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Europe | Germany | Technology

DR. KALLIWODA
RESEARCH GmbH

Update

BUY

Target price: €26.10

Overview

Industry:	Technology
Country:	Germany
ISIN:	DE000A1K0300
Reuters:	EUCAn.DE
Bloomberg:	EUCAGR
Website:	www.euromicron.net

Last price	15.83
	High Low
Price 52 weeks:	23.09 14.40
Market cap (EURm)	105.49
Number of shares (m)	6.66

Shareholder structure

Universal-Investment GmbH	4.92%
Free float	95.08%

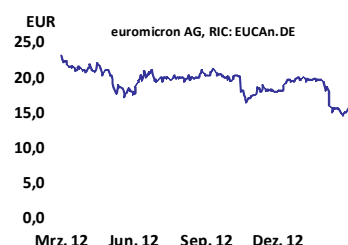
Performance

4 weeks	-11.28%
13 weeks	-10.03%
26 weeks	-19.76%
52 weeks	-27.71%
YTD	-13.58%

Dividend

	in EUR	in %
2009	0.96	6.07%
2010	1.06	6.68%
2011	1.15	7.26%
2012E	0.40	2.53%

52-Week Chart



Analyst

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euromicron AG

New price target after 2012 results

- Although we had lowered our estimates after 9M/12 results, euromicron's full-year 2012 figures were at the lower end of our range of expectations. Total revenues equaled €330m (+8% y-o-y) and thus reached the lower-end of the company's guidance (€330m-345m). With €17.1m (-29.3% y-o-y) and €8.6m (-29.7% y-o-y), both EBIT and net income did not reach our estimates. The main reason were unexpected integration costs of €4.5m, which were reflected mainly in a higher share of personnel costs and other operating expenses y-o-y. As of 31 December 2012, order intake and backlog amounted to €327.8m (+6% y-o-y) and €125.2m (-1.8% y-o-y) respectively.
- In 2012, the main growth driver was the segment euromicron WAN services (+53.8% y-o-y to €102.8m), which in contrast to last year accounted for full 12 months of telent's revenues. Sales of both the euromicron Nord (-4.4% to €111.6m) and euromicron Süd (-4.4% to €131.5m) segment were negatively affected by much weaker investment spending especially by clients from the telecommunication sector.
- Although net income was below last year, the operating cash flow improved from €0.5m in 2011 to €7m. The reasons were higher D&A expenses and a much lower increase of working capital, especially trade receivables. However, due to significantly lower cash flow from financing y-o-y (€4.4m vs. €18.7m), which in 2011 was affected by a capital increase worth €24.2m net, total cash outflow in 2012 amounted to €1.9m (2011: €1.3m). As of 31 December 2012, euromicron's equity position equaled €118.5m (equity ratio of 41.7%) and net debt €81.5m.
- Given weaker than expected profitability in 2012 and management's intention to extend integration and consolidation measures, we have again lowered our EBIT and net income forecasts. However, in light of the company's objective to increase sales significantly by 2015, we have adjusted our top-line estimates accordingly. While this leads to a lower 12-months DCF-based price target of €26.10 (previously €27.40), we reiterate our Buy rating for the stock.

Key Figures

EURm	2009	2010	2011	2012	2013E	2014E
Net sales	187.33	203.64	305.31	330.03	358.08	391.38
EBITDA	21.10	24.73	30.78	25.03	28.18	31.53
EBIT	18.04	20.13	24.22	17.08	19.56	22.11
Net income	10.74	11.46	12.23	8.57	9.44	11.27
EPS	2.39	2.38	2.33	1.29	1.42	1.69
BVPS	17.58	18.45	22.78	17.79	18.49	19.34
RoE	14.16%	13.66%	11.74%	7.20%	7.81%	8.94%
EBIT margin	9.63%	9.88%	7.93%	5.18%	5.46%	5.65%
P/E	6.62x	6.65x	6.79x	12.31x	11.17x	9.36x
P/BVPS	0.90x	0.86x	0.69x	0.89x	0.86x	0.82x
EV/EBITDA	9.96x	7.56x	6.07x	7.17x	6.62x	5.92x

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1 Company profile

euromicron AG is a manufacturer and provider of network solutions and optical fibre technology. Moreover, the company is a full-service provider of communication and security solutions for different industries and requirements. euromicron covers the entire value chain. Along with planning, implementation and maintenance of communication and security solutions, which are usually based on IP networks, the company also offers development, production and distribution of network components as well as consulting and purchasing. The organization is divided into three segments and four marketing areas.

euromicron AG – Company structure

Holding	Management Holding		
	Finance, Personnel, Purchasing, IT, Public & Investor Relations		
	North	South	WAN services
Components	Highest quality in manufacturing, which is conducted according to customer requirements		
	- Active / Passive Optical Network Components - Test and Working Station Systems		- Maintenance - Managed Services
	LWL Sachsenkabel GmbH (D) MICROSENS GmbH Co. KG & Beteiligungen GmbH (D, F, PL)	ELABO GmbH (D) EUROMICRON Werkzeuge GmbH (D)	
Networks	Integrated, one-stop approach for client-specific, cross-system project and system solutions for convergent networks		
	- Voice/Unified Communication - Video/Monitoring - Intelligent Networks		- Security - PMR Solutions
	euromicron systems GmbH (D) SSM euromicron GmbH (D)	euromicron solutions GmbH (D, P) Avalan GmbH (D) euromicron austria GmbH (A) euromicron NBG Fiber Optics (A)	telenet GmbH (D)
Distribution	Long-term relationships with international manufacturers of active and passive network components allow for qualified and independent solutions at best-possible terms just-in-time		
	- Consulting - Training (Certificates, Seminars)		- Analysis - Service
		SKM Skyline GmbH (D) Qubix S.p.A. networking solutions & distribuion GmbH (I)	
Service	Strategic and cross-segment control and operating tasks, which do not directly belong to the core business e.g.		
	Administration of Property and Buildings		Financing of Specific Shareholdings
	euromicron international services GmbH (D)		

2 Valuation

In order to value euromicron, we have used our DCF model, which derives a 12-months price target for the stock of €26.10. Compared to the current market level, this corresponds to an upside of 64.9%.

DCF model

WACC assumptions	
Growth assumptions	
Long-term growth rate	2.0%
Assimilation phase (from 2015)	5 years
Sales growth at the beginning	4.5%
Margin development (p.a)	-1 BP
Equity	
Risk-free rate	2.3%
Market risk premium	5.0%
Beta	1.50
Equity costs	9.8%
Debt costs	
Debt costs (before tax)	7.0%
Tax rate on interest	30.0%
Debt costs (after tax)	4.9%
Equity ratio	70
Debt ratio	30
Gearing	42.9%
WACC	8.3%

Discounted Cash Flow Model (Basis 03/2013)

	Phase 1								
in EURm	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Net sales	358.08	391.38	426.61	445.81	463.64	478.47	491.39	503.68	514.76
(y-o-y change)	8.5%	9.3%	9.0%	4.5%	4.0%	3.2%	2.7%	2.5%	2.2%
EBIT	19.56	22.11	27.53	32.34	37.35	40.45	40.88	41.77	42.22
(EBIT margin)	5.4%	5.6%	6.4%	7.2%	8.0%	8.4%	8.3%	8.3%	8.2%
NOPLAT	13.69	15.48	19.27	22.64	26.15	28.31	28.61	29.24	29.56
+ Depreciation	8.62	9.42	10.27	10.73	11.16	11.52	11.83	12.12	12.39
= Net operating cash flow	22.31	24.90	29.54	33.37	37.31	39.83	40.44	41.36	41.94
- Total investments (Capex and WC)	-21.96	-24.22	-24.62	-21.95	-22.20	-22.02	-22.00	-22.23	-22.29
Capital expenditure	-15.62	-16.42	-16.27	-16.73	-17.16	-17.52	-17.83	-18.12	-18.39
Working capital	-6.35	-7.80	-8.35	-5.22	-5.04	-4.51	-4.17	-4.11	-3.90
= Free cash flow (FCF)	0.35	0.67	4.91	11.42	15.10	17.81	18.44	19.13	19.65
PV of FCFs	0.33	0.58	3.94	8.45	10.32	11.23	10.73	10.28	9.75

PV of FCFs in explicit period	74.73
PV of FCFs in terminal period	167.86
Enterprise value (EV)	242.59
+ Net cash / - net debt	-81.49
+ Investments / - Minorities	-0.53
Shareholder value	160.58
Number of shares outstanding (m)	6.66
WACC	8.3%
Equity costs	9.8%
Debt costs before tax	7.0%
Tax rate	30.0%
Debt costs after tax	4.9%
Equity share	70.0%
Debt share	30.0%
Fair value per share in € (today)	24.10
Fair value per share in € (in 12 months)	26.10

Sensitivity analysis		Terminal EBIT margin						
		5.1%	6.1%	7.1%	8.1%	9.1%	10.1%	11.1%
WACC	5.3%	36.44	47.46	58.49	69.51	80.53	91.55	102.58
	6.3%	25.05	32.78	40.51	48.24	55.97	63.70	71.43
	7.3%	17.86	23.59	29.32	35.05	40.78	46.51	52.24
	8.3%	12.88	17.29	21.70	26.10	30.51	34.92	39.33
	9.3%	9.22	12.70	16.18	19.66	23.14	26.62	30.10
	10.3%	6.40	9.21	12.01	14.81	17.61	20.41	23.21

Source: Dr. Kalliwoda Research GmbH

Peer Group Analysis

We have additionally conducted a plausibility check of the valuation, which was derived by our DCF model. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, mainly listed companies are chosen, which offer similar products, or have a comparable business model. An analysis of financial figures provides an estimation to which degree the company's valuation stems from a low comparability with its peer group or an under- or overvaluation.

The input data of the peers stem from the information provider Thomson Reuters. The forward-looking financial data of the peer group represent the mean average of all analyst's estimates, which are available on ThomsonReutersKnowledge. We have used the book value in order to approximate the market value of financial liabilities.

Peer Group Multiples		Enterprise Value Multiples						Equity Value Multiples			
Peers	EV / Sales		EV / EBITDA		EV / EBIT		Price / Eps		Price / Bvps		
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	
ADVA Optical Networking SE	0.5	0.5	3.7	3.8	8.7	7.0	12.2	10.0	1.0	0.9	
Alliance Fiber Optic Products Inc	1.5	1.3	9.2	7.4	8.7	7.3	13.1	11.0	1.8	1.7	
Batenburg Techniek NV	0.3	0.3	7.3	5.5	8.7	6.8	8.1	7.2	0.7	0.6	
Huber & Suhner AG	1.2	1.1	13.3	9.8	16.0	13.2	20.3	16.9	1.5	1.4	
Royal Imtech NV	0.3	0.3	6.0	6.0	6.9	6.2	5.5	4.7	0.8	0.7	
euromicron AG	0.5	0.5	6.6	5.9	9.5	8.4	11.0	9.2	0.8	0.8	
Median	0.5	0.5	7.3	6.0	8.7	7.3	12.2	10.0	0.8	0.8	
Mean	0.7	0.6	9.6	6.5	10.8	8.5	12.3	10.6	1.0	1.0	
Peer Benchmark	0.5	0.5	7.3	6.0	8.7	7.3	12.2	10.0	0.8	0.8	
Discount (-)/Premium (+)	1%	0%	-10%	-2%	9%	15%	-9%	-8%	0%	0%	

Valuation											
Peer Benchmark	0.5	0.5	7.3	6.0	8.7	7.3	12.2	10.0	0.8	0.8	
euromicron AG financials	358.1	391.4	28.2	31.5	19.6	22.1	1.4	1.7	18.5	19.3	
Implied Enterprise Value	184.5	185.6	205.1	190.2	170.9	161.0					
+ Cash and Cash Equivalents	5.6	5.6	5.6	5.6	5.6	5.6					
- Financial Debt	87.1	87.1	87.1	87.1	87.1	87.1					
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0					
- Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0					
- Preferred Equity	0.0	0.0	0.0	0.0	0.0	0.0					
+ Change in Equity Capital	0.0	0.0	0.0	0.0	0.0	0.0					
Implied Equity Value	103.0	104.1	123.6	108.7	89.4	79.5					
Number of Shares	6.7	6.7	6.7	6.7	6.7	6.7					
Implied fair value per share	15.5	15.6	18.6	16.3	13.4	11.9	17.3	17.0	15.6	15.6	
Weights	17%	17%	17%	17%	17%	17%	25%	25%	25%	25%	
Results	15.22						16.37				
Weights	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	
Fair Value Implied by Both Peer Multiples:					15.68 EUR						
Premium (Discount) to Peer Benchmark: 0 %											
Fair Value per Share 15.68 EUR											

Source: Dr. Kalliwoda | Research 2013

Based on our peer multiples, the implied fair value equals EUR 15.68 per share.

3 Fiscal-year 2012 results

Revenues

In fiscal-year 2012, euromicron generated total sales of €330m (+8.1% y-o-y), which were 5.5% higher than our estimates, however only at the lower-end of its own guidance (€330m-€345m). Most of the revenue growth stemmed from Germany, which increased its share in total sales from 87.7% in 2011 to 90.6%. Given the economic uncertainty, especially from Q3/12, and weak demand in countries, which have been affected by the Euro debt crisis, order intake (€327.8m, +6% y-o-y) and backlog (€125.2m, -1.8% y-o-y) showed a very solid development.

Between January and December 2012, the main revenue driver was the new segment euromicron WAN services, where sales grew by 53.8% y-o-y to €102.8m. The reason was telent GmbH, which euromicron bought via Asset Deal in June 2011 and which for the first time was taken into account over full 12 months. Due to weaker investment spending and project delays especially in other EU countries (ex Germany) both euromicron Nord (-4.4% to €111.6m) and euromicron Süd (-4.4% to €131.5m) showed a weaker performance y-o-y.

2012 vs. our estimates and previous year

2012 vs. our estimates and previous year

in EURm	2012	2012E	2011	2012 vs. 2012E (%)	change (%)
Net sales	330.03	312.94	305.31	5.5%	8.1%
EBITDA	25.03	27.38	30.73	-8.6%	-18.6%
EBITDA margin	7.6%	8.7%	10.1%		
EBIT	17.08	20.65	24.16	-17.3%	-29.3%
EBIT margin	5.2%	6.6%	7.9%		
Net income	8.57	9.84	12.19	-12.9%	-29.7%
Net margin	2.6%	3.1%	4.0%		

Source: Company data, Dr. Kalliwoda Research GmbH

Sales and EBIT margins according to segments

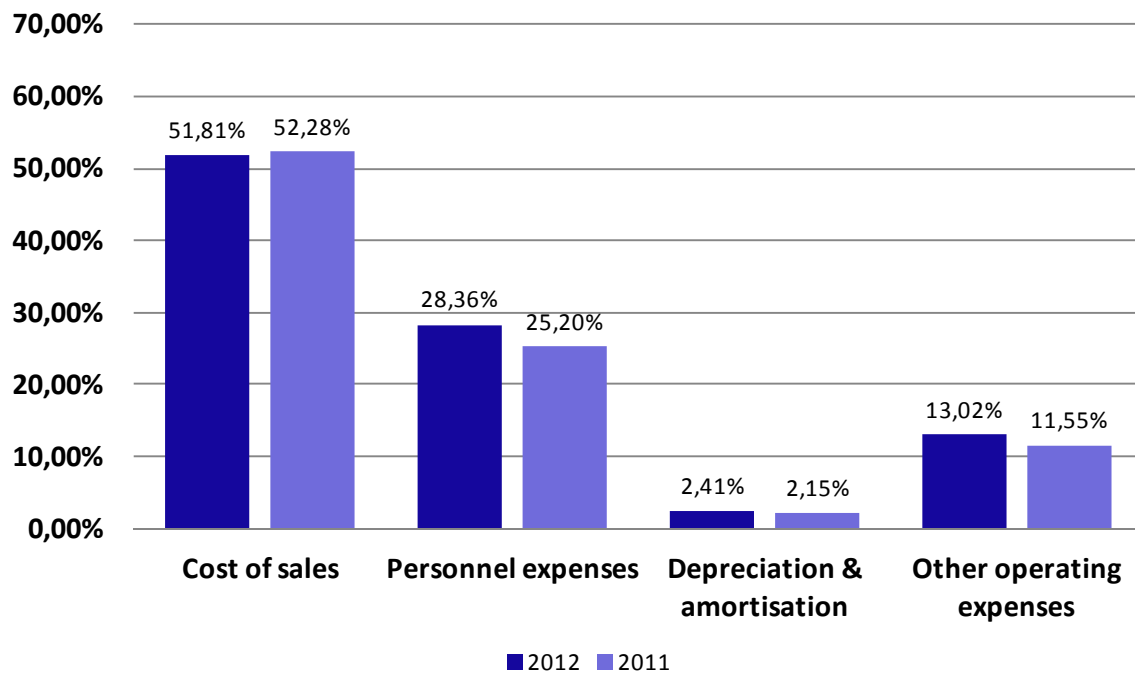
Sales and EBIT margins according to segments 2012 vs. 2011

	2012	2011		2012	2011
euromicron Nord			euromicron WAN services		
Sales €m	111.65	116.79	Sales €m	102.84	66.85
share in total sales	33.8%	38.3%	share in total sales	31.2%	21.9%
EBIT margin	12.9%	16.2%	EBIT margin	7.8%	6.3%
euromicron Süd			Group (after consolidation)		
Sales €m	131.52	137.63	Total sales	330.03	305.31
share in total sales	39.9%	45.1%	change y-o-y	8.1%	
EBIT margin	0.4%	5.0%			
Germany			Rest of the World		
Sales €m	298.90	267.80	Sales €m	5.60	3.30
share in total sales	90.6%	87.7%	share in total sales	1.7%	1.1%
Euro zone					
Sales €m	25.50	34.20			
share in total sales	7.7%	11.2%			

Source: Company data, Dr. Kalliwoda Research GmbH

Profitability

Share in total revenues 2012 vs. 2011



Source: Company information, Dr. Kalliwoda Research GmbH

In 2012, EBIT and net income developed weaker than our (revised) estimates, however in-line with euromicron's own forecast (EBIT margin of max. 7%). Operating profit went down by 29.3% y-o-y to €17.1m (KRe: €20.7m) and net income by 29.7% to €8.6m (KRe: €9.8m), mainly resulting from integration expenses of €4.5m. Over the past two years, euromicron has bought several specialized companies, which are important for strengthening its position as a one-stop shop for telecommunication and network infrastructure. They included e.g. telent GmbH, ACE Advanced Communication Engineering GmbH, TeraMile GmbH (in 2011) as well as ANS Group and RSR Datacon GmbH & Co. KG. (in 2012).

Balance Sheet and Cash Flow

At the end of December 2012, the most important positions on euromicron's balance sheet were (1) equity of €118.5m (2) goodwill of €106.4m and (3) trade receivables of €96.8m. As of 31 December 2012, interest-bearing debt amounted to €87.1m (thereof 56% long-term) and liquid funds (cash plus short-term financial assets) totalled €5.6m. Thus, euromicron had a net gearing of 68.8% compared to 52% at the end of 2011.

Although net income went down y-o-y, the operating cash flow improved from €0.5m in 2011 to €7m. The reasons were higher D&A expenses y-o-y (€7.9m vs. €6.6m in 2011) as well as much lower investments into working capital (€11.8m vs. €25.4m). While cash outflow from investing went down y-o-y (€13.3m vs. €20.4m) due to significant acquisitions in 2011, the cash flow from financing decreased too as in 2011 it was affected by a capital increase worth €24.2m net. In total, euromicron's cash position decreased by €1.2m in 2012.

4 Outlook

After the release of 2012 results, we have again reduced our profit estimates and now expect an EBIT margin of 8-8.5% in the long-term vs. company's target of 8-11%. However, in light of management's sales target of €500m by 2015 due to recent acquisitions and good growth prospects, we have increased our top-line forecasts (we now expect a CAGR 12-15 of 8.9% vs. 4.2% earlier). Together, the adjustments lead to a slightly lower 12-months DCF-based price target of €26.10 (previously €27.40).

According to management, fiscal-years 2013 and 2014 will be affected by further (smaller) acquisitions of specialized companies, integration measures and process improvements. This is why in 2013 we see the EBIT margin falling to 5.4% and only slightly increasing to 5.6% in 2014. Also, in order to maintain financial flexibility and lower the net gearing, euromicron's management have proposed to reduce 2012 dividend from €1.15 in 2011 to €0.30. In our view, results (and dividend payouts) will only improve markedly from 2015, when the organizational changes and integration of new subsidiaries, the "Buy-and-Integrate-Phase", which is set to make the company ready for a significant expansion of business volume, will be completed.

In our view, euromicron remains a highly attractive long-term investment as it is well-positioned to benefit from high investments into telecommunication and network infrastructure e.g. due to increasing online data volumes and the introduction of the mobile technology LTE. Despite its capital-intensive business model and high integration expenses in the short-term, we think that in the next years the company will strongly benefit from the fact that it covers the entire value chain with its services.

Our forecasts 2013E-15E

Our forecasts 2013E - 2015E

in EURm	2013E		2014E		2015E	
	new	old	new	old	new	old
Net sales	358.08	338.60	391.38	355.87	426.61	373.66
EBITDA	28.18	34.70	31.53	38.55	37.79	41.60
EBITDA margin	7.9%	10.2%	8.1%	10.8%	8.9%	11.1%
EBIT	19.56	27.42	22.11	30.90	27.53	33.57
EBIT margin	5.5%	8.1%	5.6%	8.7%	6.5%	9.0%
Net income	9.44	14.42	11.27	16.83	15.02	18.20
Net margin	2.6%	4.3%	2.9%	4.7%	3.5%	4.9%

Source: Dr. Kalliwoda Research GmbH

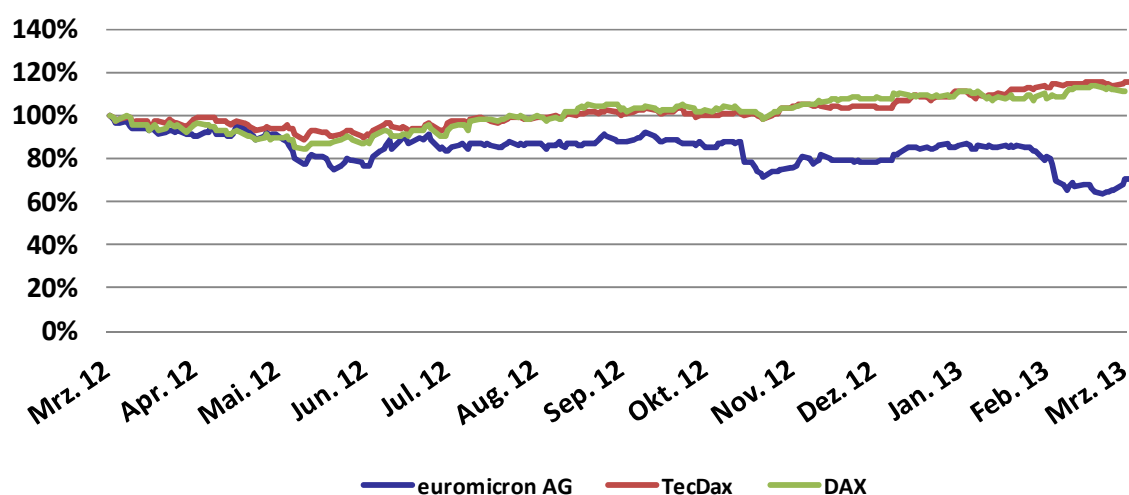
Sales estimates according to segments 2013E-15E

Sales estimates according to segments 2013E-2015E			
in EURm	2013E	2014E	2015E
euromicron Nord	120.78	131.62	143.04
change y-o-y	8.2%	9.0%	8.7%
share in total sales	33.7%	33.6%	33.5%
euromicron Süd	142.35	155.19	168.73
change y-o-y	8.2%	9.0%	8.7%
share in total sales	39.8%	39.7%	39.6%
euromicron WAN services	112.86	124.14	136.17
change y-o-y	9.7%	10.0%	9.7%
share in total sales	31.5%	31.7%	31.9%
Consolidation	-17.90	-19.57	-21.33
Total sales	358.08	391.38	426.61

Source: Dr. Kalliwoda Research GmbH

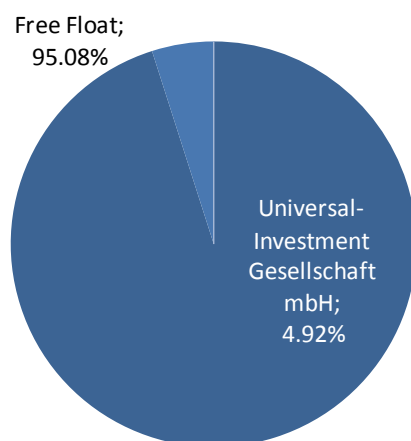
5 Stock and shareholder structure

Share performance



Source: Reuters, Dr. Kalliwoda Research GmbH

Shareholder structure



Source: Company information, Dr.Kalliwoda Research GmbH

6 Profit and loss statements

Profit and loss statement - euromicron AG						
	Fiscal year					
in EURm	2009	2010	2011	2012	2013E	2014E
Sales split						
euromicron Nord	92.53	103.66	116.79	111.65	120.78	131.62
euromicron Süd	102.48	108.99	137.63	131.52	142.35	155.19
WAN Services	0.00	0.00	66.85	102.84	112.86	124.14
Consolidation	-7.68	-9.01	-15.96	-15.98	-17.90	-19.57
Net sales	187.33	203.64	305.31	330.03	358.08	391.38
Internally produced and capitalised assets	1.70	1.52	1.95	5.61	1.90	1.90
Change in inventories	-6.88	1.21	-7.44	-5.85	2.28	1.53
Total Output	182.15	206.38	299.81	329.79	362.26	394.82
Cost of goods sold	-92.47	-107.32	-159.62	-171.00	-187.84	-204.72
Gross profit	89.69	99.06	140.19	158.79	174.42	190.10
Other operating income	2.10	4.48	2.72	2.80	7.25	7.90
Personnel costs	-48.14	-54.25	-76.88	-93.59	-102.08	-110.46
Depreciation & Amortization	-3.06	-4.60	-6.56	-7.94	-8.62	-9.42
Other operating expenses	-22.55	-24.56	-35.26	-42.97	-51.41	-56.00
EBIT	18.04	20.13	24.22	17.08	19.56	22.11
Net financial results	-2.83	-2.91	-6.36	-4.86	-5.65	-5.50
EBT	15.21	17.22	17.85	12.23	13.91	16.61
Income taxes	-3.76	-5.09	-4.95	-3.40	-4.17	-4.98
Minority interests	-0.70	-0.67	-0.67	-0.26	-0.30	-0.35
Net income / loss	10.74	11.46	12.23	8.57	9.44	11.27
EPS	2.39	2.38	2.33	1.29	1.42	1.69
DPS	0.96	1.06	1.15	0.40	1.15	1.18
Change y-o-y						
Net sales	n.a	8.71%	49.92%	8.10%	8.50%	9.30%
Total Output	n.a	13.30%	45.27%	10.00%	9.85%	8.99%
Cost of goods sold	n.a	16.06%	48.74%	7.13%	9.85%	8.99%
Gross profit	n.a	10.45%	41.53%	13.26%	9.85%	8.99%
Other operating income	n.a	113.04%	-39.14%	2.68%	159.03%	8.99%
Personnel costs	n.a	12.70%	41.71%	21.74%	9.07%	8.21%
Depreciation & Amortization	n.a	50.36%	42.64%	21.03%	8.50%	9.30%
Other operating expenses	n.a	8.90%	43.57%	21.86%	19.64%	8.93%
EBIT	n.a	11.58%	20.33%	-29.46%	14.52%	13.02%
Net financial results	n.a	2.61%	119.00%	-23.70%	16.35%	-2.65%
EBT	n.a	13.25%	3.68%	-31.51%	13.79%	19.39%
Income taxes	n.a	35.39%	-2.65%	-31.40%	22.83%	19.39%
Net income / loss	n.a	6.68%	6.69%	-29.94%	10.21%	19.39%
EPS	n.a	-0.42%	-2.10%	-44.82%	10.21%	19.39%
DPS	n.a	9.99%	8.80%	-65.22%	187.50%	2.61%
Share in total sales						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Output	59.66 %	67.60 %	98.20 %	108.02 %	118.65 %	129.32 %
Cost of goods sold	-30.29 %	-35.15 %	-52.28 %	-51.81 %	-52.46 %	-52.31 %
Gross profit	29.38 %	32.45 %	45.92 %	48.11 %	48.71 %	48.57 %
Other operating income	0.69 %	1.47 %	0.89 %	0.85 %	2.02 %	2.02 %
Personnel costs	-15.77 %	-17.77 %	-25.18 %	-28.36 %	-28.51 %	-28.22 %
Depreciation & Amortization	-1.00 %	-1.51 %	-2.15 %	-2.41 %	-2.41 %	-2.41 %
Other operating expenses	-7.39 %	-8.04 %	-11.55 %	-13.02 %	-14.36 %	-14.31 %
EBIT	5.91 %	6.59 %	7.93 %	5.18 %	5.46 %	5.65 %
Net financial results	-0.93 %	-0.95 %	-2.08 %	-1.47 %	-1.58 %	-1.41 %
EBT	4.98 %	5.64 %	5.85 %	3.70 %	3.89 %	4.24 %
Income taxes	-1.23 %	-1.67 %	-1.62 %	-1.03 %	-1.17 %	-1.27 %
Net income / loss	3.52 %	3.75 %	4.01 %	2.60 %	2.64 %	2.88 %

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7 Balance sheets

Balance sheet - euromicron AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Assets						
Cash and cash equivalents	9.77	8.57	7.30	5.41	0.58	-6.68
Inventories	13.24	17.19	25.08	27.50	30.21	32.92
Trade accounts and notes receivables	51.20	54.72	88.07	96.77	104.99	114.76
Other current assets	4.49	4.81	5.17	7.47	8.10	8.86
Other financial assets	0.00	1.33	1.16	0.23	0.25	0.27
Current assets	78.69	86.63	126.78	137.38	144.12	150.12
Property, plant and equipment	10.91	11.56	15.13	16.26	18.76	21.26
Other intangible assets	9.58	14.81	18.26	21.03	25.53	30.03
Goodwill	84.04	81.88	103.63	106.37	106.37	106.37
Financial assets	1.08	0.89	0.73	0.72	0.78	0.85
Other assets	0.19	0.10	0.18	0.20	0.21	0.23
Deferred tax assets	1.41	0.37	0.47	1.93	0.00	0.00
Non-current assets	107.21	109.60	138.39	146.50	151.65	158.74
Total assets	185.91	196.23	265.16	283.88	295.77	308.86
Liabilities						
Trade payables	20.52	22.37	31.62	42.87	46.06	49.08
Tax liabilities	2.61	4.71	9.70	7.98	8.66	9.46
Personnel liabilities	1.11	3.86	9.67	9.83	10.67	11.66
Other short-term liabilities	4.93	2.47	13.88	6.07	6.59	7.20
Short-term bank debt	49.81	45.29	29.76	31.00	30.00	29.00
Finance lease	0.20	0.19	0.30	0.60	0.64	0.68
Other financial liabilities	0.00	2.53	2.97	6.78	6.58	6.38
Provisions	1.47	0.07	1.22	2.06	2.24	2.45
Current liabilities	80.64	81.48	99.12	107.19	111.42	115.90
Long-term bank debt	8.16	4.40	24.67	37.59	42.59	48.09
Leasing debt	0.54	0.82	1.46	2.16	2.41	2.66
Other financial debt	10.00	10.77	10.79	8.03	8.07	8.11
Pension provisions	0.00	0.66	0.73	0.98	1.07	1.17
Provisions	1.01	0.14	0.48	1.16	1.26	1.37
Other liabilities	0.10	2.08	0.00	0.00	0.00	0.00
Deferred tax liabilities	5.19	6.62	7.87	7.74	4.90	1.52
Long-term liabilities	25.00	25.49	46.00	57.65	60.29	62.91
Total liabilities	105.64	106.97	145.12	164.83	171.71	178.81
Shareholders equity	79.02	88.83	119.56	118.52	123.24	128.88
Minority interests	1.25	0.43	0.48	0.53	0.82	1.17
Total equity and liabilities	185.91	196.23	265.16	283.88	295.77	308.86

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8 Cash flow statements

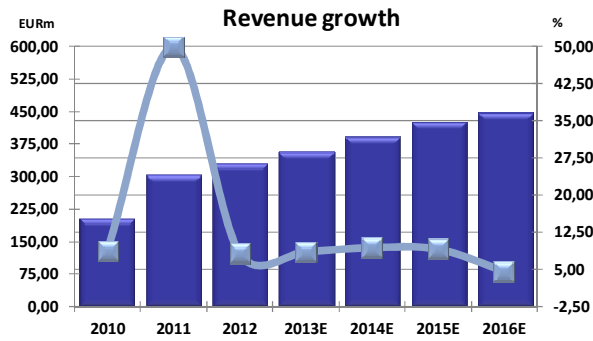
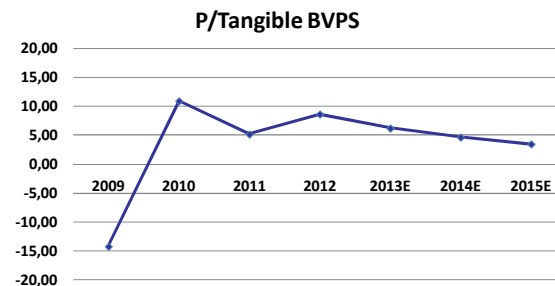
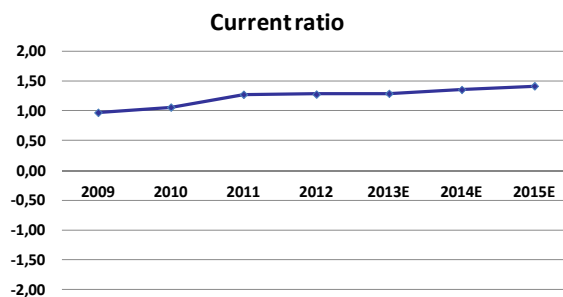
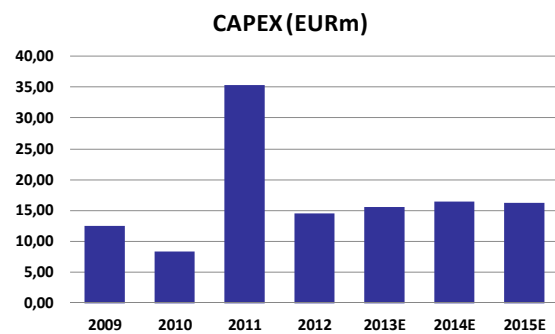
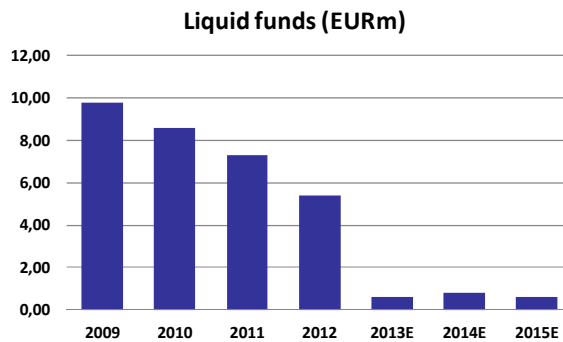
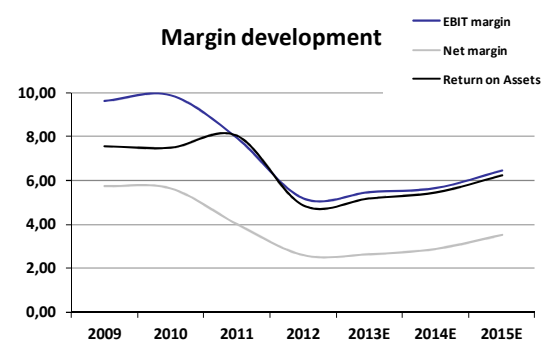
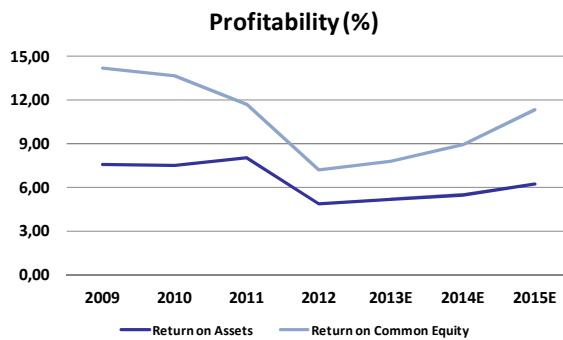
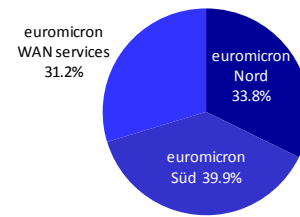
Cash flow statement - euromicron AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income / loss	10.74	11.46	12.23	8.57	9.44	11.27
Depreciation & Amortization	3.06	4.60	6.56	7.94	8.62	9.42
Change of working capital	3.34	-10.91	-25.36	-11.82	-6.35	-7.80
Others	-2.92	3.33	7.04	-0.08	-0.63	-3.06
Net operating cash flow	14.23	8.48	0.47	6.96	11.09	9.83
Cash flow from investment	-9.87	-5.98	-20.40	-13.29	-15.62	-16.42
Free cash flow	4.35	2.50	-19.92	-6.33	-4.53	-6.59
Cash flow from financing	-5.89	-2.56	18.65	4.45	-0.31	-0.67
Change of cash	-1.54	-0.06	-1.27	-1.89	-4.84	-7.26
Cash at the beginning of the period	10.17	8.63	8.57	7.30	5.41	0.58
Cash at the end of the period	8.63	8.57	7.30	5.41	0.58	-6.68

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9 Financial ratios

Fiscal year	2009	2010	2011	2012E	2013E	2014E	2015E	2016E
Gross margin	49.24%	48.00%	46.76%	48.15%	48.15%	48.15%	48.15%	48.15%
EBITDA margin	11.26%	12.14%	10.08%	7.58%	7.87%	8.06%	8.86%	9.66%
EBIT margin	9.90%	9.75%	8.08%	5.50%	5.40%	5.60%	6.40%	7.20%
Net margin	5.90%	5.55%	4.08%	2.60%	2.61%	2.86%	3.49%	4.08%
Return on equity (ROE)	14.16%	13.66%	11.74%	7.20%	7.81%	8.94%	11.32%	13.00%
Return on assets (ROA)	7.58%	7.52%	8.06%	4.89%	5.21%	5.55%	6.44%	7.18%
Return on capital employed (ROCE)	12.90%	12.36%	10.54%	6.98%	7.43%	8.02%	9.44%	10.64%
Net debt (in EURm)	58.94	54.76	62.22	81.49	90.52	102.48	110.14	111.49
Net gearing	74.59%	61.64%	52.04%	68.75%	73.45%	79.52%	80.75%	76.60%
Equity ratio	42.50%	45.27%	45.09%	41.75%	41.67%	41.73%	41.99%	43.47%
Current ratio	0.98	1.06	1.28	1.28	1.29	1.30	1.33	1.34
Quick ratio	0.76	0.79	0.97	0.96	0.95	0.93	0.95	0.95
Net interest cover	6.37	6.93	3.81	3.52	3.46	4.02	5.10	6.05
Net debt/EBITDA	2.79	2.21	2.02	3.26	3.21	3.25	2.91	2.59
Tangible BVPS	-1.12	1.44	3.04	1.82	2.53	3.38	4.50	5.88
Capex/Sales	-6.69%	-4.08%	-11.57%	-4.42%	-4.36%	-4.20%	-3.81%	-3.75%
Working capital/Sales	21.23%	21.27%	17.51%	19.69%	19.92%	20.22%	20.51%	20.80%
EV/Sales	1.00	0.92	0.61	0.57	0.52	0.48	0.44	0.42
EV/EBITDA	8.86	7.56	6.07	7.47	6.63	5.93	4.95	4.34
EV/EBIT	10.37	9.29	7.72	10.95	9.56	8.46	6.79	5.78
P/Tangible BVPS	-14.15	10.96	5.21	8.68	6.25	4.69	3.51	2.69
P/E	6.62	6.65	6.79	12.31	11.17	9.36	7.02	5.76
P/FCF	30.51	-3.83	-12.04	-16.83	-11.57	-148.04	10.46	7.00

Source: Company information, Dr. Kalliwoda Research GmbH

**Sales split 2012**

Source: Company information, Dr. Kalliwoda Research GmbH

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KAUFEN:	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung von mindestens 10 % aufweisen	BUY
AKKUMULIEREN:	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und 10% aufweisen	ACCUMULATE
HALTEN:	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und - 5% aufweisen	HOLD
REDUZIEREN:	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen - 5% und - 10% aufweisen	REDUCE
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