

Interim Report Q3/2014

euromicron
Aktiengesellschaft

A G E N D A

Our Path up to 2016

euromicron

Key income figures

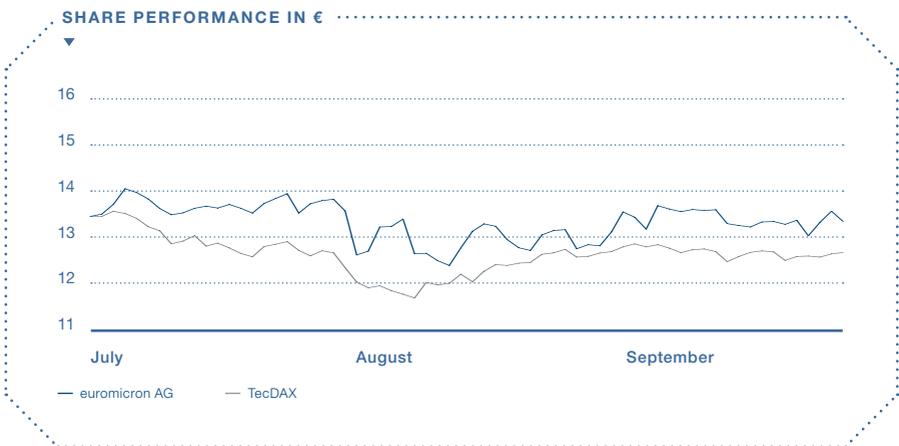
of the euromicron Group at September 30, 2014

	2014 € thou.	2013 € thou.
Consolidated EBIT	7,729	11,665
Operating EBIT	12,617	16,562
EBITDA	15,203	18,044
EBITDA return as a ratio of sales (in %)	6.2%	7.7%
Income before taxes	5,000	8,713
Consolidated net income for euromicron AG shareholders	3,306	5,925
Earnings per share in € (undiluted)	0.46	0.89

(unaudited acc. to IFRS)

Share performance

of the euromicron Group from July 1 to September 30, 2014



Dear shareholders,

We managed to keep on growing our sales in the 3rd quarter of 2014 and generate earnings within the envisaged target corridor, although the overall economic climate in the period under review was challenging due to geopolitical tensions, in particular in the Middle East and the regions under Russia's influence.

Apart from integration of the existing organization, we pressed ahead with expanding structures as defined under the Agenda 500 and with further developing our Group and again achieved important milestones.

euromicron is therefore on track to attain the targets it has set for 2014 and to lay the foundation for the next planned stage in its growth.

Frankfurt/Main, November 2014

The Executive Board



Foreword



The euromicron Group has confirmed its positive business performance in the period under review by posting the highest 9-month sales figure in the company's history and with a solid order situation at September 30, 2014. The company has thus been able to bolster the positive trend in the first half of the year in the first nine months of 2014. That is all the more remarkable in view of the geopolitical developments in the Middle East and above all the disputes with Russia, which are causing uncertainty on the overall market.

Even under these challenging and increasingly volatile conditions, the euromicron Group has succeeded in continuously growing its sales. Total consolidated sales were €246.6 million, around 6% up on the good figure of €233.3 million for the previous year.

Whereas euromicron thus recorded the highest level of sales for the first nine months in its history, the company also managed to generate consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of €15.2 million (previous year: €18.0 million). The EBITDA margin was 6.2%, meaning the Group's profitability was within the envisaged target corridor of between 6% and 8% for the year as a whole. The Group's operating income (EBIT before holding costs) was €12.6 million compared with €16.6 million the year before. After integration and structural costs of around €3.6 million, the consolidated EBIT in the first nine months of 2014 was €7.7 million compared with €11.7 million in the previous year. This figure includes the expenses for expanding the Group's specialist and central functions, such as for IT, human resources, legal affairs and marketing – vital prerequisites for the next stage of its growth. As planned, non-recurring costs from the Agenda 500 were able to be reduced in the period under review and will continue to fall moving ahead.

The euromicron Group's new orders at September 30, 2014, were €250.5 million, slightly up on the good figure of the previous year (€249.2 million). Order books were €130.4 million, down on the level of the previous year (€141.1 million).

Underpinned by this solid operating base, euromicron pressed ahead with integrating and optimizing its existing structures and with the forward-looking performance program "Agenda 500" in the period under review. The objective of the Agenda 500 is to get the company ready for the next stage in its planned growth in terms of personnel, structures and finance. The euromicron Group aims to raise its sales volume to €500 million by 2016 by acquiring and integrating one or more production companies and consequently return to an EBIT margin within the strategic target corridor of between 8% and 11%.

Key projects to prepare the Group's structures for the organization's new size were able to be completed as planned in the period under review. One milestone was relocation of the servers and data centers of the individual companies to a central tier 3 data center. As a result, the euromicron Group now meets all the requirements for high security and availability of sensitive company data and applications at a technology company.

We have also laid the groundwork for the coming years by expanding our financial structure: With the placement of a borrower's note loan of €20 million in October 2014, euromicron has broadened its basis for financing and boosted its long-term funding. As a result, the target ratio of 50% short-term to 50% long-term funding has almost been restored – a further important stage in the Agenda 500 on the path to the next stage of growth.



The successes of the Agenda 500 projects and continuing good business situation are a solid foundation for attracting further investors and opening up interesting prospects for the share on the capital market.

Interim Management Report

of the euromicron Group from January 1 to September 30, 2014

General economic conditions

The global economy dipped slightly in the third quarter. However, the drop in the rate of growth is fairly low. Economic activity in the United States and the United Kingdom are crucial to growth. Trends in the euro area and some emerging countries, such as Brazil and Russia, were rather sluggish. A further tightening of sanctions on Russia could significantly impair trade, the financial markets and so global economic growth. The International Monetary Fund expects global GDP to grow by 3.3%.

Trends in the euro area are currently impacted by a low level of economic dynamism. The geopolitical risks, and above all the sanctions imposed by the European Union on Russia and the regions under Russia's influence, have caused a great deal of uncertainty.

In Germany, too, these crises have increased uncertainty, dampened the economic mood and worsened the investment climate. This is clearly shown in the recently published Business Climate Index from Munich's Ifo Institute. It unexpectedly fell from 104.7 to 103.2 points. Nevertheless, the German economy still has a solid foundation according to leading economic institutes. Private consumption remains the most important factor shoring up economic growth.

In its recent economic survey among ICT companies, the industry association BITKOM confirms its forecast of a positive business performance for the current fiscal year.



euromicron's share

In a positive stock market environment bolstered by good economic data from the U.S. and continuation of the policy of low interest rates by the central banks, euromicron's share price rose to €14.12 by July 7 and so to the highest level since March 2014. Its share continued this positive trend in the further course of July and ended the month above that level.

The overall economic situation grew bleaker all of a sudden at the beginning of August. euromicron's share was caught up by this trend and fluctuated for several weeks around €12.50. In Germany, the Ifo Business Climate Index fell for the third time in a row and the sanctions against Russia adopted by the EU began to hit German companies above all.

After a volatile performance in September, euromicron's share ended the third quarter at €13.32.

In the period under review, most analysts rated euromicron's share as "buy" or "hold", with an upside target of €13.50 to €24.40. The studies by the research houses can be obtained on euromicron's website at <http://www.euromicron.de/investor-relations/studien>.

Sales

euromicron posted consolidated sales at September 30, 2014, of €246.6 million, around 6.0% up on the previous year's figure of €233.3 million.

euromicron's commercial activity still focuses on Germany, one of the strongest ICT markets in Europe. Sales of €209.0 million (previous year: €206.9 million) – or around 85.0% of total sales – were generated in the domestic market.

We are represented in other European countries with our own locations in Italy, Austria, Benelux, France, Poland and Switzerland. Other foreign business is mainly tapped by product export and individual project business, with this being controlled from Germany or with partners. We are represented in some non-European countries in the shape of project offices, for example in China and Pakistan, so as to cater for market requirements there. Our foreign sales were €37.6 million, an around 43% rise over the previous year's figure of €26.4 million.

Sales development – consolidated by regions

of the euromicron Group at September 30, 2014

Regions

	2014 € thou.	2013 € thou.
Germany	208,966	206,912
Euro zone	25,301	20,140
Rest of World	12,323	6,228
Consolidated net sales	246,590	233,280

(unaudited acc. to IFRS)



Income

Consolidated earnings before interest and taxes (EBIT) at September 30, 2014, were €7.7 million after costs for integration and structural costs for establishing specialist and central functions of around €3.6 million. EBITDA was €15.2 million and so at the anticipated level. The EBITDA margin is around 6.2%, i.e. within the target corridor of 6% to 8% planned for the year as a whole. EBITDA for the third quarter of 2014 was €4.7 million and was still impacted by the costs of integration and spending to ensure the company's future performance. However, it rose compared with the EBITDA of the third quarter of 2013 (€4.6 million) and with the EBITDA of the fourth quarter of 2013 and the first quarter of 2014 due to the planned decline in costs of integration in particular. Operating income of the associated companies was €12.6 million.

In line with sales, the cost of materials was €130.7 million (previous year: €119.2 million) and so higher year on year. The ratio of cost of materials to total operating performance was 52.1% (previous year: 50.7%).

Personnel costs were €75.7 million (previous year: €70.9 million). The trend reflects in particular the higher central and personnel structuring costs compared with the first nine months of 2013. The headcount also increased moderately over the figure at September 30, 2013, from 1,769 to 1,777 employees, mainly due to changes in the consolidated companies.

The increase in amortization of hidden reserves disclosed as part of company acquisitions and of capitalized development work resulted in an increase in total amortization and depreciation from €6.4 million in the previous year to €7.5 million at September 30, 2014.

Other operating expenses in the fiscal year were €32.2 million compared with €30.7 million in the same period of the previous year. €1.1 million of the increase is due in particular to higher costs for loaned workers due the high level of capacity utilization at our production companies and €0.5 million is due to higher IT costs as a result of expansion of our IT structures. Vehicle and travel expenses, rent/room

costs and legal and consulting costs are still the largest items within the other operating expenses.

Interest expenses were €2.8 million, slightly below the level of the previous year, and are mainly due to up-front financing of project business and funding of the euromicron Group's growth.

The tax ratio was 30.0% and so within the expected range.

The net income for the period after minority interests at September 30, 2014, was €3.3 million compared with €5.9 million in the previous year. Undiluted earnings per share were €0.46 versus €0.89 in the previous year.

Key income figures at September 30, 2014

euromicron Group

	2014 € thou.	2013 € thou.
Consolidated EBIT	7,729	11,665
Operating EBIT	12,617	16,562
EBITDA	15,203	18,044
EBITDA return as a ratio of sales (in %)	6.2%	7.7%
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(unaudited acc. to IFRS)



New orders and order books

At September 30, 2014, our company received new orders of €250.5 million, a rise of 0.5% over the figure for the previous year (€249.2 million). We expect new orders to continue trending positively in the further course of the fiscal year.

Order books were €130.4 million compared with the previous year's figure of €141.1 million, a drop that – despite higher new orders – was attributable to the year-on-year increase in sales of €13.3 million. We are not currently aware of any risks from significant project cancellations or postponements.

New orders/order books consolidated at September 30, 2014



euromicron Group

	2014 € thou.	2013 € thou.
Consolidated new orders	250,502	249,193
Consolidated order books	130,418	141,126

(unaudited acc. to IFRS)

Net assets

The euromicron Group's total assets were €316.6 million at September 30, 2014, a drop of €12.3 million over the figure at December 31, 2013 (€328.9 million).

Noncurrent assets accounted for around 48% of total assets and so were slightly above the level of the previous year (47%). Current assets fell by €9.7 million to €164.1 million. As in previous years, inventories and the gross amount due from customers for contract work rose in total by around €14.5 million for seasonal reasons, which is attributable to the good order situation. Trade accounts receivable are at an almost constant level at around €36.0 million due to rigorously optimized cash management.

Cash and cash equivalents fell compared with December 31, 2013, by €26.3 million to €12.6 million. Key factors in this decline were the lower volume of factoring at September 30, 2014, and the higher degree of work in progress in projects compared with at December 31, 2013, which was accompanied by up-front financing to match. The current level of cash and cash equivalents forms a solid foundation for smooth handling of our high order books.

The ratio of equity and long-term outside capital to noncurrent assets is around 111%.

Equity at September 30, 2014, was €126.0 million, €3.4 million above the level at December 31, 2013. The equity ratio of almost 40% compared with 37% at December 31, 2013, thus continues to form one of the long-term strategic pillars in our financing.

Long-term debt was around 14% of total assets and essentially contains the long-term components of the Group's outside financing. Current liabilities fell by €13.6 million to €147.5 million at September 30, 2014, and are just over 47% of total assets. This decline is mainly due to the purchase price payments in the first quarter of 2014 for companies acquired in the previous year, the settlement of trade accounts payable and customers' monies to be passed on. On the other hand, there was an increase in current liabilities to banks.



Financial position

Our Group's net debt (noncurrent and current) at September 30, 2014, fell sharply to €87.2 million (previous year: €94.8 million). Despite an increase in business activity and higher up-front financing of projects, the lower net debt is attributable to the further improvement in working capital as part of the Agenda 500 and sustained cash optimization at most of the operating companies, assisted by quicker receipt of payments thanks to factoring.

At September 30, 2014, our company still had sufficient free credit lines of around €24 million to cover its cash needs resulting from the increasing business volume and to finance the company's further development and successful continuation of the "Agenda 500" future program. Thanks to its good relations and longstanding partnerships with leading banks, the Group therefore also has a solid liquidity reserve in 2014 for its current and strategic development.

After the end of the period under review, euromicron AG implemented as planned the first stage of expanding and converting its financing structure under the Agenda 500 and successfully placed a borrower's note loan for a nominal amount of €20 million in October 2014. As a result, the goal of a financing structure consisting of around 50% plannable medium- and long-term financing and around 50% short-term financing for operating business was almost achieved again.

euromicron AG will continue to fund the euromicron Group and its associated companies until further notice directly or through its cash pool model.

Notes on the cash flow

The cash flow from operating activities carried in the statement of cash flows was € -41.8 million at September 30, 2014 (previous year: € -10.9 million). The adjusted cash flow from operating activities at September 30, 2014, was € -11.9 million

(previous year: € –15.3 million) and improved sharply by €3.4 million compared with at September 30, 2013.

In comparing the figures with the previous year, it must be taken into account that the cash flow from operating activities is always strongly impacted by effects from factoring and the related customers' monies to be passed on. The Group companies use factoring to an increasing extent as a flexible and cost-efficient instrument for optimizing their structure of financing. After the volume of factoring increased from December 31, 2012, to September 30, 2013, this trend continued until December 31, 2013, at which the highest level of factoring that far was achieved (€46.3 million). At September 30, 2014, the volume of factoring had fallen to a level well below that at December 31, 2013.

The table below presents the adjusted cash flow from operating activities at September 30, 2014, compared with at September 30, 2013:

	Sept. 30, 2014 € thou.	Sept. 30, 2013 € thou.
Cash flow from operating activities acc. to statement of cash flow	–41,814	–10,947
Effects from factoring and customers' monies to be passed on included in the above	–29,882	4,377
Adjusted cash flow	–11,932	–15,324

There is traditionally a negative cash flow from operating activities at September 30 due to the company's business model: Inventories and up-front financing for projects (the gross amount due from customers for contract work) increase sharply per the third quarter as a result of the high degree of work in progress; at September 30, 2014, this effect reduced the cash flow for the first nine months of 2014 by around €14.5 million.



Income statement



of the euromicron Group from January 1 to September 30, 2014

	3-month report		9-month report	
	July 1, 2014– Sept. 30, 2014	July 1, 2013– Sept. 30, 2013	Jan. 1, 2014– Sept. 30, 2014	Jan. 1, 2013– Sept. 30, 2013
	€ thou.	€ thou.	€ thou.	€ thou.
Sales	84,396	80,195	246,590	233,280
Inventory changes	1,231	178	4,120	1,534
Own work capitalized	482	459	1,734	2,432
Other operating income	117	437	1,358	1,543
Cost of materials	-45,761	-41,594	-130,710	-119,152
Personnel costs	-25,186	-24,697	-75,723	-70,938
Amortization and depreciation	-2,478	-2,174	-7,474	-6,379
Other operating expenses	-10,579	-10,354	-32,166	-30,655
Earnings before interest and taxes (EBIT)	2,222	2,450	7,729	11,665
Interest income	39	6	59	43
Interest expenses	-959	-1,094	-2,788	-2,995
Income before income taxes	1,302	1,362	5,000	8,713
Income taxes	-390	-425	-1,500	-2,622
Consolidated net income for the period	912	937	3,500	6,091
Thereof for euromicron AG shareholders	851	881	3,306	5,925
Thereof for non-controlling interests	61	56	194	166
(Un)diluted earnings per share in €	0.12	0.13	0.46	0.89

(unaudited acc. to IFRS)

Reconciliation of the quarterly results with the statement of comprehensive income

of the euromicron Group at September 30, 2014

	Jan. 1, 2014– Sept. 30, 2014 € thou.	Jan. 1, 2013– Sept. 30, 2013 € thou.
Consolidated net income for the period, before minority interests	3,500	6,091
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	0
Other profit/loss	0	0
Total profit/loss	3,500	6,091
Thereof for euromicron AG shareholders	3,306	5,925
Thereof for non-controlling interests	194	166

(unaudited acc. to IFRS)

Consolidated balance sheet

Assets

euromicron Group

Assets

	Sept. 30, 2014 € thou.	Dec. 31, 2013 € thou.
Noncurrent assets		
Goodwill	113,529	113,529
Intangible assets	21,312	23,709
Property, plant and equipment	14,002	14,471
Other financial assets	960	960
Other assets	92	105
Deferred tax assets	2,645	2,299
	152,540	155,073
Current assets		
Inventories	32,153	27,961
Trade accounts receivable	35,978	34,593
Gross amount due from customers for contract work	74,024	63,761
Claims for income tax refunds	4,018	4,467
Other financial assets	2,368	2,217
Other assets	2,985	1,959
Cash and cash equivalents	12,565	38,830
	164,091	173,788
Total assets	316,631	328,861

(unaudited acc. to IFRS)

Consolidated balance sheet

Equity and liabilities

euromicron Group

Equity and liabilities

	Sept. 30, 2014 € thou.	Dec. 31, 2013 € thou.
Equity		
Subscribed capital	18,348	17,037
Contribution made to carry out the adopted capital increase	0	6,838
Capital reserves	94,298	88,771
Gain/loss on the valuation of securities	177	177
Currency translation difference	0	0
Consolidated retained earnings	12,690	9,384
Stockholders' equity	125,513	122,207
Non-controlling interests	453	392
Total equity	125,966	122,599
Long-term debt		
Provisions for pensions	960	947
Other provisions	1,686	1,776
Liabilities to banks	24,417	32,806
Liabilities from finance lease	1,324	1,670
Other financial liabilities	3,989	7,322
Other liabilities	219	205
Deferred tax liabilities	10,597	8,659
	43,192	53,385
Current liabilities		
Other provisions	2,249	2,308
Trade accounts payable	37,364	54,639
Liabilities from current income taxes	1,096	4,341
Liabilities to banks	73,537	30,390
Liabilities from finance lease	456	506
Other tax liabilities	3,486	6,826
Personnel obligations	7,336	11,471
Other financial liabilities	17,278	36,811
Other liabilities	4,671	5,585
	147,473	152,877
Total equity and liabilities	316,631	328,861

Statement of changes in equity

of the euromicron Group for the period January 1 to September 30, 2014 (IFRS)

	Sub- scribed capital	Capital reserves	Contribution made to carry out the adopted capital increase
	€ thou.	€ thou.	€ thou.
January 1, 2013	17,037	88,771	0
Consolidated net loss for 2013	0	0	0
Other profit/loss			
Gain/loss on the valuation of securities	0	0	0
Currency translation difference	0	0	0
Revaluation effects from pensions	0	0	0
	0	0	0
Total profit/loss	0	0	0
Transactions with owners			
Dividend for 2012	0	0	0
Capital increase at the AG after costs	0	0	0
Contributions made	0	0	6,838
Profit share of non-controlling shareholders	0	0	0
Transfer of profit shares for minority interests in outside capital	0	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0	0
	0	0	6,838
December 31, 2013	17,037	88,771	6,838
Net profit for Q3/2014	0	0	0
Other profit/loss			
Gain/loss on the valuation of securities	0	0	0
Currency translation difference	0	0	0
Revaluation effects from pensions	0	0	0
	0	0	0
Total profit/loss	0	0	0
Transactions with owners			
Contributions made to carry out the capital increase	1,311	5,527	-6,838
Profit share of non-controlling shareholders	0	0	0
Transfer of profit shares for minority interests in outside capital	0	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0	0
	1,311	5,527	-6,838
September 30, 2014	18,348	94,298	0

(unaudited acc. to IFRS)

Consolidated retained earnings	Gain/loss from the valuation of securities	Currency translation difference	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
12,711	0	0	118,519	525	119,044
-764	0	0	-764	0	-764
0	177	0	177	0	177
0	0	0	0	0	0
-440	0	0	-440	0	-440
-440	177	0	-263	0	-263
-1,204	177	0	-1,027	0	-1,027
-1,999	0	0	-1,999	0	-1,999
0	0	0	0	0	0
0	0	0	6,838	0	6,838
-117	0	0	-117	117	0
-7	0	0	-7	0	-7
0	0	0	0	-250	-250
-2,123	0	0	4,715	-133	4,582
9,384	177	0	122,207	392	122,599
3,500	0	0	3,500	0	3,500
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,500	0	0	3,500	0	3,500
0	0	0	0	0	0
-186	0	0	-186	186	0
-8	0	0	-8	0	-8
0	0	0	0	-125	-125
-194	0	0	-194	61	-133
12,690	177	0	125,513	453	125,966

Statement of cash flows

euromicron Group

	Jan. 1, 2014– Sept. 30, 2014 € thou.	Jan. 1, 2013– Sept. 30, 2013 € thou.
Income before income taxes	5,000	8,713
Net interest income/loss and other financial expenses	2,729	2,952
Depreciation and amortization of noncurrent assets	7,474	6,379
Disposal of assets, net	–4	–78
Allowances for inventories and doubtful accounts	98	119
Change in accrued liabilities	–511	389
Changes in short- and long-term assets and liabilities:		
– Inventories	–4,296	–1,116
– Trade accounts receivable and gross amount due from customers for contract work	–11,622	–21,490
– Trade accounts payable	–17,680	–5,023
– Other operating assets	–1,162	336
– Other operating liabilities	–16,552	–383
– Income tax paid	–4,862	–2,840
– Income tax received	2,163	4,046
– Interest paid	–2,646	–2,995
– Interest received	57	44
Net cash used in/provided by operating activities ¹⁾	–41,814	–10,947
Proceeds from		
– Retirement/disposal of property, plant and equipment	70	684
Payments due to acquisition of		
– Intangible assets	–2,336	–3,057
– Property, plant and equipment	–2,338	–1,329
– Subsidiaries	–8,000	–2,453
Net cash used in/provided by in investing activities	–12,604	–6,155
Dividends paid	0	–1,999
Proceeds from raising of financial loans	47,955	27,910
Cash repayments of financial loans	–19,642	–8,233
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–160	–273
Net cash used in/provided by financing activities	28,153	17,405
Net change in cash and cash equivalents	–26,265	303
Cash and cash equivalents at start of period	38,830	5,414
Cash and cash equivalents at end of period	12,565	5,717

¹⁾ See the explanations in the section “Financial situation” (unaudited acc. to IFRS)

Segment reporting at September 30, 2014

euromicron Group

Sales by report segments

	2014 € thou.	2013 € thou.
Sales for the North segment	85,958	84,352
Sales for the South segment	95,607	91,389
Sales for the WAN services segment	73,785	68,726
Total for the segments	255,350	244,467
Group consolidations	-8,760	-11,187
Consolidated sales for the Group	246,590	233,280

EBIT by report segments

	2014 € thou.	2013 € thou.
EBIT for the North segment	8,644	11,983
EBIT for the South segment	-596	36
EBIT for the WAN services segment	4,569	4,543
Central services and Group consolidations	-4,888	-4,897
Consolidated EBIT for the Group	7,729	11,665

Amortization/depreciation by report segments

	2014 € thou.	2013 € thou.
North, consolidated	-2,898	-2,549
South, consolidated	-3,035	-2,170
WAN services, consolidated	-1,222	-1,440
Central services and Group consolidations	-319	-220
Consolidated depreciation/amortization for the Group	-7,474	-6,379

(unaudited acc. to IFRS)



Employees

In the period under review, the euromicron Group employed an average of 1,777 employees, including 79 trainees. Personnel costs at September 30, 2014, were around €75.7 million (previous year: €70.9 million).

This change is mainly due to conversion and expansion measures as part of professionalizing and qualifying our sales and service team and in the field of project and construction management. As a result, the skills and expertise of our company in these fields will be adjusted to reflect planned future growth. There were also higher pro-rata structural costs as a result of the increase in the Group's workforce. Strengthening central services in this way will help support the operational business of our subsidiaries and handle the additional requirements as part of our planned growth.

Risk report

The reports from the risk management system at December 31, 2013, have been continuously examined and updated as part of the quarterly report at September 30, 2014. At September 30, 2014, there were no significant material changes in the analysis of risks and their structure or evaluation at the euromicron Group compared with as stated and described in detail in the management report in the 2013 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and in particular does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's financial position, net assets and results of operations.

Market & technology

The German market for information and communications technology (ICT) got off to a restrained start after the summer break. The geopolitical developments in the period under review affected the mood of German industrial companies with increasing intensity. The sanctions imposed by the EU on Russia and the regions under Russia's influence since the end of July impeded deliveries by many German industrial companies in this important growth market. Finally, the embargo imposed by Russia on EU imports to it and the Russian sphere of influence also affected the products of manufacturers of information, telecommunications and security technology.

In the period under review, euromicron pressed ahead as planned with expanding its range of technological products and services in line with market requirements. The focus was on product extensions as part of the Group-wide innovation initiative. For example, the "Primus One", which was launched in 2013, was developed further into the "Primus 4.0". With Primus 4.0, the euromicron subsidiary ELABO now has an intelligent workbench system that enables smooth, integrated and networked communication of production and support systems (such as logistics and/or ERP systems). Primus 4.0 can thus form a core component of a "smart factory". The product will be premiered in November 2014 at electronica in Munich, the world's leading trade show for electronic components, systems and applications.

Primus 4.0 is exemplary of a raft of products in the Group that have been further developed. They form the basis for being able to leverage the opportunities that will be offered as business transitions to the age of cloud computing, big data and Industry 4.0. Alongside that, marketing of our products was intensified at various trade shows, congresses and events in Germany and abroad. As a result, we will secure our market leadership in profitable niches with our products now and in the future.



One project to which we were able to contribute our extensive system integration know-how consisted of planning and installing a state-of-the-art video storage platform for the Munich transport company Münchener Verkehrsbetriebe. The order comprised refreshment and extension of the complete hardware and software landscape for recording and preservation of evidence, including delivery, assembly and commissioning of the IT components for the associated backup and service workstations. The main goal of the customer in this project was to minimize the volume of its investments without sacrificing future-proofness for requirements down the road.

The installation switches from euromicron's subsidiary MICROSENS have made Erich Utsch AG, a medium-sized global market leader in the field of vehicle registration plants, registration plate production technology and registration systems, cloud-ready. The goal of the project was to merge the branch offices' IT systems, which were supported over five continents. The individual branch offices were to be able to use the IT services of headquarters. That necessitated virtual LANs in order to separate the network areas from each other logically and in terms of security. In the company's manufacturing operations, industrial switches from MICROSENS which have been specially designed for use in harsh environments are also used in order to ensure smooth production. Among other things, the products are distinguished by the fact that they can withstand temperature fluctuations from -20 to +60 degrees Celsius, as well as vibrations or high humidity, and so are ideal for use in production environments.

As a result, euromicron once again demonstrates that it and its special products and solutions enable communication and data transport for customers, even in tough economic times and on limited budgets – without sacrificing a high degree of future-proofness for coming requirements.

Outlook

At the end of the third quarter of 2014, our integration measures for our existing structures and our forward-looking performance program Agenda 500 are entering the final straight. The euromicron Group believes it is accordingly well-prepared for the next planned stage in its growth in terms of finance, personnel and structures.

We aim to keep on controlling our operating business successfully in the remainder of the year. In addition, we plan to largely complete the still unfinished Agenda 500 projects and transition them to a continuous improvement process at the start of 2015.

Alongside that, we constantly examine the possibility of taking over companies. Potential companies are ones that are leaders in their special markets and would complement euromicron's portfolio with their skills, including with regard to current developments in cloud applications. Moreover, we are pursuing a Group-wide cost-cutting program, coupled with optimization of processes and structures, to lastingly secure our positive business.

We are thus creating the conditions for our company's profitable growth and securing the euromicron Group's place in a demanding market of the future. With our newly aligned financial, personnel and organizational structures, which are now largely in place, we feel certain that we will be able to achieve the planned acquisitions of production companies and so the next stage in our growth in 2016. That is a stage that will help the euromicron Group achieve sustainable earnings strength with an EBIT of 8% to 11% after completion of the conversion and expansion phase.



We are keeping to our forecast for 2014, despite the fact that the overall economic climate is proving to be increasingly challenging and volatile as a result of geopolitical developments and weaker investment. The progress we are making in our integration and performance-enhancing measures, as well as our comfortable order books, means that we expect to achieve our sales forecast of €340 to €360 million. In our results, we see a certain margin of risk as a result of the increasing exogenous uncertainties, which are mainly impacting our high-margin delivery business, an aspect that we are observing with the very greatest attention. As things stand at present, however, we still stick by our assumption that we will achieve an EBITDA within the planned target corridor of 6% to 8% at the end of the year.

On the basis of sustainable business, a stable liquidity base and our still solid equity ratio of around 40%, the euromicron Group has the prerequisites needed to achieve the company's further development and long-term growth. Significant changes to the company's objectives and strategies are not planned – the long-term 3x5-year strategy will remain the basis for the Group's operational activity.

Notes

Preamble

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The quarterly report as of September 30, 2014, was prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsche Rechnungslegungs Standards Committee e.V.). The previous year’s figures were determined using the same principles.

Unless otherwise stated, the figures in this interim report are presented in thousands of euros (€ thou.).

The results in the quarterly financial statements as of September 30, 2014, do not necessarily permit forecasts for the further course of business.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of September 30, 2014, as for preparing the consolidated financial statements at December 31, 2013, unless changes are explicitly specified.



A detailed description of these methods is published in the 2013 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2013, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim report.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 101 to 108 of the 2013 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2014 (the amendment to IAS 36 "Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets (amendment)" has been applied voluntarily and prematurely since December 31, 2013):

- ▶ IAS 27 – Separate Financial Statements
- ▶ IAS 28 – Investments in Associates and Joint Ventures
- ▶ IAS 32 – Financial Instruments: Offsetting Financial Assets and Financial Liabilities (amendment)
- ▶ IAS 39 – Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting (amendment)
- ▶ IFRS 10 – Consolidated Financial Statements
- ▶ IFRS 11 – Joint Arrangements
- ▶ IFRS 12 – Disclosure of Interests in Other Entities
- ▶ IFRS 10, IFRS 12 and IAS 27 – Investment Entities (amendment)
- ▶ IFRS 10, IFRS 11 and IFRS 12 – Transition guidance amendments for IFRS 10, IFRS 11 and IFRS 12 (amendment)
- ▶ IFRIC 21 – Levies

Application of the new and/or amended standards and interpretations has no significant impact on the Group's financial position, net assets and results of operations or cash flow.



Consolidated companies

Apart from euromicron AG, the consolidated financial statements at September 30, 2014, include 26 companies, in which euromicron AG has the majority of voting rights directly or indirectly.

Treasury shares

At September 30, 2014, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at September 30, 2014 (€453 thousand) relate exclusively to Qubix S.p.A., Padua (10%).

Segment information

Business segments are identified using internal organizational and reporting structures, which at the euromicron Group are essentially based on regions.

euromicron reports in the operating segments euromicron North, euromicron South and WAN services, as well as Central services and Group consolidations. The interim report presents the details regularly reported to the main decision-maker. Further items from the balance sheet and income statement are not reported regularly and so are not disclosed (IFRS 8.32).

The applied accounting principles and methods are identical for all segments. The information shown for the individual segments contains segment-related consolidations.

Business transactions with related parties

Apart from the compensation for the Executive Board and Supervisory Board, there are no significant relations with related persons. There are also no business transactions between consolidated companies of the euromicron Group and non-consolidated or associated companies of the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the annual financial statements at December 31, 2013.



Declaration by the legal representatives



We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Frankfurt/Main, November 7, 2014

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

Financial Calendar 2014/2015

November 26, 2014	German Equity Capital Forum, Frankfurt/Main
March 27, 2015	Publication of the 2014 Annual Report and accounts press conference
May 8, 2015	Publication of the business figures for the 1st quarter of 2015
May 20, 2015	General Meeting, Frankfurt/Main
August 7, 2015	Publication of the business figures for the 2nd quarter of 2015
November 6, 2015	Publication of the business figures for the 3rd quarter of 2015

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at

www.euromicron.de.

In cases of doubt, the German version is authoritative.

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Disclaimer on predictive statements

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.

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