

Investment Research

27 April 2011

Buy

Recommendation unchanged

Share price: EUR 20.68

closing price as of 26/04/2011

Target price: EUR 30.00

vs Target Price: EUR 29.00

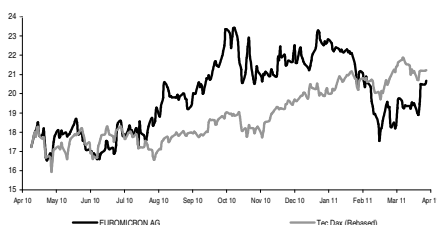
Reuters/Bloomberg

EUCG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	23,403
Daily avg. trad. vol. 12 mth (m)	0.46
Price high 12 mth (EUR)	23.42
Price low 12 mth (EUR)	16.40
Abs. perf. 1 mth	13.2%
Abs. perf. 3 mth	-8.5%
Abs. perf. 12 mth	6.0%

Market capitalisation (EURm)	106
Current N° of shares (m)	5
Free float	100%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	204	230	243
EBITDA (m)	25	27	29
EBITDA margin	12.1%	11.9%	12.0%
EBIT (m)	20	22	24
EBIT margin	9.9%	9.7%	9.9%
Net Profit (adj.) (m)	11	13	14
ROCE	9.0%	9.6%	10.1%
Net debt/(cash) (m)	51	47	41
Net Debt Equity	0.6	0.5	0.4
Net Debt/EBITDA	2.0	1.7	1.4
Int. cover(EBITDA/Fin.int)	8.5	10.0	10.4
EV/Sales	0.8	0.7	0.7
EV/EBITDA	6.6	6.0	5.4
EV/EBITDA (adj.)	6.6	6.0	5.4
EV/EBIT	8.2	7.4	6.6
P/E (adj.)	9.1	8.1	7.5
P/BV	1.2	1.1	1.0
OpFCF yield	4.6%	7.5%	10.3%
Dividend yield	5.3%	5.8%	6.3%
EPS (adj.)	2.38	2.54	2.76
BVPS	18.42	18.83	20.39
DPS	1.10	1.20	1.30



For company description please see summary table footnote

Strong first quarter bookings improve confidence Confirm 'Buy' rating – PT up to EUR 30 (29)

We have slightly upgraded our price target for Euromicron (EUC) to EUR 30 (29) following the final release of the FY10 report. Our model now accounts for the recently acquired entities NBG and Avalan. Beyond this, management statements about strong first quarter bookings clearly underpinned our positive stance and improved confidence. Our peer/DCF based price target signals c. 45% upside potential which is reflected best already at the first glance on EUC's attractive P/E'11-13e ratios of c. 7-8x. We clearly confirm our 'Buy' rating.

- ✓ EUC's delayed FY10 reporting contained basically no surprises relative to the preliminary figures published March 25 with the exception of bookings. Here, **EUC reported a solid FY10 order intake number of EUR 205.6m (up 10.2% yoy) and thus, EUR 51.6m for 4Q10 (up 13.2% qoq).** Our respective assumptions were significantly lower before, but EUC booked significant orders late in December. Overall, **order backlog came to EUR 91.1m and posted a new record level (nearly two quarters reach).**
- ✓ In the analyst conference last Thursday, we learned that EUC had a strong start into the current year. **1Q11 order backlog was said to be EUR 117m. This would be up 40.6% yoy(!).** According to company statements, the acquired NBG and Avalan contributed only small amounts to this figure and thus, order intake in 1Q11 should come to EUR 70m maybe, but at least to EUR 60m. The management stated that bookings in the March quarter saw a number of larger projects.
- ✓ Clearly, we should not extrapolate this order development and the management behaved cautiously as a precise guidance for FY11 was not given. Nevertheless, we expect EUC continuing on its organic growth trajectory of 5-10%. Including the recent acquisitions of NBG and Avalan (both probably adding EUR 15m to revenues), **we now cautiously estimate FY11 sales of EUR 230m.** Although, EUC has reduced its headcount slightly, the EBIT margin should probably not change much and thus, we forecast 9.6% (after 9.4% in 2009 and 9.8% in 2010).
- ✓ As can be seen in the table overleaf, we have made slight adjustments also for the following years – again mainly accounting for 2010 acquisitions. EBT and EPS remain stable/decline as we have made adjustments to the financial items and minorities lines. Clearly, our model does not yet include contributions from a larger take over transaction which is still planned for FY11. Here, we have the impression that EUC is close to finalising the M&A deal. Financing is still intended to be made preferably via capital increase (incl. subscription rights). Here, EUC will seek approval from the AGM in June. **In conjunction with this M&A transaction, EUC repeated to target annualised FY11 sales of EUR 300m.**
- ✓ Finally, EUC delivered in all relevant aspects as far as the FY10 reporting is concerned – including orders. Probably, the FY11 outlook will be becoming more concrete over time. In any case, our top line projection appears conservative. Our EBIT margin projection realistic vs. EUC past performance and long-term guidance of 8-11%. **The charm of an investment in EUC lies 1/within an attractive dividend yield (5.4%), 2/profitable growth and a strong track record and 3/last, but not least, its attractive valuation (P/E'12 of 7.4x).** Our model adjustments lead to a slightly higher PT of EUR 30 (29). We confirm our 'Buy' recommendation.

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Model changes

EUR m	2011e old	2011e new	change	2012e old	2012e new	change	2013e old	2013e new	change
Group Sales	223.0	230.0	3%	235.0	242.9	3%	247.0	255.0	3%
Group EBITDA	26.1	27.3	5%	28.0	29.2	4%	30.1	31.1	3%
EBITDA margin	11.7%	11.9%	+20bp	11.9%	12.0%	+10bp	12.2%	12.2%	-
Reported EBIT	21.7	22.2	3%	23.3	24.0	3%	24.8	25.7	4%
EBIT margin	9.7%	9.7%	-	9.9%	9.9%	-	10.0%	10.1%	+10bp
EBT	19.6	19.5	0%	21.1	21.2	0%	22.7	22.9	1%
EPS [EUR]	2.62	2.54	-3%	2.82	2.76	-2%	3.00	2.98	-1%

Sources: equinet estimates

Discounted Cash Flow model

EUR m	2011	2012	Phase I 2013	2014	2015	2016	2017	Phase II 2018	2019	2020	Phase III 2021
Sales	230.0	242.9	255.0	265.2	274.5	282.7	291.2	300.0	309.0	318.2	324.6
Sales growth	12.9%	5.6%	5.0%	4.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	22.2	24.0	25.7	27.2	28.1	27.6	28.5	29.4	30.4	31.4	32.1
EBIT margin	9.7%	9.9%	10.1%	10.2%	10.2%	9.8%	9.8%	9.8%	9.8%	9.9%	9.9%
Tax	(5.8)	(6.3)	(6.7)	(7.2)	(7.5)	(7.4)	(7.7)	(8.0)	(8.3)	(8.6)	(8.6)
Tax rate	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.0%
NOPAT	16.5	17.7	18.9	19.9	20.6	20.2	20.8	21.5	22.1	22.8	23.5
Depreciation	5.1	5.2	5.4	5.6	5.8	6.1	6.2	6.2	6.4	6.5	6.5
in % of Sales	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%
Capex	(5.2)	(6.1)	(6.4)	(6.6)	(6.9)	(6.4)	(6.6)	(6.7)	(7.0)	(7.2)	(6.6)
in % of Sales	2.3%	2.5%	2.5%	2.5%	2.5%	2.3%	2.3%	2.3%	2.3%	2.3%	2.0%
Provision delta	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	1.4
in % of Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
NWC delta	(6.5)	(3.4)	(3.2)	(2.8)	(2.6)	(2.3)	(2.4)	(2.5)	(2.6)	(2.6)	(1.6)
in % of Sales	-2.8%	-1.4%	-1.3%	-1.0%	-0.9%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%	-0.5%
Other current assets delta	0.3	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.2
in % of Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Free Cash Flow	10.5	14.1	15.3	16.7	17.5	17.7	18.2	18.6	19.1	19.6	23.4
FCF growth	nm	34.6%	8.6%	9.2%	4.9%	1.1%	2.5%	2.5%	2.6%	2.6%	19.5%
Present Value FCF	9.8	12.0	11.9	11.8	11.2	10.3	9.6	9.0	8.4	7.8	117.4

PV Phase I	56.8	MCap	105.8	Targ. equity ratio	89.9%			
PV Phase II	45.2	Risk premium	4.00%	Beta	1.48			
PV Phase III	117.4	Risk free rate	4.50%	WACC	9.96%			
		EV 2011e	159.9					
Total present value	219.3	EV 2012e	154.1	EV/EBIT 2011e	6.4			
+ capital increase/share buy back	0.0	EV 2013e	147.6	EV/EBIT 2012e	5.7			
+ associates & other financial assets	1.0							
- market value of minorities	7.4	Sensitivity		Growth rate Phase III				
+ cash and liquid assets	9.9	Analysis	1.0%	1.5%	2.0%	2.5%	3.0%	
- interest bearing debt*	62.1		9.46%	31.39	32.81	34.41	36.24	38.36
Implied Mcap	160.7		9.71%	30.05	31.35	32.83	34.50	36.43
Number of shares	5.1	WACC	9.96%	28.79	29.99	31.34	32.88	34.63
			10.21%	27.59	28.70	29.95	31.36	32.96
Implied value per share	31.34		10.46%	26.46	27.49	28.64	29.94	31.41

* Including pension provisions

Source: equinet

Peer Group Valuation

	P/E 2011	P/E 2012	P/E 2013	EV/EBITDA 2011	EV/EBITDA 2012	EV/EBITDA 2013	EV/EBIT 2011	EV/EBIT 2012	EV/EBIT 2013
ADVA AG OPTICAL NETWORKING	16.7	10.6	9.7	7.2	5.4	4.3	17.2	9.5	7.0
BATENBURG	11.2	14.0	12.4	4.2	6.1	5.3	6.6	8.1	7.0
BECHTLE AG	13.0	11.6	10.4	6.3	5.8	5.2	7.6	6.9	6.0
HUBER & SUHNER	14.3	15.8	15.6	7.7	7.8	7.3	11.4	11.1	10.5
IMTECH	12.4	11.3	10.5	8.2	7.2	6.4	10.0	8.7	7.8
KONTRON	13.8	12.1	10.6	6.9	6.0	5.1	9.7	8.2	7.0
LEGRAND SA	14.8	13.5	12.7	8.5	8.0	7.5	10.3	9.5	8.9
MOLEX INC	14.5	13.0	11.7	5.1	4.7	4.2	7.9	7.2	6.3
MEDIAN	14.1	12.5	11.1	7.0	6.0	5.2	9.8	8.5	7.0
EUROMICRON AG	8.1	7.5	6.9	5.8	5.4	5.1	7.2	6.6	6.2
THEOR. VALUATION PER SHARE OF EUROMICRON	35.7	34.5	33.2	27.2	23.9	21.4	32.1	29.2	24.7

Sources: Thomson Financial, Bloomberg, ESN and equinet estimates

Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Sales	165	180	204	230	243	255
Cost of Sales & Operating Costs	-146	-160	-179	-203	-214	-224
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	18.8	19.9	24.7	27.3	29.2	31.1
EBITDA (adj.)*	18.8	19.9	24.7	27.3	29.2	31.1
Depreciation	-1.2	-1.6	-2.2	-2.3	-2.5	-2.7
EBITA	17.6	18.3	22.6	25.1	26.8	28.4
EBITA (adj)*	17.6	18.3	22.6	25.1	26.8	28.4
Amortisations and Write Downs	-1.6	-2.0	-2.4	-2.8	-2.8	-2.7
EBIT	16.0	16.4	20.1	22.2	24.0	25.7
EBIT (adj.)*	16.0	16.4	20.1	22.2	24.0	25.7
Net Financial Interest	-4.0	-3.0	-2.9	-2.7	-2.8	-2.8
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)	12.0	13.4	17.2	19.5	21.2	22.9
Tax	-3.3	-3.1	-5.1	-5.8	-6.3	-6.7
<i>Tax rate</i>	<i>27.5%</i>	<i>23.4%</i>	<i>29.5%</i>	<i>29.5%</i>	<i>29.5%</i>	<i>29.5%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.7	-0.5	-0.7	-0.7	-0.8	-0.8
Net Profit (reported)	8	10	11	13	14	15
Net Profit (adj.)	8	10	11	13	14	15
CASH FLOW (EURm)	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Cash Flow from Operations before change in NWC	12.8	13.4	16.1	19.6	20.4	21.7
Change in Net Working Capital	-9.3	3.2	-6.8	-6.5	-3.4	-3.2
Cash Flow from Operations	3.5	16.6	9.3	13.1	17.0	18.5
Capex	-4.5	-6.5	-4.6	-5.2	-6.1	-6.4
Net Financial Investments	-9.1	-6.6	-6.3	0.0	0.0	0.0
Free Cash Flow	-10.1	3.5	-1.6	7.9	10.9	12.1
Dividends	-3.7	-4.5	-4.5	-5.3	-6.2	-6.7
Other (incl. Capital Increase & share buy backs)	-13.7	0.1	13.7	1.0	1.0	1.1
Change in Net Debt	-27	-1	8	4	6	7
NOPLAT	12	13	14	16	17	18
BALANCE SHEET & OTHER ITEMS (EURm)	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Net Tangible Assets	9.0	10.9	11.6	12.2	13.3	14.4
Net Intangible Assets (incl. Goodwill)	82.5	90.1	95.8	95.2	94.9	94.7
Net Financial Assets & Other	0.1	1.3	1.0	1.0	1.0	1.0
Total Fixed Assets	91.5	102	108	108	109	110
Net Working Capital	45.9	42.6	49.4	55.9	59.3	62.5
Net Capital Invested	137	145	158	164	168	173
Group Shareholders Equity	66.0	71.4	89.3	97.7	107	116
<i>o/w own Shareholders Equity</i>	<i>65.8</i>	<i>71.1</i>	<i>88.8</i>	<i>96.5</i>	<i>105</i>	<i>113</i>
Net Debt	57.2	58.2	50.6	46.9	41.1	34.6
Provisions	7	7	7	9	10	11
Other Net Liabilities or Assets	7	8	10	11	11	11
Net Capital Employed	137	145	158	164	168	173
GROWTH & MARGINS	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
<i>Sales growth</i>	<i>20.6%</i>	<i>9.1%</i>	<i>13.4%</i>	<i>12.9%</i>	<i>5.6%</i>	<i>5.0%</i>
EBITDA (adj.)* growth	23.8%	5.6%	24.3%	10.6%	7.0%	6.4%
<i>EBITA (adj.)* growth</i>	<i>28.3%</i>	<i>3.9%</i>	<i>23.2%</i>	<i>11.1%</i>	<i>6.7%</i>	<i>6.2%</i>
<i>EBIT (adj.)* growth</i>	<i>33.2%</i>	<i>2.3%</i>	<i>23.0%</i>	<i>10.5%</i>	<i>7.9%</i>	<i>7.0%</i>
<i>Net Profit growth</i>	<i>15.2%</i>	<i>21.2%</i>	<i>17.2%</i>	<i>13.6%</i>	<i>8.7%</i>	<i>8.0%</i>
EPS adj. growth	16.8%	22.1%	9.4%	6.8%	8.7%	8.0%
<i>DPS adj. growth</i>	<i>25.3%</i>	<i>0.0%</i>	<i>10.0%</i>	<i>9.1%</i>	<i>8.3%</i>	<i>7.7%</i>
EBITDA margin	11.4%	11.1%	12.1%	11.9%	12.0%	12.2%
<i>EBITDA (adj.)* margin</i>	<i>11.4%</i>	<i>11.1%</i>	<i>12.1%</i>	<i>11.9%</i>	<i>12.0%</i>	<i>12.2%</i>
<i>EBITA margin</i>	<i>10.7%</i>	<i>10.2%</i>	<i>11.1%</i>	<i>10.9%</i>	<i>11.0%</i>	<i>11.1%</i>
<i>EBITA (adj.)* margin</i>	<i>10.7%</i>	<i>10.2%</i>	<i>11.1%</i>	<i>10.9%</i>	<i>11.0%</i>	<i>11.1%</i>
<i>EBIT margin</i>	<i>9.7%</i>	<i>9.1%</i>	<i>9.9%</i>	<i>9.7%</i>	<i>9.9%</i>	<i>10.1%</i>
<i>EBIT (adj.)* margin</i>	<i>9.7%</i>	<i>9.1%</i>	<i>9.9%</i>	<i>9.7%</i>	<i>9.9%</i>	<i>10.1%</i>

Euromicron AG: Summary tables

RATIOS	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Net Debt/Equity	0.9	0.8	0.6	0.5	0.4	0.3
Net Debt/EBITDA	3.0	2.9	2.0	1.7	1.4	1.1
Interest cover (EBITDA/Fin.interest)	4.8	6.7	8.5	10.0	10.4	11.1
Capex/D&A	156.5%	185.5%	99.4%	101.6%	115.8%	117.6%
Capex/Sales	2.7%	3.6%	2.2%	2.3%	2.5%	2.5%
NWC/Sales	27.9%	23.7%	24.3%	24.3%	24.4%	24.5%
ROE (average)	11.9%	14.3%	14.3%	14.0%	14.1%	14.0%
ROCE (adj.)	8.5%	8.7%	9.0%	9.6%	10.1%	10.5%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	0.8	0.9	0.9	1.0	1.0	1.1
PER SHARE DATA (EUR)***	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Average diluted number of shares	4.5	4.5	4.8	5.1	5.1	5.1
EPS (reported)	1.78	2.17	2.38	2.54	2.76	2.98
EPS (adj.)	1.78	2.17	2.38	2.54	2.76	2.98
BVPS	14.51	15.78	18.42	18.83	20.39	22.08
DPS	1.00	1.00	1.10	1.20	1.30	1.40
VALUATION	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
EV/Sales	0.7	0.8	0.8	0.7	0.7	0.6
EV/EBITDA	6.1	6.8	6.6	6.0	5.4	4.9
EV/EBITDA (adj.)*	6.1	6.8	6.6	6.0	5.4	4.9
EV/EBITA	6.5	7.4	7.3	6.5	5.9	5.4
EV/EBITA (adj.)*	6.5	7.4	7.3	6.5	5.9	5.4
EV/EBIT	7.2	8.3	8.2	7.4	6.6	6.0
EV/EBIT (adj.)*	7.2	8.3	8.2	7.4	6.6	6.0
P/E (adj.)	5.9	7.2	9.1	8.1	7.5	6.9
P/BV	0.7	1.0	1.2	1.1	1.0	0.9
Total Yield Ratio	12.2%	6.4%	2.1%	5.8%	6.3%	6.8%
EV/CE	0.8	0.9	1.0	1.0	0.9	0.9
OpFCF yield	-2.0%	14.3%	4.6%	7.5%	10.3%	11.4%
OpFCF/EV	-0.8%	7.4%	2.9%	4.8%	6.9%	7.9%
Payout ratio	56.2%	46.1%	46.3%	47.3%	47.1%	47.0%
Dividend yield (gross)	9.6%	6.4%	5.3%	5.8%	6.3%	6.8%
EV AND MKT CAP (EURm)	12/2008	12/2009	12/2010	12/2011e	12/2012e	12/2013e
Price** (EUR)	10.5	15.6	21.6	20.7	20.7	20.7
Outstanding number of shares for main stock	4.5	4.5	4.8	5.1	5.1	5.1
Total Market Cap	47.4	70.2	104	106	106	106
Net Debt	57.2	58.2	50.6	46.9	41.1	34.6
<i>o/w Cash & Marketable Securities (-)</i>	<i>-11.2</i>	<i>-9.8</i>	<i>-9.9</i>	<i>-13.5</i>	<i>-19.3</i>	<i>-22.5</i>
<i>o/w Gross Debt (+)</i>	<i>68.5</i>	<i>68.0</i>	<i>60.5</i>	<i>60.5</i>	<i>60.5</i>	<i>57.1</i>
Other EV components	10	7	10	11	12	12
Enterprise Value (EV adj.)	115	136	164	164	159	153

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.
4SC AG	Aubéry	5.50	Buy	2/3	HYPOPORT AG	Häßler	17.00	Buy	
Aareal Bank	Häßler	28.00	Accumulate		iFAO AG	Rothenbacher	16.00	Buy	2/3
Ad pepper	Pehl	2.40	Buy	2/3	Integralis AG	Schäfer	6.75	Hold	2/3
adidas	Faust	55.00	Accumulate		Interseroh	Schäfer	40.00	Hold	2/3
Advanced Vision Technology	Aubéry	5.00	Buy	2/3	Isra	Aubéry	22.00	Buy	2/3
Aixtron	Pehl	37.00	Buy	2/3	Itelligence	Demidova	7.50	Accumulate	2/3
Aleo Solar AG	Possienke	25.00	Buy		IVG Immobilien AG	Rothenbacher	7.00	Hold	
Allianz	Häßler	111.00	Accumulate		K+S AG	Schäfer	64.00	Accumulate	
Analytik Jena	Demidova	12.00	Hold	7	KHD HUMBOLDT WEDAG INTERN.	Schuldt	11.50	Buy	
Augusta Technologie	Simmroß	24.00	Buy	7	Kontron	Pehl	10.00	Accumulate	
Axel Springer	Possienke	127.00	Buy		Krones AG	Schmidt	62.00	Buy	
BASF	Demidova	69.00	Buy		KTG Agrar	Schäfer	16.00	Accumulate	2/3/5
Bayer	Possienke	64.00	Accumulate		KUKA	Schäfer	18.00	Hold	
BayWa	Schäfer	35.00	Hold	5	LANXESS	Demidova	63.00	Hold	
BB Biotech	Aubéry	66.00	Buy	2/7	Leoni	Schuldt	44.00	Buy	
Beiersdorf	Aubéry	46.00	Hold		Linde	Demidova	140.00	Buy	
Berentzen	Faust	8.00	Buy	2/3	Loewe	Faust	7.50	Hold	2
Beta Systems Software	Schuldt	3.20	Buy	2/3	Logwin	Rothenbacher	1.60	Buy	2/3/5
Biffinger Berger	Faust	73.00	Buy		LPKF LASER & ELECTRONICS	Schuldt	14.00	Hold	
Biopetrol Industries	Schäfer	0.60	Sell	2/3	Lufthansa	Rothenbacher	20.00	Buy	
Biotest	Possienke	47.00	Accumulate	2/3	MAN	Schuldt	100.00	Hold	
BMW	Schuldt	60.00	Reduce		MAX Automation AG	Schmidt	5.40	Buy	2/5
Carl Zeiss Meditec	Aubéry	17.00	Accumulate		Medion	Faust	12.00	Hold	
Celestio	Possienke	20.00	Accumulate		Merck	Possienke	75.00	Accumulate	
Cenit	Pehl	7.00	Buy	2/3	MLP	Häßler	7.50	Hold	
comdirect	Häßler	8.00	Hold		Mobotix AG	Pehl	70.00	Buy	2/3
Commerzbank	Häßler	5.60	Accumulate		Morphosys	Possienke	35.00	Buy	
Continental	Schuldt	75.00	Buy		MTU	Pehl	64.00	Buy	2
DAB Bank	Häßler	4.40	Hold		Munich Re	Häßler	99.00	Reduce	
Daimler AG	Schuldt	60.00	Hold		Nanogate AG	Demidova	23.00	Buy	2/3
Daldrup & Soehne	Schäfer	23.00	Accumulate	2/3	Pfeiffer Vacuum	Pehl	110.00	Buy	
Demag Cranes	Schmidt	45.00	Buy	2	Pfleiderer	Faust	1.00	Sell	
Derby Cycle	Faust	17.00	Buy	2/3/4/5	Phoenix Solar	Freudenreich	32.00	Sell	
Deutsche Bank	Häßler	55.00	Reduce		Porsche	Schuldt	61.00	Hold	
Deutsche Biogas	Schäfer	14.00	Buy	2/3/4/5	Postbank	Häßler	20.00	Hold	
Deutsche Boerse	Häßler	55.00	Hold		PSI	Schäfer	23.00	Accumulate	2
Deutsche EuroShop	Rothenbacher	28.50	Hold		Puma	Faust	240.00	Accumulate	
Deutsche Forfait	Häßler	6.30	Accumulate	2/3	Q-Cells	Freudenreich	3.30	Hold	
Deutsche Post	Rothenbacher	16.00	Buy		Rheinmetall	Pehl	71.00	Buy	
Deutsche Telekom	Pehl	12.00	Buy		Rhein-Klinikum	Possienke	19.00	Buy	
DNICK Holding plc	Simmroß	10.00	Buy	2/3	Roth & Rau	Freudenreich	23.00	Accumulate	
Douglas Holding	Faust	46.00	Buy		RWE	Schäfer	47.00	Hold	
Drägerwerk	Aubéry	80.00	Buy		RIB Software	Rothenbacher	10.50	Buy	2/3/4
E.ON	Schäfer	22.00	Hold		Salzgitter	Freudenreich	65.00	Accumulate	
EirongKlinger	Schuldt	23.00	Accumulate		Schuler AG	Schuldt	16.00	Buy	2/3
Epigenomics AG	Aubéry	4.20	Buy	2/3	Seven Principles AG	Pehl	10.00	Buy	2/3/5
Euromicron AG	Pehl	30.00	Buy	2/3/5	Singulus Technologies	Freudenreich	3.90	Hold	5
Fielmann	Possienke	75.00	Accumulate		SMA Solar Technology	Freudenreich	70.00	Reduce	
Fraport	Rothenbacher	60.00	Buy		SMT SCHARF AG	Schmidt	22.00	Buy	2/3/5
Free net	Pehl	9.50	Accumulate	2	Solar-Fabrik	Freudenreich	7.00	Buy	2/3/5
Fresenius	Aubéry	70.00	Hold		SolarWorld	Freudenreich	8.50	Hold	
Fresenius Medical Care	Aubéry	53.00	Accumulate		Solutronic	Freudenreich	11.00	Buy	2/3/4/5
Fuchs Petrolub	Demidova	120.00	Accumulate		Stada	Possienke	31.00	Hold	
GEA Group	Schmidt	30.00	Buy		Suess MicroTec	Pehl	13.00	Hold	2/3/5
Gerresheimer AG	Aubéry	38.00	Accumulate		Sunways	Freudenreich	6.50	Accumulate	2/3
Gesco	Schmidt	14.00	Buy	2/3	Symrise AG	Demidova	24.00	Accumulate	
GFT Technologies	Schuldt	5.30	Buy	2/3	ThyssenKrupp	Freudenreich	32.00	Hold	
Gilde Meister	Schmidt	20.00	Buy		Tognum	Schmidt	25.00	Accumulate	
Grenkeleasing AG	Häßler	40.00	Hold		TUI	Rothenbacher	10.00	Hold	
Hannover Re	Häßler	38.00	Hold		United Internet	Pehl	14.50	Accumulate	
Heidelberger Druck	Schmidt	4.50	Buy		VBH Holding	Faust	4.80	Accumulate	2/3
Henkel	Demidova	46.00	Hold		Volkswagen	Schuldt	142.00	Buy	
HHLA	Rothenbacher	33.00	Hold		Vossloh	Schmidt	95.00	Hold	
Hochtief	Faust	70.00	Accumulate		Wacker Chemie	Freudenreich	170.00	Accumulate	
Hombach Holding	Possienke	115.00	Buy		Wincor Nixdorf	Pehl	63.00	Hold	
Hugo Boss	Faust	70.00	Accumulate						

Source: equinet Recommendations

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Remarks

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

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

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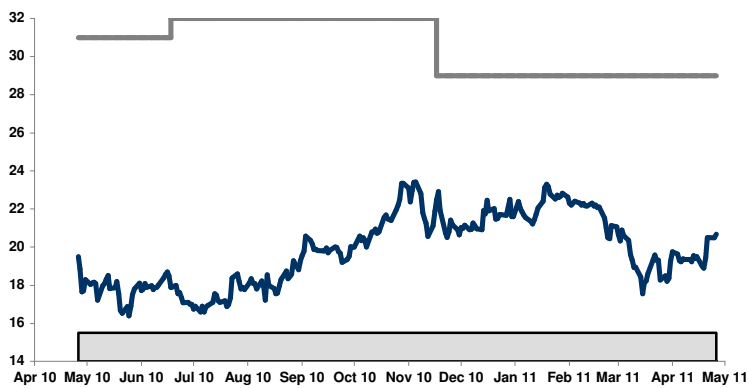
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Graurheindorfer Straße 108, 53117 Bonn and
Lurgallee 12, 60439 Frankfurt am Main.

Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
27-Apr-11	Buy	30.00	20.68
30-Mar-11	Buy	29.00	18.36
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**.

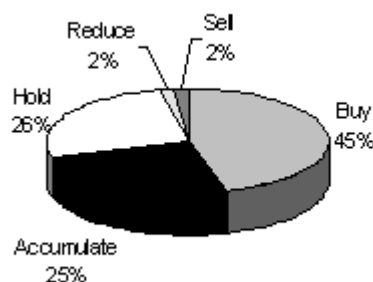
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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 Bank Ratings Breakdown

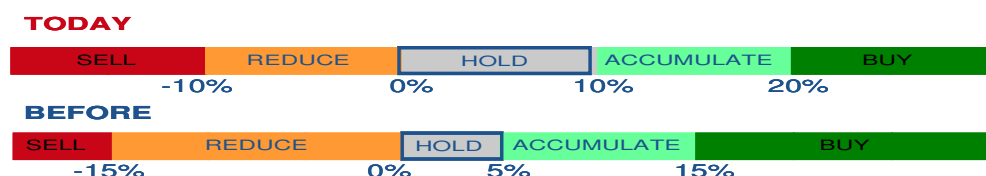


History of ESN Recommendation System

Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

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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