2008. Driven by a 15% drop in volumes ROCE should come down to the region of 6.9% (2009e) to 8.7% (2012e)
- **Sales/CE:** As we expect CE and sales to increase slightly (CAGR 2009-12e: 6.3%), CE versus sales should remain broadly unchanged at around 40%.



ROE

- **Adj. ROE 2008** stood at 13.3% (2007: 8.6%) due to a – adjusted for EUR 6.5m stock revaluation – record high operating EBITDA level of EUR 15.8m.
- **ROE development:** Due to an anticipated slow recovery of capacity utilisation we expect net profit to increase at a lower rate than equity, resulting in a stabilisation of the ROE at around 9.0%
- **Price/Book:** Using 2009e equity, D2H is currently trading at a P/B ratio of 0.6x. According to our calculations, BVPS should increase from EUR 11.41 in 2009e to EUR 13.72 in 2012e.



Detail 1: Segmental Overview

- **Wires/Bars:** After an expected sales decline (c. 20% volume/ 30% in price) due to recessionary effects in 2009e, we see D2H returning to a growth path. The severe drop in 2009e has to be seen in connection with the temporary absence of contract processing orders from third parties for the smelting plant.
- **Strips:** The constant supply for the coin blank segment as well as no major exposure to contract processing work should allow strips to post better results than the wires and bars segment. As in the other iron-nickel sub-segments, the sales and earnings estimates do not factor in any major changes in raw material prices
- **Coin Blanks:** With an expected volume growth of around 30% in 2009e coin blanks is the best performer within the D2H Group. We expect project demand to remain at a high level.

Segmental overview

	2006	2007	2008	2009e	2010e	2011e	2012e
Wires / Bars							
Sales	73.9	110.7	93.7	42.2	46.4	49.8	51.6
% yoy	-4.1%	49.7%	-15.4%	-55.0%	10.0%	7.5%	3.5%
Operating EBITDA	3.5	7.1	4.6	1.2	2.0	2.5	2.6
EBITDA margins	4.7%	6.5%	4.9%	2.8%	4.3%	5.1%	5.1%
EBIT	2.8	5.6	-0.6	0.4	1.6	2.0	2.1
EBIT margins	3.8%	5.1%	-0.6%	1.0%	3.5%	4.1%	4.1%
Strips							
Sales	55.2	66.9	63.4	41.2	44.5	46.3	47.5
% yoy	5.4%	21.2%	-5.2%	-35.0%	8.0%	4.0%	2.5%
Operating EBITDA	5.8	5.8	6.1	3.1	3.5	3.7	3.8
EBITDA margins	10.4%	8.6%	8.8%	7.5%	7.8%	8.0%	8.0%
EBIT	5.7	4.1	2.6	2.1	2.6	2.8	2.9
EBIT margins	10.3%	6.1%	4.2%	5.0%	5.8%	6.1%	6.1%
Coin Blanks/Medals							
Sales	46.1	65.8	93.4	98.1	107.9	113.3	118.9
% yoy	15.2%	42.7%	42.1%	5.0%	10.0%	5.0%	5.0%
Operating EBITDA	2.1	3.4	8.6	7.4	8.2	8.8	9.4
EBITDA margins	4.6%	5.2%	9.2%	7.5%	7.6%	7.8%	7.9%
EBIT	1.0	3.1	8.4	5.9	6.7	7.3	7.7
EBIT margins	2.1%	4.7%	9.0%	6.0%	6.2%	6.4%	6.5%
Other / Consolidation							
Sales	-15.6	-22.7	-13.8	-6.2	-6.8	-7.4	-7.6
Operating EBITDA	-2.7	-2.8	-3.5	-1.2	-1.4	-1.4	-1.4
EBIT	-3.3	-1.8	-3.5	-1.2	-1.2	-1.2	-1.2
Total continuing operations							
Sales	159.6	220.6	236.7	175.2	191.9	202.1	210.4
% yoy	18.3%	38.2%	7.3%	-26.0%	9.5%	5.3%	4.1%
Operating EBITDA	8.6	13.5	15.8	10.4	12.3	13.7	14.4
EBITDA margins	5.4%	6.1%	6.7%	6.0%	6.4%	6.8%	6.9%
EBIT	6.1	11.0	7.0	7.2	9.7	10.9	11.5
EBIT margins	3.8%	5.0%	3.0%	4.1%	5.1%	5.4%	5.5%

Source: equinet

Detail 2: Nickel

Nickel (symbol Ni) is a lustrous, silvery-white metal. It has a melting point of 1453° C, relatively low thermal and electrical conductivities, high resistance to corrosion and oxidation, excellent strength at elevated temperatures, and is capable of being magnetized. It is very durable as a pure metal, and alloys readily with many other metals.

Usage:

Reflecting these qualities, nickel is used in products for consumer, industrial, military, transport/aerospace, marine and architectural applications. The biggest use is as an alloying metal along with chromium and other metals in the production of stainless and heat-resisting steels. Stainless steels are produced in a wide range of compositions to meet special industry requirements for corrosion and heat resistance, and also to facilitate a clean and hygienic surface for food and other processing. In fact, **about 65% of nickel is used to manufacture stainless steels**, and 20% in other steel and non-ferrous alloys, often for highly specialized industrial, aerospace and military applications. About 9% is used in plating and 6% in other uses including coins and a variety of nickel chemicals.

Consumption:

Only about 1m tonnes of new or primary nickel are produced and consumed annually in the world, compared with over 10m tonnes of copper and nearly 800m tonnes of steel. Usage of nickel has increased over time and is correlated with economic development. **In the past decade world nickel demand increased from 1,009m tonnes in 1998 to 1,278m tonnes in 2008, a growth rate of 2.4% per year.** However, the upward trend has had peaks and valleys. The year 2006 saw the greatest demand for nickel at 1.401m tonnes. In 2007, demand declined to 1322.7m tonnes as the first signs of the global economic crisis unfolded and in 2008 demand dropped again to 1278.2 million tonnes. Asia is now the largest regional market for nickel representing 54% of total world demand. **China alone now accounts for 25 % of world nickel demand compared with 4% ten years earlier.**

Nickel price

The price of nickel has shown considerable volatility over the last thirty years. In the late 1980s there was a peak in the price of nickel. In the first half of the 1990s the economic collapse of the former "Eastern Bloc" countries resulted in a surge of nickel exports that drove nickel prices lower than the cash costs of production resulting in reduced nickel production in the "West". Until 2003 the nickel spot price remained below USD 10,000 per tonne. The price breached USD 14,000 per tonne in 2005 and then escalated dramatically through 2006 before peaking at an average of 52,179 per tonne in May 2007. Nickel prices then declined until the end of 2008, when the average spot price in December hit a low of USD 9,678. In early 2009, nickel prices began to climb once again and by August 2009 the price for a tonne of refined nickel had once again touched USD 20,000.

Detail 3: Company History

D2H is the successor of the former Deutsche Nickel AG, which used to be part of the insolvent VDN group (Vereinigte Deutsche Nickel Werke AG,). In a complex transaction, which cannot be described in its full legal dimension in the following brief outline, DNICK Holding plc became a listed company.

First step: Major institutional Deutsche Nickel bondholders (a EUR 104m bond issued in 1999 was fully guaranteed by the parent VDN – Vereinigte Deutsche Nickel Werke AG) acquired VDN receivables (bank debt, trade liabilities etc.) of the struggling group during 2003 and 2004 and pooled these assets in a newly founded UK based company DNICK plc. As the VDN Group - after a series of mediocre business decisions following the boom and crash of their blank coins subsidiary Eurocoin – was unable to fully serve its liabilities, it had no choice but to negotiate with DNICK plc. On December 24, 2004 VDN agreed to sell most of its operating business, the whole Deutsche Nickel group, to DNICK plc for an upfront cash settlement of EUR 1m and another instalment of EUR 3m in 2005. In return, DNICK plc agreed to waive all claims against VDN, especially those related to the EUR 104m bond.

Second step: In 2005 DNICK plc was unable to pay out the EUR 3m outstanding cash payment to VDN. VDN still had a guarantee outstanding for the whole EUR 104m nominal bond volume of Deutsche Nickel although it had sold the operating business to DNICK plc in December 2004. Hence, VDN had to declare insolvency in May 2005.

Third Step: In 2005 the holders of the Deutsche Nickel bond agreed to a debt for equity swap and gained control of the Deutsche Nickel group under the newly formed company DNICK Holding plc. In another bold move DNICK Holding plc was listed in the German open market again in 2006.

The restructuring of D2H is described in detail in the Group Annual Report 2005, pages 26 to 51.

Detail 4: Management Team

The management team is highly experienced in corporate restructurings and is incentivised– additionally to the remuneration – by holding 5% of the company’s shares, which may be seen as a very positive sign for the motivation to increase the shareholder value.

Dr. Ing. Götz-Peter Blumbach, CEO

Dr. Blumbach studied at the University of Technology in Aachen/Germany with the focus ferrous metallurgy. He received his doctor's degree in the field of materials science. Dr. Blumbach has professional experience in the areas of metalworking industries, management, advisory (focus on restructuring) and personnel management.

Franz-Josef Seipelt CFO

Franz-Josef Seipelt joined the company as CFO in July 2006 with extensive experience in finance and controlling as an executive director having acted as CFO for Klöckner Pentaplast GmbH and Klöckner-Werke AG.

The non-executive directors are Paul Felton-Smith (Chairman), Edouard J.C. Altenhoven and Hans-Jochen Krüger

Detail 5: Indian Joint Venture Innovative Clad Solutions

ArcelorMittal Stainless & Nickel Alloys, Auerhammer Metallwerk (a 100% subsidiary of D2H), and the regional player Shivalik Bimetal Controls have combined their experience to launch the Indian joint venture Innovative Clad Solutions. The company started production in the last weeks of Q3 2009 and offers a broad range of different products: heat exchangers, cable shielding, batteries, cookware, coinage and bearing products. D2H intelligently put unused machinery from Germany to work in India. Clad Solutions benefits from a state guaranteed tax break due to the employment created in Madhya Pradesh. The joint-venture should only need less than EUR 1m of additional investment during the year 2010 (less than EUR 0.4m for D2H alone) and is expected to be able to generate EUR 20m to EUR 30m sales within the next 3 years. As D2H only holds a 33.3% percent stake in ICS the activities are consolidated at equity in D2H's P&L. From this joint-venture alone D2H could generate – within 3 years - an additional earnings potential of up to EUR 0.5m p.a. for a total estimated investment of around EUR 1.3m if the operations prove to be successful.

Detail 6: Unused Real Estate assets in Schwerte

Deutsche Nickel GmbH owns properties of around 300,000 sqm in Schwerte, of which only half of the properties are currently used by the company. The other halve consists of properties rented out and Land/Buildings currently not being used at all. In the mid term (3 years) the company plans to sell all non-operating properties. Several properties may be already sold to interested retail companies (discounter) in the next 12 months.

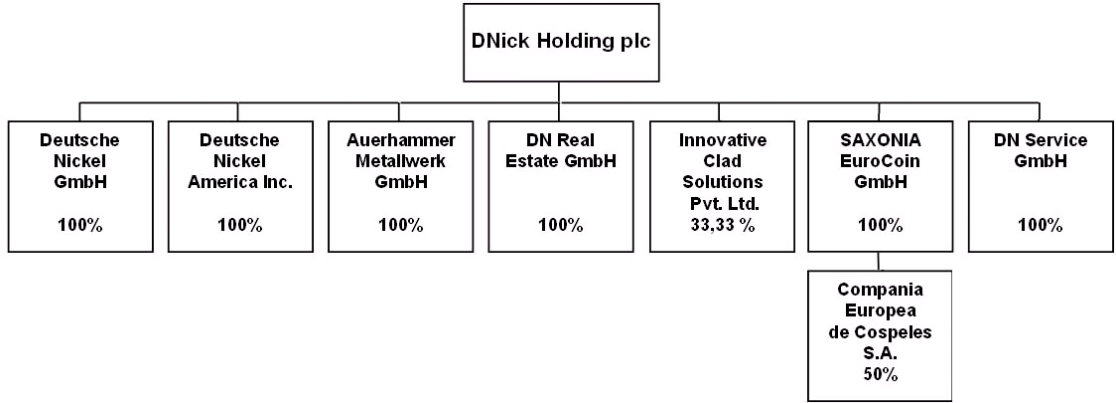
The whole real estate assets in Schwerte have a book value of around EUR 6m, which equals an average valuation of EUR 20 per sqm incl. buildings. Since the unused land should be valued below this average number, DNICK should be able to realise significant gains in the years to come as unused land may have a market value at least in the region of EUR 30 to EUR 50 per sqm. The hidden reserves, which are not shown in our DCF or peer group valuation model, may be in the region of EUR 3m. Given a possible cash inflow from unused properties of EUR 6m our DCF valuation model would increase by around 10% to EUR 11 per share.

Detail 7: Dividend policy and tax benefit

So far D2H does not have an official dividend policy, as - first of all - it had to secure its financial ratios after the restructuring process. If the challenging market environment continues to stabilize and may show some first signs of improvement DNICK should consider to pay out dividends starting in 2010 (for FY 2009). However, investors should notice that our estimates are not yet backed by official company statements and any dividend payment may be subject to the financing needs for working capital. On the positive side D2H should be able to pay out an amount of up to EUR 5m in tax free as it benefits from tax loss carried forward in the Holding.



Detail 8: DNICK Holding plc organisational chart

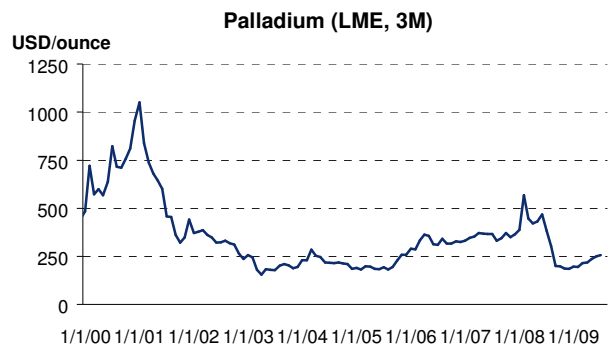
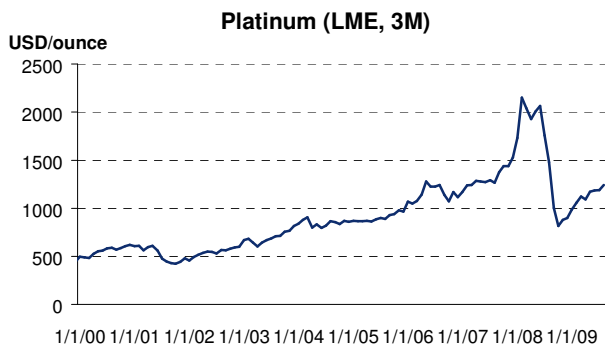
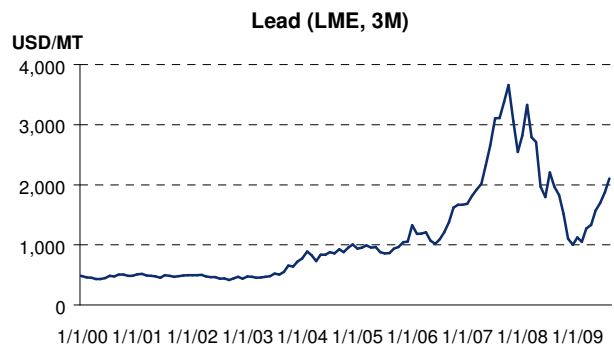
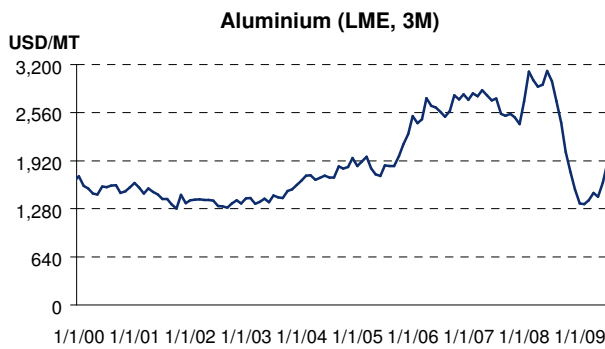
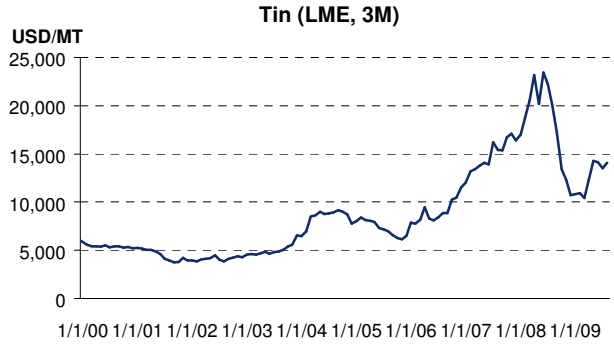
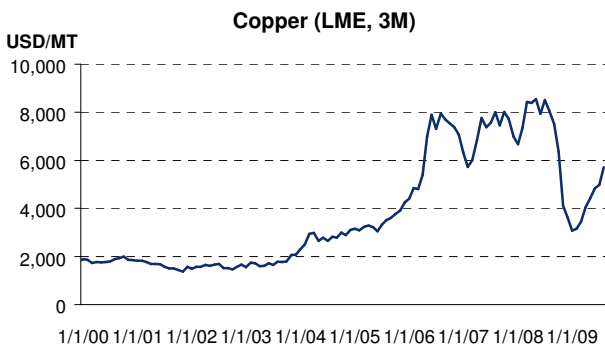
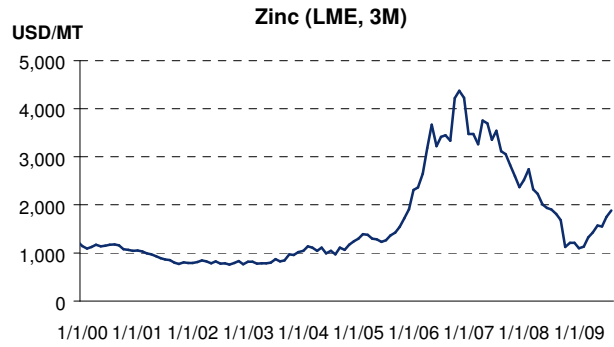
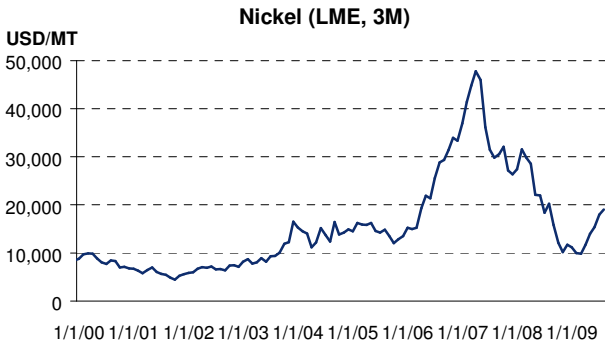


Source: DNICK Holding plc



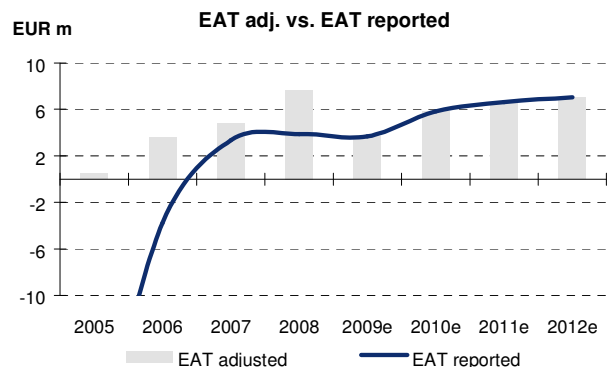
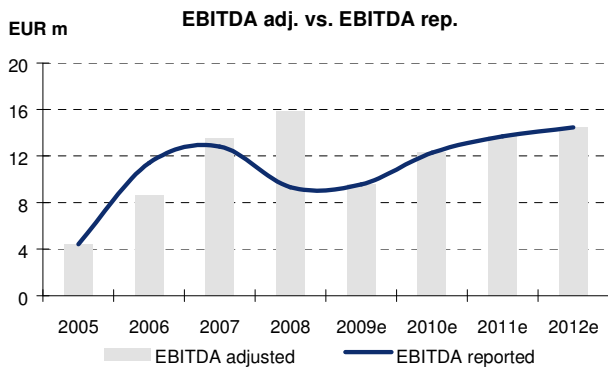
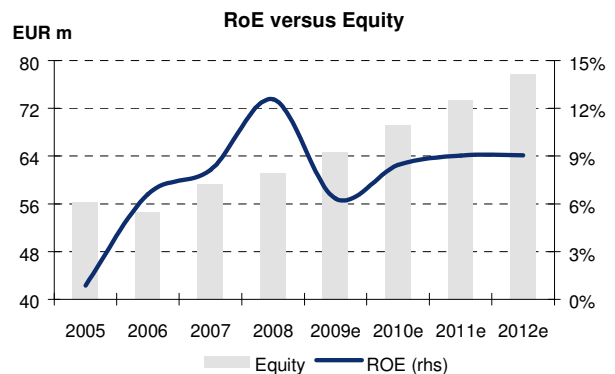
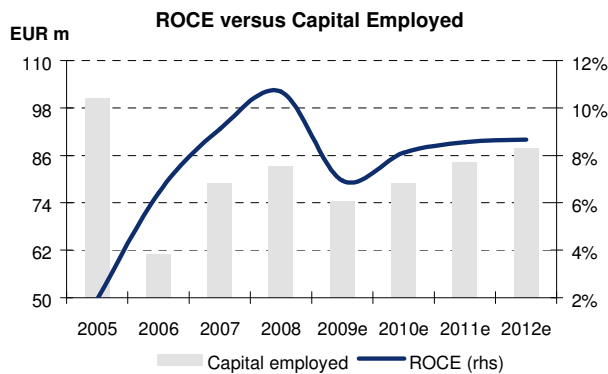
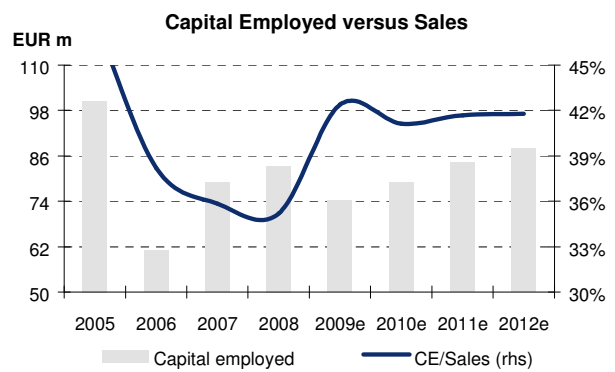
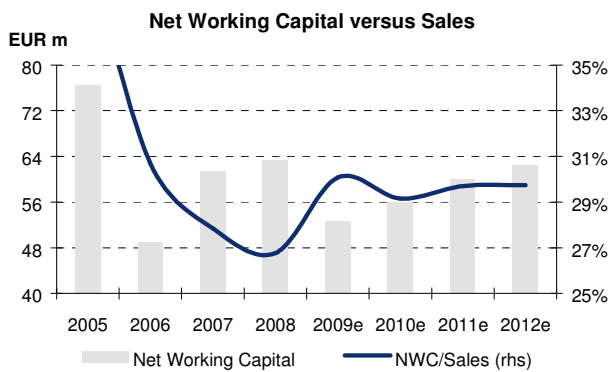
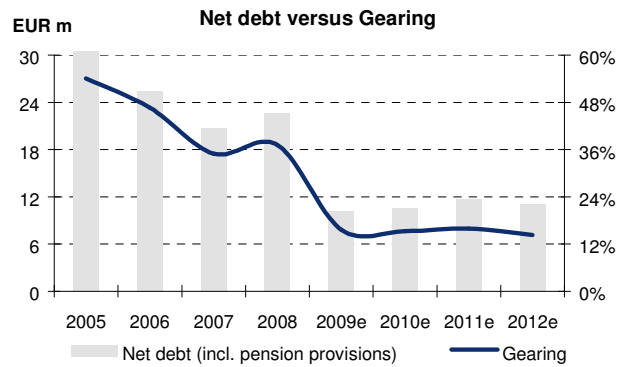
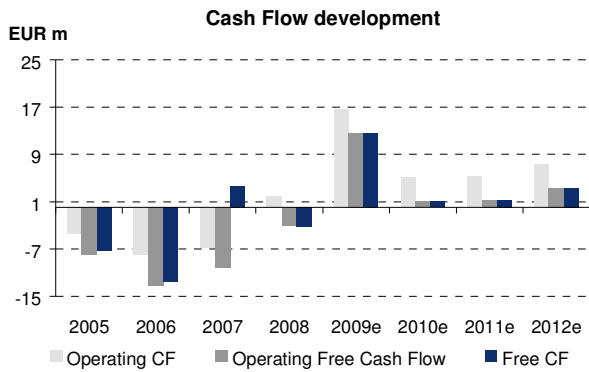
Detail 8: Raw material prices

Non-steel metals



Source: Bloomberg, equinet Research

More than words



Sources: Company data, equinet Research



Notes:



DNick Holding plc: Summary tables

PROFIT & LOSS (EURm)	2006	2007	2008	2009e	2010e	2011e
Sales	160	221	237	175	192	202
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-131	-190	-209	-148	-162	-171
Personnel Expenses	-17.3	-18.0	-18.1	-18.1	-17.7	-17.9
Non Recurrent Expenses/Income	2.8	-0.7	-6.5	-0.6	0.0	0.0
EBITDA	11.4	12.8	9.3	9.6	12.3	13.7
EBITDA (adj.)*	8.6	13.5	15.8	10.2	12.3	13.7
D & A	-2.7	-2.6	-2.3	-2.4	-2.6	-2.8
EBIT	8.7	10.2	7.0	7.2	9.7	10.9
EBIT (adj.)*	5.9	10.9	13.5	7.8	9.7	10.9
Net Financial Interest	-3.4	-3.3	-2.7	-1.7	-1.0	-1.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	1.8	-0.3	0.8	0.1	0.1	0.1
Other Non Recurrent Items	-2.7	-1.9	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	4.4	4.7	5.1	5.6	8.8	10.1
Tax	-1.4	-1.3	-1.2	-1.9	-3.0	-3.4
<i>Tax rate</i>	<i>30.8%</i>	<i>28.6%</i>	<i>24.1%</i>	<i>34.0%</i>	<i>34.0%</i>	<i>34.0%</i>
Discontinued Operations	-7.6	0.0	0.0	0.0	0.0	0.0
Minorities	0.8	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	-3.8	3.3	3.9	3.7	5.8	6.6
Net Profit (adj.)	3.6	4.8	7.7	4.1	5.8	6.6
CASH FLOW (EURm)	2006	2007	2008	2009e	2010e	2011e
Cash Flow from Operations before change in NWC	14.6	8.5	10.9	6.0	8.3	9.3
Change in Net Working Capital	-22.5	-15.3	-8.9	10.6	-3.3	-4.1
Cash Flow from Operations	-8.0	-6.7	2.0	16.6	5.0	5.2
Capex	-5.3	-3.5	-5.1	-4.0	-4.0	-4.0
Net Financial Investments	0.6	13.9	-0.2	0.0	0.0	0.0
Free Cash Flow	-12.6	3.7	-3.3	12.6	1.0	1.2
Dividends	0.0	0.0	0.0	0.0	-1.4	-2.3
Other (incl. Capital Increase & share buy backs)	17.1	0.8	0.7	0.0	0.0	0.0
Change in Net Debt	4.5	4.5	-2.6	12.6	-0.4	-1.1
NOPLAT	3.9	7.2	8.9	5.2	6.4	7.2
BALANCE SHEET & OTHER ITEMS (EURm)	2006	2007	2008	2009e	2010e	2011e
Net Tangible Assets	11.9	17.6	20.0	21.6	23.0	24.2
Net Intangible Assets (incl. Goodwill)	0.0	0.1	0.1	0.1	0.1	0.1
Net Financial Assets & Other	2.2	6.9	10.1	8.5	9.1	9.5
Total Fixed Assets	14.1	24.6	30.1	30.2	32.2	33.9
Net Working Capital	49.0	61.4	63.4	52.7	56.0	60.0
Shareholders Equity	54.5	59.2	61.0	64.7	69.1	73.4
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	23.8	19.3	21.8	9.2	9.6	10.7
Provisions	9.1	8.9	8.1	7.0	7.3	7.6
Other Net Liabilities or Assets	36.8	3.7	7.0	5.3	5.7	6.0
Net Capital Employed/Invested	63.2	86.1	93.5	82.9	88.2	93.9
GROWTH & MARGINS	2006	2007	2008	2009e	2010e	2011e
<i>Sales growth</i>	<i>61.6%</i>	<i>38.2%</i>	<i>7.3%</i>	<i>-26.0%</i>	<i>9.5%</i>	<i>5.3%</i>
<i>EBITDA growth</i>	<i>157.1%</i>	<i>12.5%</i>	<i>-27.3%</i>	<i>2.7%</i>	<i>28.4%</i>	<i>11.3%</i>
<i>EBITDA (adj.)* growth</i>	<i>94.0%</i>	<i>57.3%</i>	<i>16.9%</i>	<i>-35.5%</i>	<i>20.4%</i>	<i>11.3%</i>
<i>EBIT growth</i>	<i>194.9%</i>	<i>17.0%</i>	<i>-31.6%</i>	<i>2.6%</i>	<i>35.3%</i>	<i>12.6%</i>
<i>EBIT (adj.)* growth</i>	<i>100.5%</i>	<i>83.9%</i>	<i>23.5%</i>	<i>-42.1%</i>	<i>24.2%</i>	<i>12.6%</i>
<i>Net Profit growth</i>	<i>646.3%</i>	<i>33.5%</i>	<i>59.5%</i>	<i>-46.6%</i>	<i>42.3%</i>	<i>13.9%</i>
<i>EPS adj. growth</i>	<i>646.3%</i>	<i>30.1%</i>	<i>57.8%</i>	<i>-47.2%</i>	<i>42.3%</i>	<i>13.9%</i>
<i>DPS adj. growth</i>				<i>+chg</i>	<i>64.4%</i>	<i>13.9%</i>
<i>EBITDA margin</i>	<i>7.1%</i>	<i>5.8%</i>	<i>3.9%</i>	<i>5.5%</i>	<i>6.4%</i>	<i>6.8%</i>
<i>EBITDA (adj.)* margin</i>	<i>5.4%</i>	<i>6.1%</i>	<i>6.7%</i>	<i>5.8%</i>	<i>6.4%</i>	<i>6.8%</i>
<i>EBIT margin</i>	<i>5.5%</i>	<i>4.6%</i>	<i>3.0%</i>	<i>4.1%</i>	<i>5.1%</i>	<i>5.4%</i>
<i>EBIT (adj.)* margin</i>	<i>3.7%</i>	<i>4.9%</i>	<i>5.7%</i>	<i>4.5%</i>	<i>5.1%</i>	<i>5.4%</i>



DNick Holding plc: Summary tables

RATIOS	2006	2007	2008	2009e	2010e	2011e
Net Debt/Equity	0.4	0.3	0.4	0.1	0.1	0.1
Net Debt/EBITDA	2.1	1.5	2.3	1.0	0.8	0.8
Interest cover (EBITDA/Fin.interest)	3.3	3.9	3.5	5.6	12.7	14.2
Capex/D&A	198.8%	133.7%	218.2%	167.0%	154.6%	145.1%
Capex/Sales	3.3%	1.6%	2.1%	2.3%	2.1%	2.0%
NWC/Sales	30.7%	27.8%	26.8%	30.1%	29.2%	29.7%
ROE (average)	6.5%	8.5%	12.8%	6.5%	8.7%	9.3%
ROCE (adj.)	6.4%	9.1%	10.7%	6.9%	8.1%	8.5%
WACC	9.3%	9.3%	9.3%	9.3%	9.3%	9.3%
ROCE (adj.)/WACC	0.7	1.0	1.1	0.7	0.9	0.9

PER SHARE DATA (EUR)***	2006	2007	2008	2009e	2010e	2011e
Diluted number of shares	5.4	5.5	5.6	5.7	5.7	5.7
EPS (reported)	-0.70	0.61	0.70	0.65	1.03	1.17
EPS (adj.)	0.67	0.87	1.37	0.72	1.03	1.17
BVPS	10.10	10.68	10.89	11.41	12.19	12.95
DPS	0.00	0.00	0.00	0.25	0.41	0.47

VALUATION	2006	2007	2008	2009e	2010e	2011e
EV/Sales	0.5	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	7.2	5.5	7.1	6.4	5.0	4.6
EV/EBITDA (adj.)*	9.5	5.3	4.2	6.0	5.0	4.6
EV/EBIT	9.3	7.0	9.4	8.5	6.4	5.8
EV/EBIT (adj.)*	13.7	6.5	4.9	7.8	6.4	5.8
P/E (adj.)	14.2	7.4	4.3	9.6	6.7	5.9
P/BV	0.9	0.6	0.5	0.6	0.6	0.5
Total Yield Ratio	0.0%	0.0%	0.0%	3.6%	5.9%	6.8%
EV/CE	1.3	0.9	0.8	0.8	0.8	0.7
OpFCF yield	-20.8%	-24.2%	-1.7%	38.5%	8.8%	9.3%
OpFCF/EV	-13.0%	-11.9%	-0.8%	24.6%	5.6%	5.8%
Payout ratio	0.0%	0.0%	0.0%	38.4%	40.0%	40.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	3.6%	5.9%	6.8%

EV AND MKT CAP (EURm)	2006	2007	2008	2009e	2010e	2011e
Price** (EUR)	9.5	6.4	5.8	6.9	6.9	6.9
Outstanding number of shares for main stock	5.4	5.5	5.6	5.6	5.7	5.7
Total Market Cap	50.9	35.1	32.6	39.0	39.2	39.2
Net Debt	23.8	19.3	21.8	9.2	9.6	10.7
o/w Cash & Marketable Securities	-1.8	-6.7	-5.5	-4.1	-3.7	-2.6
o/w Short Term Debt	25.6	25.7	26.5	12.5	12.5	12.5
o/w Long Term Debt	0.0	0.3	0.9	0.9	0.9	0.9
Other EV components	6.8	16.7	11.3	12.9	12.9	13.0
Enterprise Value (EV adj.)	81	71	66	61	62	63

Source: Company, Equinet estimates.

Notes

* Where EBITDA (adj.) or EBIT (adj.) = EBITDA (or EBIT) +/- Non Recurrent Expenses/Income

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Company Description:

DNick Holding plc is a manufacturer of special materials made of nickel and nickel alloys, as well as of metal products. The group is divided into the business areas of iron-nickel and coin blanks. In the business year 2008 the group achieved sales of 237 million Euro. The founding of the DNick Holding plc as a public limited company in accordance with British law took place in 2005 in order to function as a holding for the business activities of the former Deutsche Nickel AG. Following the successful restructuring of the entire company group, the DNick Holding plc was placed on the stock market in 2006.

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
Aareal Bank	Häßler	15.00	Hold		Isra	Aubéry	13.80	Buy	2/3/5
Ad pepper	Schuh	1.40	Hold	2/3	Itelligence	Schuh	5.10	Accumulate	2/3
Adidas	Faust	32.00	Hold		IVG Immobilien AG	Rothenbacher	8.50	Buy	
Advanced Vision Technology	Aubéry	3.40	Accumulate	2/3	Kontron	Pehl	9.50	Accumulate	
Aixtron	Pehl	25.00	Accumulate	2/3	Krones AG	Schmidt	28.00	Sell	
Allianz	Häßler	86.00	Hold		KTG Agrar	Schäfer	17.00	Buy	2/3/4/5
Analytik Jena	Demidova	10.00	Accumulate		KUKA	Schäfer	11.00	Hold	
Augusta Technologie	Simmroß	13.00	Buy	2/3	K+S AG	Schäfer	36.00	Reduce	
BASF	Demidova	43.00	Accumulate		Leoni	Schuldt	13.50	Hold	
Bayer	Possienke	50.00	Hold		Loewe	Faust	15.00	Buy	2
Beta Systems Software	Schuh	4.00	Buy	2/3	Logwin	Rothenbacher	1.00	Hold	2/3
Beiersdorf	Aubéry	43.00	Hold		Lufthansa	Rothenbacher	12.50	Hold	
Bijou Brigitte	Faust	130.00	Buy		MAN	Schuldt	55.00	Hold	
Bilfinger Berger	Faust	67.00	Buy		MAX Automation AG	Schmidt	2.00	Hold	2/5
Bio-Gate	Demidova	4.00	Hold	2/3/5	Medion	Simmroß	11.00	Buy	
Biopetrol Industries	Schäfer	0.60	Hold	2/3/5	Merck	Possienke	60.00	Reduce	
Biotest	Possienke	45.00	Accumulate	2/3	MLP	Häßler	7.50	Sell	
BMW	Schuldt	27.00	Reduce		Mobotix AG	Pehl	34.00	Buy	2/3
Business Media China	Schuh	1.10	Not rated	2/3/5	Morphosys	Possienke	30.00	Buy	
Carl Zeiss Meditec	Aubéry	10.00	Hold		MTU	Pehl	36.00	Hold	
Celesio	Possienke	23.00	Buy		Munich RE	Häßler	130.00	Accumulate	
Cerint AG Systemhaus	Pehl	6.00	Buy	2/3	Müller - Die lila Logistik	Rothenbacher	1.85	Buy	2/3
Comdirect	Häßler	4.60	Reduce		Nanogate AG	Demidova	18.50	Buy	2/3
Commerzbank	Häßler	4.00	Sell		Nexus AG	Demidova	4.00	Buy	2/3
Conergy	Growe	0.25	Sell		Pfeiffer Vacuum	Pehl	45.00	Reduce	
Continental	Schuldt	26.00	Hold		Pfleiderer	Faust	3.50	Sell	
D.Logistics	Rothenbacher	1.50	Buy	2/3	Phoenix Solar	Growe	40.00	Hold	
DAB Bank	Häßler	3.90	Buy		Porsche	Schuldt	63.00	Buy	
Daimler AG	Schuldt	39.00	Buy		Postbank	Häßler	22.00	Hold	
Daldrup & Soehne	Growe	22.00	Hold	2/3/4/5	PSI	Schuh	9.50	Hold	2/5
Demag Cranes	Schmidt	30.00	Buy	2	Puma	Faust	130.00	Sell	
Deutsche Bank	Häßler	40.00	Reduce		Q-Cells	Growe	14.50	Hold	
Deutsche Boerse	Häßler	64.00	Accumulate		Rheinmetall	Pehl	42.00	Buy	
Deutsche EuroShop	Rothenbacher	26.00	Buy		Rhoen-Klinikum	Possienke	20.00	Buy	
Deutsche Forfait	Häßler	7.20	Buy	2/3	Roth & Rau	Growe	23.00	Accumulate	
Deutsche Post	Rothenbacher	11.00	Sell		RWE	Schäfer	74.00	Accumulate	
Deutsche Telekom	Pehl	7.20	Reduce		Salzgitter	Growe	53.00	Reduce	
DNICK Holding plc	Simmroß	10.00	Buy	2/3	Seven Principles AG	Schuh	3.10	Hold	2/3/5
Douglas Holding	Faust	30.00	Hold		Software AG	Schuh	65.00	Buy	
Drägerwerk	Aubéry	18.00	Reduce		Solar-Fabrik	Growe	2.50	Sell	5
E.ON	Schäfer	30.00	Hold		SolarWorld	Growe	16.50	Hold	
ElringKlinger	Schuldt	11.00	Hold		Solon	Growe	6.00	Sell	
EOP Biodiesel	Schäfer	1.00	Hold	2/3/5	Stada	Possienke	18.00	Accumulate	
Escada	Faust		Sell		Sunways	Growe	2.50	Hold	2/3
Fielmann	Possienke	60.00	Buy		ThyssenKrupp	Growe	20.00	Reduce	
Fraport	Rothenbacher	35.00	Hold		Tognum	Schmidt	7.00	Reduce	
Freenet	Pehl	11.00	Accumulate	2	TUI	Rothenbacher	6.50	Reduce	
Fresenius	Possienke	37.00	Reduce		Twintec	Schäfer	9.40	Buy	2/3/5
Fresenius Medical Care	Possienke	38.00	Buy		United Internet	Pehl	11.50	Buy	
Fuchs Petrolub	Demidova	59.00	Accumulate		Ultimaco Safeware	Schuh	14.75	Hold	2/3/5
GBK Beteiligungen	Schmidt	7.00	Buy	2/3	VBH Holding	Faust	4.10	Hold	2/3
GEA Group	Schmidt	18.00	Buy		Volkswagen	Schuldt	75.00	Sell	
Gerresheimer AG	Aubéry	23.00	Hold		Vossloh	Schmidt	99.00	Accumulate	
Gesco	Schmidt	38.00	Hold	2/3	Wacker Chemie	Growe	75.00	Reduce	
GFT Technologies	Schuh	2.80	Buy	2/3	Wincor Nixdorf	Pehl	34.00	Reduce	2/3
Gildemeister	Schmidt	5.50	Reduce		4SC AG	Aubéry	5.00	Buy	2/3
Grenkeleasing AG	Häßler	22.00	Reduce						
Hannover Re	Häßler	38.00	Accumulate						
Heidelberger Druck	Schmidt	7.00	Buy						
Henkel	Demidova	28.00	Hold						
HHLA	Rothenbacher	35.00	Accumulate						
Highlight Communications	Schuh	7.00	Buy	2/3					
Hochtief	Faust	82.00	Buy						
Hugo Boss	Faust	15.00	Sell						
i:FAO AG	Schuh	9.50	Accumulate	2/3					
Integrals AG	Schuh	6.75	Hold	2/3					
Interseroh	Schäfer	24.00	Reduce	2/3					

* Target price in CHF

Source: equinet Recommendations



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- Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.
- Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.
- Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

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Sources

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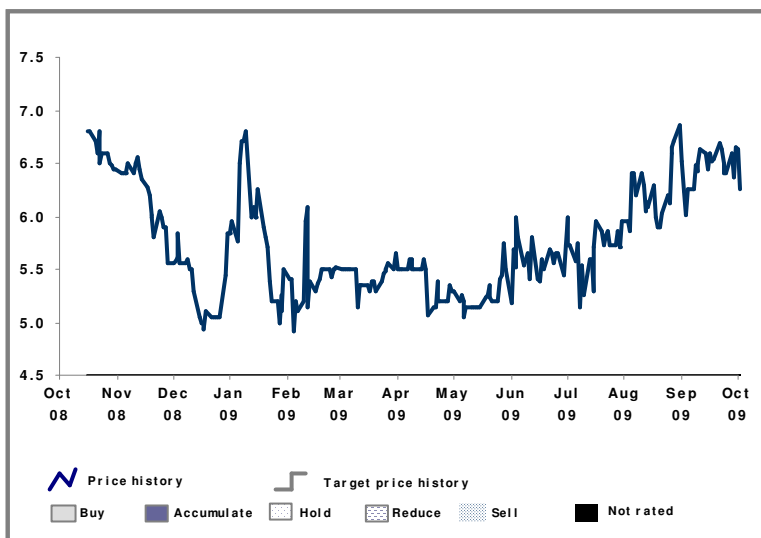


Recommendation history for DNICK HOLDING PLC

Date	Recommendation	Target price	Price at change date
19-Oct-09	Buy	10.00	6.91

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Equinet continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Stephan Simmroß (since 19/10/2009)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

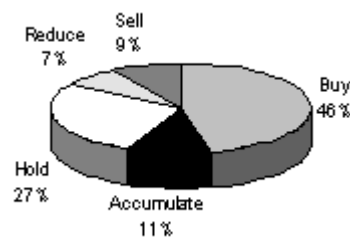
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
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equinet Ratings Breakdown

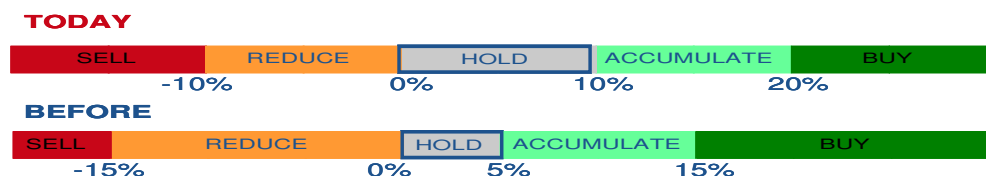


History of ESN Recommendation System

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- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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