

Investment Research

16 May 2011

Buy

Recommendation unchanged

Share price: EUR 20.66

closing price as of 13/05/2011

Target price: EUR 30.00

Target Price unchanged

Reuters/Bloomberg

EUCG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	21,976
Daily avg. trad. vol. 12 mth (m)	0.44
Price high 12 mth (EUR)	23.42
Price low 12 mth (EUR)	16.40
Abs. perf. 1 mth	5.7%
Abs. perf. 3 mth	-6.7%
Abs. perf. 12 mth	11.6%

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 start into the year

Clearly confirm 'Buy' and PT of EUR 30

EUC released a very solid set of 1Q11 figures today, probably bringing achievement of our full year projections a bit ahead of plan. Nevertheless, we have kept our estimates unchanged to be on the safe side and as those already signal a significant undervaluation of the company. EUC continues to be very attractively valued with a FY12e P/E ratio of 7.5x. Please remember that investors receive a dividend for FY10 of EUR 1.1 (5.3% yield) in June. We confirm our 'Buy' rating and our PT of EUR 30.

- ✓ **Euromicron reported group sales of EUR 57.5m which compared to our forecast of EUR 55m.** Total output was also better than expected and was released at EUR 58.4m (equinet: EUR 56.0m). Here, the yoy increase came thus to a strong 22.1%. The very solid sales increase induced better margins. EUC came up with a **1Q11 EBIT of EUR 4.1m (equinet: EUR 4.0m)** and a 7.1% ratio relative to sales. The latter was up 70bp yoy. **The respective EPS was said to be EUR 0.46 (equinet: EUR 0.43).**
- ✓ **The order backlog figure came in at EUR 117.6m and was thus in line with the figure EUC had communicated before.** Backlog achieved a new record and order intake was strong at EUR 64.1m.

1Q11 review

EUR m	1Q11a	1Q11e	deviation	1Q10	yoy
Group Sales	57.5	55.0	4.6%	45.2	27.3%
Total output	58.4	56.0	4.3%	47.9	22.1%
Group EBIT	4.1	4.0	4.2%	3.1	34.4%
EBIT margin	7.1%	7.1%	-	6.4%	+70bp
Net result	2.4	2.2	6.1%	1.7	38.2%
EPS [EUR]	0.46	0.43	7.0%	0.37	24.3%
Order backlog	117.6	117.0	0.5%	83.2	41.3%

Source: company data, equinet estimates

- ✓ **EUC has confirmed the outlook for annualised sales of EUR 300m including the planned larger acquisition and its longer term strategic margin goal of 8-11%.** In the report the company mentioned an **organic sales target for FY11 for the first time of more than EUR 220m.** Here, our forecast continues to be EUR 230m at a margin of 9.8%. However, we believe that 1Q11 brought achievement potential probably a bit ahead of plan.
- ✓ **Net debt rose from EUR 51m (Dec. 31, 2010) to EUR 64m** mainly as working capital built due to the strong business development. We believe that this will ease in the course of this year. Equity climbed EUR 2m in the quarter, bringing **book value per share to EUR 17.89, explaining 88% (!) of the share price.**
- ✓ **EUC continues to be very attractively valued with a FY12e P/E ratio of 7.5x.** Also EV multiples are not at all stretched (5.4x for EV/EBITDA 12e). On top of that, investors receive a dividend for FY10 of EUR 1.1 (5.3% yield). We have kept our estimates unchanged and continue to recommend buying EUC with a price target of EUR 30.

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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	Integrals AG	Schäfer	6.75	Hold	2/3
Aareal Bank	Häßler	25.00	Buy		Interseroh	Schäfer	40.00	Hold	2/3
Ad pepper	Pehl	2.40	Buy	2/3	Isra	Aubéry	22.00	Buy	2/3
adidas	Faust	64.00	Accumulate		Itelligence	Demidova	8.20	Accumulate	2/3
Advanced Vision Technology	Aubéry	5.00	Buy	2/3	IVG Immobilien AG	Rothenbacher	7.00	Buy	
Aixtron	Pehl	34.00	Accumulate	2/3	K+S AG	Schäfer	64.00	Accumulate	
Allianz	Häßler	111.00	Accumulate		KHD HUMBOLDT WEDAG INTERN.	Schuldt	11.50	Buy	
Analytik Jena	Demidova	10.50	Hold	7	Konttron	Pehl	10.00	Accumulate	
Augusta Technologie	Pehl	24.00	Buy	7	Krones AG	Schmidt	62.00	Buy	
BASF	Demidova	77.00	Accumulate		KTG Agrar	Schäfer	16.00	Accumulate	2/3/5
Bayer	Possienke	67.00	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	50.00	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	83.00	Buy		LPKF LASER & ELECTRONICS	Schuldt	14.00	Hold	
Biopetrol Industries	Schäfer	0.60	Sell	2/3	Lufthansa	Rothenbacher	20.00	Buy	
Biotech	Possienke	47.00	Hold	2/3	MAN	Schuldt	110.00	Buy	
BMW	Schuldt	60.00	Reduce		MAX Automation AG	Schmidt	5.40	Buy	2/5
Carl Zeiss Meditec	Aubéry	18.00	Accumulate		Medion	Faust	12.00	Accumulate	
Celestio	Possienke	18.00	Accumulate		Merck	Possienke	80.00	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	83.00	Buy		MTU	Pehl	61.00	Buy	2
DAB Bank	Häßler	4.40	Hold		Munich Re	Häßler	110.00	Hold	
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	113.00	Buy	
Demag Cranes	Schmidt	50.00	Buy	2	Pfleiderer	Faust	1.00	Sell	
Derby Cycle	Faust	20.00	Buy	2/3/4/5	Phoenix Solar	Freudenreich	21.00	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	72.00	Buy	
Deutsche Telekom	Pehl	12.00	Accumulate		Rhoen-Klinikum	Possienke	19.00	Buy	
DNICK Holding plc	Freudenreich	10.00	Buy	2/3	Roth & Rau	Freudenreich	23.00	Accumulate	
Douglas Holding	Faust	44.00	Accumulate		RWE	Schäfer	47.00	Hold	
Drägerwerk	Aubéry	87.00	Buy		RIB Software	Rothenbacher	10.50	Buy	2/3/4
E.ON	Schäfer	22.00	Hold		Salzgitter	Freudenreich	65.00	Accumulate	
ElringKlinger	Schuldt	26.00	Accumulate		Schuler AG	Schuldt	16.00	Buy	2/3
Epigenomics AG	Aubéry	4.20	Buy	2/3	Seven Principles AG	Pehl	12.00	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	Accumulate		SMT SCHARF AG	Schmidt	22.00	Buy	2/3/5
Freenet	Pehl	10.50	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	Hold		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	5.10	Buy	2/3	ThyssenKrupp	Freudenreich	32.00	Hold	
Gildemeister	Schmidt	23.00	Buy		Tognum	Schmidt	30.00	Accumulate	
Grenkeleasing AG	Häßler	40.00	Hold		TUI	Rothenbacher	10.00	Buy	
Hannover Re	Häßler	38.00	Hold		United Internet	Pehl	15.00	Accumulate	
Heidelberger Druck	Schmidt	2.50	Sell		VBH Holding	Faust	4.80	Accumulate	2/3
Henkel	Demidova	46.00	Hold		Volkswagen	Schuldt	152.00	Buy	
HHLA	Rothenbacher	33.00	Hold		Vossloh	Schmidt	85.00	Reduce	
Hochtief	Faust	70.00	Buy		Washtec	Schuldt	14.00	Buy	
Hombach Holding	Possienke	115.00	Buy		Wacker Chemie	Freudenreich	178.00	Accumulate	
Hugo Boss	Faust	70.00	Accumulate		WincorNixdorf	Pehl	44.00	Reduce	
HYPOPORT AG	Häßler	17.00	Buy						
iFAO AG	Rothenbacher	16.00	Buy	2/3					

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.

Actualizations

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Bundesanstalt für Finanzdienstleistungsaufsicht
-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Lurgialle 12, 60439 Frankfurt am Main.

Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
27-Apr-11	Buy	30.00	20.76
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**.

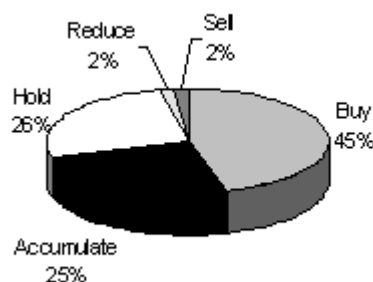
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Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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

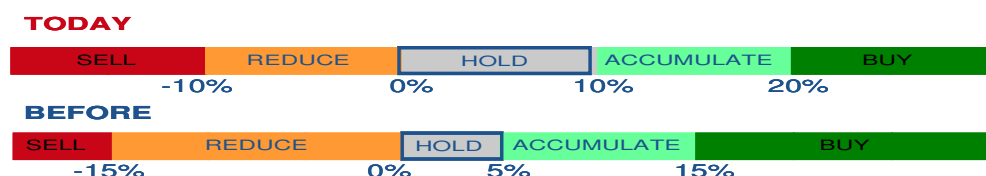


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Since 4 August 2008, the ESN Rec. System has been amended as follow.

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



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