

Investment Research

Buy

Recommendation unchanged

Share price: EUR 21.88

closing price as of 16/11/2010

Target price: EUR 29.00

vs Target Price: EUR **32.00**

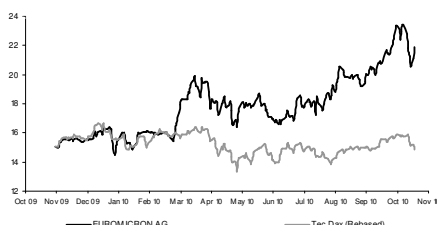
Reuters/Bloomberg

EUCG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	21,872
Daily avg. trad. vol. 12 mth (m)	0.39
Price high 12 mth (EUR)	23.42
Price low 12 mth (EUR)	14.50
Abs. perf. 1 mth	5.2%
Abs. perf. 3 mth	22.7%
Abs. perf. 12 mth	56.8%

Market capitalisation (EURm)	106
Current N° of shares (m)	5
Free float	97%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	187	208	223
EBITDA (m)	21	24	26
EBITDA margin	11.3%	11.7%	11.8%
EBIT (m)	18	20	22
EBIT margin	9.6%	9.8%	9.7%
Net Profit (adj.)(m)	11	12	14
ROCE	9.1%	9.3%	9.6%
Net debt/(cash) (m)	58	55	51
Net Debt Equity	0.7	0.6	0.5
Net Debt/EBITDA	2.8	2.3	2.0
Int. cover(EBITDA/Fin.int)	7.4	11.6	12.2
EV/Sales	0.7	0.8	0.8
EV/EBITDA	6.6	7.0	6.5
EV/EBITDA (adj.)	6.6	7.0	6.5
EV/EBIT	7.7	8.4	7.8
P/E (adj.)	6.5	8.5	8.1
P/BV	0.9	1.2	1.2
OpFCF yield	12.0%	2.0%	8.1%
Dividend yield	4.2%	5.3%	5.3%
EPS (adj.)	2.39	2.57	2.69
BVPS	17.55	18.42	18.88
DPS	0.93	1.16	1.16



Source: Factset

Shareholders: Own shares 3%;

For company description please see summary table footnote

3Q10 does not alter the big picture

PT slightly down to EUR 29 (32) – clearly confirm ‘Buy’

We have slightly adjusted our PT to EUR 29 (32), still keeping the highest target in the market after the company had a solid set of 3Q10 results, but a somewhat lower order intake. On top of that our FY10 sales and earnings forecast might be a bit optimistic as this year's quarterly distribution might turn out to be more evenly than in the past. To be on the safe side, we have slightly lowered our following year's assumptions, but the investment case is by no means compromised. This is also true for the result of the DPR audit that we regard as unspectacular. We clearly reiterate our Buy recommendation on cheap P/E levels.

- ✓ **3Q10 earnings were in line.** Euromicron reported 3Q10 revenues of EUR 53.6m last Friday which compares to our forecast of EUR 50.3m. The EBIT came in at EUR 3.2m and exceeded our forecast of EUR 3.0m slightly. The respective margin was said to be 5.9% (measured relative to sales), whereas we expected 6.0%. EUC released a 3Q10 EPS of EUR 0.32 and thus, our expectation was over-achieved by EUR 0.01, i.e. net was in line at EUR 1.5m.
- ✓ **The order intake came in at a level of EUR 45.5m which fell short of our forecast by EUR 6.5m** which appeared to have no special reason besides seasonality. Anyway, nine-month order intake was EUR 154m and thus up 17.6%. The growth rate is higher than our FY10 and FY11 revenue growth rate. The order backlog remained above EUR 100m, i.e. at EUR 100.3m (equinet: EUR 102.6m).
- ✓ Although at the first glance, the outlook wording in the press release appeared to have changed, we learned in a chat with the CEO that this is not the case. The mentioned 8-11% margin is EUC's strategic medium term forecast, whereas **FY10 should still see an operating margin of around 10% at sales of >EUR 200m.**
- ✓ Nevertheless, we learned that FY10 might see a more even quarterly distribution of the business development and **we have slightly cut our top line assumption as well as the earnings forecast to be on the safe side** (p.2). The big picture of the case does not alter, but the model adjustments lead to a somewhat lower PT of EUR 29 (32). This, nevertheless, remains the highest PT in the market as **we continue to stress the attractive valuation of EUC with a P/E'11 ratio of 8.1x.**
- ✓ As was mentioned in the press release last Friday, EUC will have to recognise an equity charge as a result of a DPR audit. Here, goodwill was retrospectively re-classified as intangibles (purchase price allocation), which should have been written down annually already in the past according to IFRS. EUC cannot restate the P&L of the years in question, but will correct equity by this amount at the end of this year by c. EUR 7.5m in total. Going forward, a minor amount of around EUR 1m or so is left for PPA depreciation. We have factored this into a model which is the reason for a slightly lower EBIT forecast relative to EBITDA which is not meaningful. **We rate the result of the audit unspectacular** as many companies are under enforcement examination, but EUC's pronounced acquisition strategy made it simply more exposed to respective audit risks. We nevertheless estimate that equity will not fall below EUR 90m (BVPS EUR 18) at the end of 2010.
- ✓ **Still, the company targets a larger acquisition** that should add annual revenues of c. EUR 80m. Hence, CEO Späth still targets to lift EUC's annualised sales to c. EUR 300m. The preferred way of financing remains a capital increase.

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Model changes

EUR m	2010e old	2010e new	change	2011e old	2011e new	change	2012e old	2012e new	change
Group Sales	212.0	207.5	-2%	225.0	222.5	-1%	237.6	235.0	-1%
Group EBITDA	25.5	24.2	-5%	27.3	26.1	-4%	29.2	28.0	-4%
EBITDA margin	12.0%	11.7%	-30bp	12.1%	11.8%	-30bp	12.3%	11.9%	-40bp
Reported EBIT	22.0	20.3	-8%	23.5	21.7	-8%	25.1	23.3	-7%
EBIT margin	10.4%	9.8%	-60bp	10.4%	9.8%	-60bp	10.6%	9.9%	-70bp
Adj. EPS [EUR]	2.76	2.57	-7%	2.91	2.69	-8%	3.11	2.89	-7%

Sources: equinet estimates

Discounted Cash Flow model

EUR m	2010	2011	Phase I 2012	2013	2014	2015	2016	Phase II 2017	2018	2019	Phase III 2020
Sales	207.5	222.5	235.0	246.7	256.6	264.3	272.2	280.4	288.8	297.4	303.4
Sales growth	10.8%	7.2%	5.6%	5.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	20.3	21.7	23.3	25.2	26.8	25.8	26.7	27.5	28.4	29.3	30.0
EBIT margin	9.8%	9.7%	9.9%	10.2%	10.5%	9.8%	9.8%	9.8%	9.8%	9.8%	9.9%
Tax	(5.2)	(5.5)	(6.0)	(6.6)	(7.1)	(6.8)	(7.1)	(7.5)	(7.8)	(8.1)	(7.9)
Tax rate	28.5%	28.0%	28.3%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.0%
NOPAT	15.1	16.2	17.3	18.6	19.8	19.0	19.5	20.1	20.6	21.2	22.0
Depreciation	3.8	4.5	4.7	4.9	4.7	4.9	4.9	5.0	5.2	5.3	5.3
in % of Sales	1.8%	2.0%	2.0%	2.0%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%
Capex	(5.1)	(5.6)	(5.9)	(6.2)	(6.4)	(5.3)	(5.4)	(5.6)	(5.8)	(5.9)	(5.4)
in % of Sales	2.4%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	1.8%
Provision delta	(0.6)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
in % of Sales	-0.3%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NWC delta	(12.1)	(4.0)	(3.4)	(3.2)	(2.7)	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(0.2)
in % of Sales	-5.8%	-1.8%	-1.4%	-1.3%	-1.0%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.1%
Other current assets delta	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.1
in % of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow	1.2	11.3	13.0	14.4	15.6	16.7	17.1	17.5	17.9	18.4	21.9
FCF growth	nm	859.4%	15.0%	10.9%	8.5%	6.6%	2.3%	2.4%	2.5%	2.5%	19.1%
Present Value FCF	1.2	10.2	10.7	10.8	10.7	10.4	9.6	9.0	8.4	7.9	120.7

PV Phase I	43.4	MCap	101.5	Targ. equity ratio	88.1%			
PV Phase II	45.3	Risk premium	4.00%	Beta	1.43			
PV Phase III	120.7	Risk free rate	4.50%	WACC	9.75%			
		EV 2010e	162.2					
Total present value	209.4	EV 2011e	158.6					
+ capital increase/share buy back	2.4	EV 2012e	153.3					
+ associates & other financial assets	1.3							
- market value of minorities	6.0	Sensitivity	Growth rate Phase III					
+ cash and liquid assets	9.8	Analysis	1.0%	1.5%	2.0%	2.5%	3.0%	
- interest bearing debt*	69.7	9.26%	28.55	30.03	31.72	33.65	35.90	
Implied Mcap	147.2	9.50%	27.25	28.62	30.17	31.94	33.98	
Number of shares	5.1	WACC	9.75%	26.02	27.29	28.72	30.34	32.21
		9.99%	24.87	26.04	27.36	28.85	30.56	
Implied value per share	28.72	10.24%	23.77	24.86	26.08	27.45	29.02	

* Including pension provisions

Source: equinet

Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Sales	136	165	187	208	223	235
Cost of Sales & Operating Costs	121	146	166	183	196	207
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	15.2	18.8	21.1	24.2	26.1	28.0
EBITDA (adj.)*	15.2	18.8	21.1	24.2	26.1	28.0
Depreciation	-1.5	-1.2	-1.5	-2.0	-2.2	-2.4
EBITA	13.7	17.6	19.6	22.2	23.9	25.6
EBITA (adj)*	13.7	17.6	19.6	22.2	23.9	25.6
Amortisations and Write Downs	-1.7	-1.6	-1.6	-1.8	-2.3	-2.3
EBIT	12.0	16.0	18.0	20.3	21.7	23.3
EBIT (adj.)*	12.0	16.0	18.0	20.3	21.7	23.3
Net Financial Interest	-1.9	-4.0	-2.8	-2.1	-2.1	-2.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	10.1	12.0	15.2	18.3	19.5	21.1
Tax	-2.6	-3.3	-3.8	-5.2	-5.5	-6.0
<i>Tax rate</i>	<i>25.7%</i>	<i>27.5%</i>	<i>24.7%</i>	<i>28.5%</i>	<i>28.0%</i>	<i>28.3%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.5	-0.7	-0.7	-0.6	-0.6	-0.7
Net Profit (reported)	7	8	11	12	13	14
Net Profit (adj.)	7	8	11	12	14	15
CASH FLOW (EURm)	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Cash Flow from Operations before change in NWC	10.4	13.7	13.2	16.4	18.4	19.8
Change in Net Working Capital	-9.8	-9.1	1.8	-12.1	-4.0	-3.4
Cash Flow from Operations	0.6	4.6	15.0	4.3	14.4	16.4
Capex	-4.7	-4.5	-6.5	-2.1	-5.6	-5.9
Net Financial Investments	-19.7	-12.8	-6.0	2.3	0.0	0.0
Free Cash Flow	-23.8	-12.6	2.5	4.5	8.8	10.5
Dividends	-3.2	-3.7	-4.5	-4.5	-6.0	-6.0
Other (incl. Capital Increase & share buy backs)	4.1	-11.1	1.1	3.2	0.7	0.8
Change in Net Debt	-23	-27	-1	3	4	5
NOPLAT	9	12	14	15	16	17
BALANCE SHEET & OTHER ITEMS (EURm)	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Net Tangible Assets	8.0	9.0	10.9	11.4	12.5	13.7
Net Intangible Assets (incl. Goodwill)	72.7	86.1	93.6	89.1	89.0	89.1
Net Financial Assets & Other	0.2	0.2	1.3	1.0	1.0	1.0
Total Fixed Assets	80.8	95.2	106	101	103	104
Net Working Capital	36.6	45.7	43.9	56.0	60.0	63.4
Net Capital Invested	117	141	150	157	163	167
Group Shareholders Equity	70.4	73.8	80.3	91.2	99.3	108
<i>o/w own Shareholders Equity</i>	<i>69.8</i>	<i>72.7</i>	<i>79.0</i>	<i>89.4</i>	<i>96.8</i>	<i>105</i>
Net Debt	29.8	57.2	58.2	55.0	51.4	46.1
Provisions	5	8	8	8	8	9
Other Net Liabilities or Assets	12	2	4	4	4	4
Net Capital Employed	117	141	150	157	163	167
GROWTH & MARGINS	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
<i>Sales growth</i>	<i>17.7%</i>	<i>20.6%</i>	<i>13.8%</i>	<i>10.8%</i>	<i>7.2%</i>	<i>5.6%</i>
EBITDA (adj.)* growth	58.5%	23.8%	11.9%	14.6%	8.1%	6.9%
<i>EBITA (adj.)* growth</i>	<i>65.5%</i>	<i>28.3%</i>	<i>11.2%</i>	<i>13.0%</i>	<i>8.0%</i>	<i>6.8%</i>
<i>EBIT (adj.)* growth</i>	<i>56.0%</i>	<i>33.2%</i>	<i>12.7%</i>	<i>12.8%</i>	<i>6.4%</i>	<i>7.5%</i>
<i>Net Profit growth</i>	<i>60.3%</i>	<i>15.2%</i>	<i>33.2%</i>	<i>15.9%</i>	<i>10.8%</i>	<i>7.5%</i>
EPS adj. growth	61.7%	16.8%	34.1%	7.6%	4.8%	7.5%
<i>DPS adj. growth</i>	<i>14.9%</i>	<i>24.5%</i>	<i>-7.8%</i>	<i>25.3%</i>	<i>0.0%</i>	<i>8.3%</i>
EBITDA margin	11.2%	11.4%	11.3%	11.7%	11.8%	11.9%
<i>EBITDA (adj.)* margin</i>	<i>11.2%</i>	<i>11.4%</i>	<i>11.3%</i>	<i>11.7%</i>	<i>11.8%</i>	<i>11.9%</i>
<i>EBITA margin</i>	<i>10.1%</i>	<i>10.7%</i>	<i>10.5%</i>	<i>10.7%</i>	<i>10.8%</i>	<i>10.9%</i>
<i>EBITA (adj.)* margin</i>	<i>10.1%</i>	<i>10.7%</i>	<i>10.5%</i>	<i>10.7%</i>	<i>10.8%</i>	<i>10.9%</i>
<i>EBIT margin</i>	<i>8.8%</i>	<i>9.7%</i>	<i>9.6%</i>	<i>9.8%</i>	<i>9.7%</i>	<i>9.9%</i>
<i>EBIT (adj.)* margin</i>	<i>8.8%</i>	<i>9.7%</i>	<i>9.6%</i>	<i>9.8%</i>	<i>9.7%</i>	<i>9.9%</i>

Euromicron AG: Summary tables

RATIOS	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Net Debt/Equity	0.4	0.8	0.7	0.6	0.5	0.4
Net Debt/EBITDA	2.0	3.0	2.8	2.3	2.0	1.6
Interest cover (EBITDA/Fin.interest)	7.9	4.8	7.4	11.6	12.2	12.7
Capex/D&A	146.1%	156.5%	213.5%	54.8%	135.9%	136.9%
Capex/Sales	3.4%	2.7%	3.5%	1.0%	2.5%	2.5%
NWC/Sales	26.8%	27.7%	23.4%	27.0%	27.0%	27.0%
ROE (average)	10.2%	11.3%	14.2%	14.8%	14.8%	14.7%
ROCE (adj.)	7.6%	8.2%	9.1%	9.3%	9.6%	10.1%
WACC	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
ROCE (adj.)/WACC	0.8	0.8	0.9	1.0	1.0	1.0
PER SHARE DATA (EUR)***	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Average diluted number of shares	4.6	4.5	4.5	4.9	5.1	5.1
EPS (reported)	1.52	1.78	2.39	2.57	2.61	2.81
EPS (adj.)	1.52	1.78	2.39	2.57	2.69	2.89
BVPS	15.18	16.03	17.55	18.42	18.88	20.53
DPS	0.81	1.01	0.93	1.16	1.16	1.26
VALUATION	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
EV/Sales	0.9	0.7	0.7	0.8	0.8	0.7
EV/EBITDA	8.2	6.1	6.6	7.0	6.5	5.9
EV/EBITDA (adj.)*	8.2	6.1	6.6	7.0	6.5	5.9
EV/EBITA	9.1	6.5	7.1	7.7	7.1	6.5
EV/EBITA (adj.)*	9.1	6.5	7.1	7.7	7.1	6.5
EV/EBIT	10.4	7.2	7.7	8.4	7.8	7.1
EV/EBIT (adj.)*	10.4	7.2	7.7	8.4	7.8	7.1
P/E (adj.)	12.5	5.9	6.5	8.5	8.1	7.6
P/BV	1.3	0.7	0.9	1.2	1.2	1.1
Total Yield Ratio	5.0%	12.2%	4.6%	5.6%	5.5%	5.9%
EV/CE	1.1	0.8	0.9	1.1	1.1	1.0
OpFCF yield	-4.7%	0.3%	12.0%	2.0%	8.1%	9.7%
OpFCF/EV	-3.3%	0.1%	6.1%	1.3%	5.2%	6.4%
Payout ratio	53.1%	56.6%	38.9%	45.3%	44.5%	44.8%
Dividend yield (gross)	4.3%	9.6%	4.2%	5.3%	5.3%	5.8%
EV AND MKT CAP (EURm)	12/2007	12/2008	12/2009	12/2010e	12/2011e	12/2012e
Price** (EUR)	19.0	10.5	15.6	21.9	21.9	21.9
Outstanding number of shares for main stock	4.6	4.5	4.5	4.9	5.0	5.0
Total Market Cap	87.1	47.4	70.2	106	109	109
Net Debt	29.8	57.2	58.2	55.0	51.4	46.1
<i>o/w Cash & Marketable Securities (-)</i>	<i>-12.4</i>	<i>-11.2</i>	<i>-9.8</i>	<i>-11.3</i>	<i>-14.9</i>	<i>-20.3</i>
<i>o/w Gross Debt (+)</i>	<i>42.3</i>	<i>68.5</i>	<i>68.0</i>	<i>66.3</i>	<i>66.3</i>	<i>66.3</i>
Other EV components	8	10	10	9	10	10
Enterprise Value (EV adj.)	125	115	139	170	170	165

Source: Company, Equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj) or EBIT (adj.)= EBITDA (or EBITA 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.

Sector: Electronic & Electrical Equipment/Electrical Components & Equipment

Company Description: The euromicron Group with its extensive network of branch offices in Germany is a system house that is active in the future market of network and fiber optics technology. euromicron develops, produces and distributes network components based on copper, glass fiber and wireless technology and plans, implements and maintains communications, information and security networks for all applications.

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
Aareal Bank	Häßler	23.00	Accumulate		Hugo Boss	Faust	48.00	Hold	
Ad pepper	Pehl	2.40	Buy	2/3	iFAO AG	Rothenbacher	14.50	Buy	2/3
adidas	Faust	50.00	Accumulate		Integralis AG	Schäfer	6.75	Hold	2/3
Advanced Vision Technology	Aubéry	4.50	Buy	2/3	Interseroh	Schäfer	40.00	Reduce	2/3
Aixtron	Pehl	28.00	Accumulate	2/3	Isra	Aubéry	18.50	Buy	2/3/5
Allianz	Häßler	105.00	Accumulate		Itelligence	Demidova	6.70	Accumulate	2/3
Analytik Jena	Demidova	10.50	Accumulate	7	IVG Immobilien AG	Rothenbacher	7.00	Buy	
Augusta Technologie	Simmroß	22.00	Buy	7	Kontroln	Pehl	8.00	Accumulate	
Axel Springer	Possienke	127.00	Buy		Krones AG	Schmidt	46.00	Hold	
BASF	Demidova	69.00	Buy		KTG Agrar	Schäfer	16.00	Accumulate	2/3/4/5
Bayer	Possienke	58.00	Hold		KUKA	Schäfer	12.50	Hold	
BayWa	Schäfer	35.00	Buy	5	K+S AG	Schäfer	56.00	Buy	
BB Biotech	Aubéry	64.00	Buy	2/7	LANXESS	Demidova	60.00	Accumulate	
Beta Systems Software	Schuldt	3.90	Buy	2/3	Leoni	Schuldt	37.00	Buy	
Beiersdorf	Aubéry	43.00	Reduce		Loewe	Faust	7.50	Hold	2
Berentzen	Faust	8.00	Buy	2/3	Logwin	Rothenbacher	1.50	Buy	2/3
Biffinger Berger	Faust	73.00	Buy		Lufthansa	Rothenbacher	20.00	Buy	
Biopetrol Industries	Schäfer	2.00	Buy	2/3/5	MAN	Schuldt	87.00	Accumulate	
Biotech	Possienke	40.00	Accumulate	2/3	MAX Automation AG	Schmidt	4.00	Buy	2/5
BMW	Schuldt	60.00	Accumulate		Medion	Simmroß	12.00	Buy	
Carl Zeiss Meditec	Aubéry	13.50	Accumulate		Merck	Possienke	75.00	Accumulate	
Celestio	Possienke	20.00	Hold		MLP	Häßler	7.50	Hold	
Cenit	Pehl	7.50	Buy	2/3	Mobotix AG	Pehl	47.00	Buy	2/3
comdirect	Häßler	8.00	Accumulate		Morphosys	Possienke	33.00	Buy	
Commerzbank	Häßler	8.00	Accumulate		MTU	Pehl	50.00	Accumulate	2
Conergy	Growe	0.35	Sell		Munich Re	Häßler	110.00	Hold	
Continental	Schuldt	73.00	Buy		Nanogate AG	Demidova	21.00	Buy	2/3
D.Logistics	Rothenbacher	2.25	Buy	2/3	Pfeiffer Vacuum	Pehl	93.00	Buy	
DAB Bank	Häßler	4.40	Hold		Pfleiderer	Faust	2.50	Sell	
Daimler AG	Schuldt	60.00	Buy		Phoenix Solar	Growe	45.00	Buy	
Daldrup & Soehne	Growe	25.00	Accumulate	2/3/4/5	Porsche	Schuldt	36.00	Reduce	
Demag Cranes	Schmidt	45.00	Buy	2	Postbank	Häßler	25.00	Hold	
Deutsche Bank	Häßler	48.00	Buy		PSI	Schäfer	16.00	Buy	2/5
Deutsche Boerse	Häßler	55.00	Hold		Puma	Faust	200.00	Sell	
Deutsche EuroShop	Rothenbacher	26.50	Hold		Q-Cells	Growe	3.40	Hold	
Deutsche Forfait	Häßler	6.30	Accumulate	2/3	Rheinmetall	Pehl	57.00	Accumulate	
Deutsche Post	Rothenbacher	16.00	Buy		Rhoen-Klinikum	Possienke	19.00	Buy	
Deutsche Telekom	Pehl	10.50	Hold		Roth & Rau	Growe	18.00	Buy	
DNICK Holding plc	Simmroß	10.00	Buy	2/3	RWE	Schäfer	70.00	Accumulate	
Douglas Holding	Faust	40.00	Buy		Salzgitter	Growe	54.00	Hold	
Drägerwerk	Aubéry	80.00	Buy		Seven Principles AG	Pehl	6.50	Accumulate	2/3/5
E.ON	Schäfer	28.00	Hold		Singulus Technologies	Growe	3.90	Hold	5
ElringKlinger	Schuldt	23.00	Hold		SMT SCHARF AG	Schmidt	16.00	Buy	2/3
Euromicron AG	Pehl	29.00	Buy	5	Software AG	Pehl	82.00	Hold	
Fielmann	Possienke	75.00	Accumulate		Solar-Fabrik	Growe	7.00	Buy	2/3/5
Fraport	Rothenbacher	57.00	Buy		SolarWorld	Growe	11.00	Hold	
Freenet	Pehl	8.75	Hold	2	Solon	Growe	2.40	Reduce	
Fresenius	Aubéry	53.00	Reduce		Stada	Possienke	25.00	Accumulate	
Fresenius Medical Care	Aubéry	49.00	Accumulate		Suess MicroTec	Pehl	7.50	Accumulate	2/3
Fuchs Petrolub	Demidova	110.00	Hold		Sunways	Growe	6.50	Accumulate	2/3
GEA Group	Schmidt	21.00	Buy		ThyssenKrupp	Growe	25.00	Hold	
Gerresheimer AG	Aubéry	32.00	Hold		Tognum	Schmidt	21.00	Accumulate	
Gesco	Schmidt	55.00	Buy	2/3	TUI	Rothenbacher	8.00	Reduce	
GFT Technologies	Schuldt	5.80	Buy	2/3	Twintec	Schäfer	5.50	Hold	2/3/5
Gildemeister	Schmidt	14.00	Buy		United Internet	Pehl	14.00	Accumulate	
Grenkeleasing AG	Häßler	35.00	Hold		VBH Holding	Faust	4.80	Accumulate	2/3
Hannover Re	Häßler	36.00	Hold		Volkswagen	Schuldt	134.00	Buy	
Heidelberger Druck	Schmidt	4.50	Buy		Vossloh	Schmidt	88.00	Accumulate	
Henkel	Demidova	46.00	Hold		Wacker Chemie	Growe	150.00	Accumulate	
HHLA	Rothenbacher	33.00	Hold		Wincor Nixdorf	Pehl	62.00	Accumulate	
Hochtief	Faust	87.00	Buy		4SC AG	Aubéry	5.00	Buy	2/3

Source: equinet Recommendations

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Recommendation System

- 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

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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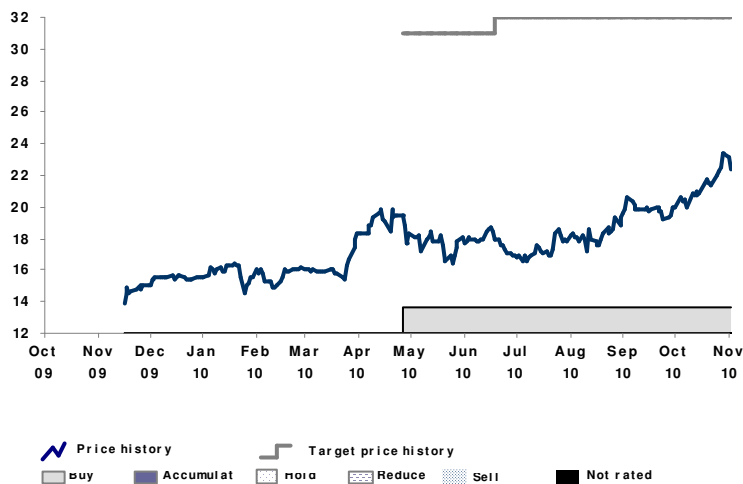
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Graurheindorfer Straße 108, 53117 Bonn and
Lurgallee 12, 60439 Frankfurt am Main.

Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
17-Nov-10	Buy	29.00	21.88
09-Nov-10	Buy	32.00	21.80
12-May-10	Buy	31.00	18.32

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

This chart shows Equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Adrian Pehl, CFA (since 28/04/2010)



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**.

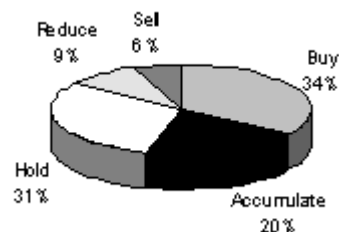
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- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the 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 Bank Ratings Breakdown

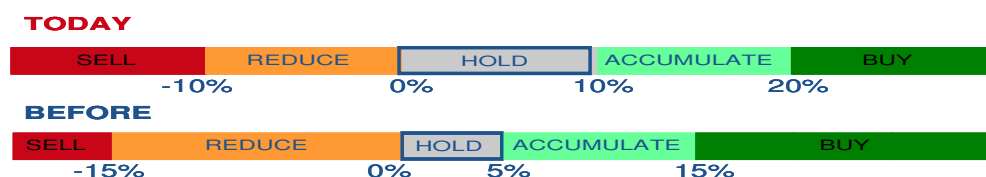


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Since 4 August 2008, the ESN Rec. System has been amended as follow.

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



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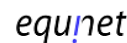


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