

Investment Research

14 March 2014

Buy

Recommendation unchanged

Share price: EUR 13.82

closing price as of 13/03/2014

Target price: EUR 19.00

Target Price unchanged

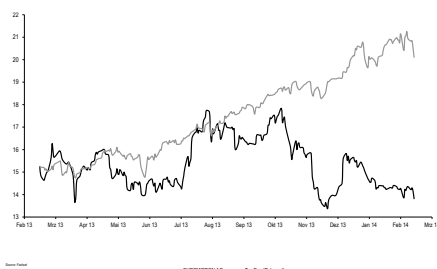
Reuters/Bloomberg

EUCG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	31,061
Daily avg. trad. vol. 12 mth (m)	50.63
Price high 12 mth (EUR)	17.84
Price low 12 mth (EUR)	13.38
Abs. perf. 1 mth	-3.4%
Abs. perf. 3 mth	1.4%
Abs. perf. 12 mth	-11.2%

Market capitalisation (EURm)	99
Current N° of shares (m)	7
Free float	100%

Key financials (EUR)	12/13p	12/14e	12/15e
Sales (m)	330	344	365
EBITDA (m)	15	21	29
EBITDA margin	4.4%	6.1%	8.1%
EBIT (m)	6	12	21
EBIT margin	1.8%	3.6%	5.7%
Net Profit (adj.)(m)	5	7	11
ROCE	4.1%	4.8%	6.4%
Net debt/(cash) (m)	90	81	73
Net Debt Equity	0.7	0.6	0.5
Net Debt/EBITDA	6.2	3.9	2.5
Int. cover(EBITDA/Fin.int)	3.5	5.0	7.4
EV/Sales	0.6	0.6	0.5
EV/EBITDA	13.7	9.3	6.3
EV/EBITDA (adj.)	9.8	8.5	6.3
EV/EBIT	33.3	15.8	9.0
P/E (adj.)	19.2	14.7	8.7
P/BV	0.8	0.8	0.7
OpFCF yield	-12.1%	8.4%	9.0%
Dividend yield	0.0%	1.4%	3.6%
EPS (adj.)	0.75	0.94	1.58
BVPS	18.66	18.11	19.49
DPS	0.00	0.20	0.50



For company description please see summary table footnote

2014 outlook in line with our forecast Confirm 'Buy'/PT EUR 19

The facts: Euromicron (EUCA) released yesterday that the revenue for FY13 will most likely be higher than forecasted in December. According to preliminary figures, **EUCA will report group sales of EUR 330m on March 31 instead of the originally guided EUR 320m.** Implicitly 4Q13 should come in with a top line of EUR 97m, down 6.6% yoy, but up 21% over the third quarter, signalling still strong seasonal effects.

Back in December, management indicated an EBITDA margin of 5%. This was actually slightly missed by 60bp as EUCA reported an EBITDA of EUR 14.5m (previous forecast: c. EUR 16m) and EUR minus3.5m for 4Q13. However, we note that the one-offs cost for the reorganisation and reshaping the group were not at EUR 4.5m as in FY12, but were said to be EUR 5.5-6.0m which explains the delta to a large extent. The corresponding effects from the aforementioned measures were said to have no effect on the liquidity or the financial situation of Euromicron.

As we have alluded to in our December update, the relatively low net earnings situation will not allow for a visible dividend. We kept EUR 0.05 as forecast. EUCA released today that **management will not propose a pay-out to investors which does not make much difference to us.**

For FY14, EUCA guided a recovery of sales towards the level of EUR 340-360m after the first months have developed promising. Management aspiration is still to fulfil the 'Agenda 500', i.e. short to medium term revenues of EUR 500m for the group. The EBITDA margin guidance stands at EUR 6-8%.

Our analysis: EUCA was obviously capable for booking EUR 10m more in the top line than previously thought. Nevertheless, some project postponements must have still occurred. The additional sales did not materialize on the earnings level, but **we consider the released EBITDA to be broadly in line taking the aforementioned higher one-offs into account.** As management alluded to further restructuring in 2014, we continue with a smaller amount for one-offs of EUR 2m.

Both the sales and EBITDA outlook for FY14 is in line with our forecast or even slightly better taking the mid-point of EUR 350m and 7%, respectively. Despite the recently acquired SIM Secure and ATECS AG, we have opted to stay more conservative as our projections are nearer to the lower end of the management guidance, i.e. at EUR 344m and 6.1%, respectively. Please take also into account that we have included the December capital increase into our model now which has mainly influence on our reported EPS estimates. For FY14e we project EUR 0.75 (adj. EUR 0.94) after EUR 0.81 and for FY15e we model EUR 1.58 after EUR 1.71.

We will check further details including a potential timing shift of the Agenda 500 in the upcoming analyst and investor conference on Monday, March 31, 2014 in Frankfurt.

Conclusion & Action: *We have integrated the FY13 prelims into our model. For the time being, there is limited need to alter our model assumptions for sales and operating results as of FY14e and following periods. Consequently, we continue with our 'Buy'/PT EUR 19 rating.*

Analyst(s): Adrian Pehl, CFA

+49 69 58997 438 adrian.pehl@equinet-ag.de

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Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Sales	305	330	330	344	365	383
Cost of Sales & Operating Costs	-275	-301	-310	-321	-336	-351
Non Recurrent Expenses/Income	0.0	-4.5	-5.8	-2.0	0.0	0.0
EBITDA	30.8	25.0	14.5	20.9	29.4	32.6
EBITDA (adj.)*	30.8	29.5	20.3	22.9	29.4	32.6
Depreciation	-2.9	-3.2	-3.1	-3.3	-3.5	-3.7
EBITA	27.9	21.8	11.5	17.7	25.9	28.9
EBITA (adj)*	27.9	26.3	17.2	19.7	25.9	28.9
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<i>of which PPA amortisation</i>	-1.7	-2.0	-2.0	-1.5	-1.2	-1.0
EBIT	24.2	17.1	6.0	12.3	20.7	23.7
EBIT (adj.)*	25.9	23.6	13.7	15.8	21.9	24.7
Net Financial Interest	-5.3	-4.3	-4.2	-4.1	-4.0	-3.8
Other Financials	-1.0	-0.5	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)	17.9	12.2	1.8	8.1	16.7	19.9
Tax	-5.0	-3.4	-0.5	-2.4	-4.9	-5.9
<i>Tax rate</i>	<i>27.7%</i>	<i>27.8%</i>	<i>30.0%</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	-0.3	-0.3	-0.4	-0.4	-0.5
Net Profit (reported)	12.2	8.6	1.0	5.4	11.4	13.6
Net Profit (adj.)	12.2	11.7	5.0	6.8	11.4	13.6
CASH FLOW (EURm)	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	21.7	18.1	3.3	17.1	23.3	23.4
Change in Net Working Capital	-28.3	-1.1	-8.6	0.5	-5.2	-4.6
Cash Flow from Operations	-6.7	17.0	-5.3	17.6	18.0	18.9
Capex	-8.2	-10.8	-6.3	-9.3	-9.1	-9.6
Net Financial Investments	-27.7	-3.2	-5.5	0.0	0.0	0.0
Free Cash Flow	-42.6	3.0	-17.0	8.3	8.9	9.3
Dividends	-5.3	-6.0	-2.0	0.0	-1.4	-3.6
Other (incl. Capital Increase & share buy backs)	38.7	-15.0	7.0	0.5	0.6	0.6
Change in Net Debt	-9.2	-18.0	-12.0	8.8	8.0	6.3
NOPLAT	18.7	17.0	9.6	11.1	15.4	17.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Net Tangible Assets	15.1	16.3	13.7	14.7	15.8	16.8
Net Intangible Assets (incl. Goodwill)	122	127	133	133	132	132
Net Financial Assets & Other	0.9	0.9	0.8	0.8	0.8	0.8
Total Fixed Assets	138	145	148	148	149	149
Inventories	25.1	27.5	26.4	27.5	29.2	30.7
Trade receivables	88.1	96.8	106	111	118	123
Other current assets	5.6	9.4	4.9	5.3	5.6	6.0
Cash (-)	-8.5	-5.6	6.8	-3.7	-8.4	-14.7
Total Current Assets	127	139	131	147	161	175
Total Assets	266	284	278	295	309	324
Shareholders Equity	120	119	125	130	140	150
Minority	0.5	0.5	0.8	1.2	1.6	2.0
Total Equity	120	119	125	131	141	152
Long term interest bearing debt	35.5	45.6	45.2	46.8	43.5	43.5
Provisions	10.4	11.9	5.7	8.8	12.0	13.0
Other long term liabilities	1.5	5.7	4.5	4.6	4.7	4.8
Total Long Term Liabilities	47.3	63.2	55.4	60.2	60.2	61.3
Short term interest bearing debt	32.7	37.8	37.8	37.8	37.8	37.8
Trade payables	31.6	42.9	42.9	48.8	51.8	54.4
Other current liabilities	33.9	21.0	17.0	17.5	18.1	18.7
Total Current Liabilities	98.3	102	97.7	104	108	111
Total Liabilities and Shareholders' Equity	266	284	278	295	309	324
Net Capital Employed	192	214	225	225	231	236
Net Working Capital	76.8	77.9	86.5	86.0	91.2	95.8
GROWTH & MARGINS	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>49.9%</i>	<i>8.1%</i>	<i>0.0%</i>	<i>4.2%</i>	<i>6.1%</i>	<i>5.0%</i>
EBITDA (adj.)* growth	24.5%	-4.1%	-31.3%	13.1%	28.2%	10.9%
<i>EBITA (adj.)* growth</i>	<i>23.6%</i>	<i>-5.6%</i>	<i>-34.6%</i>	<i>14.1%</i>	<i>31.7%</i>	<i>11.4%</i>
<i>EBIT (adj.)* growth</i>	<i>28.8%</i>	<i>-9.0%</i>	<i>-41.8%</i>	<i>14.8%</i>	<i>38.8%</i>	<i>13.1%</i>



Euromicron AG: Summary tables

GROWTH & MARGINS	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Net Profit growth	6.7%	-4.2%	-57.5%	35.8%	68.1%	19.4%
EPS adj. growth	-2.0%	-24.5%	-57.6%	26.4%	68.1%	19.4%
DPS adj. growth	4.5%	-73.9%	n.m.	n.m.	150.0%	60.0%
EBITDA (adj)* margin	10.1%	8.9%	6.1%	6.7%	8.1%	8.5%
EBITA (adj)* margin	9.1%	8.0%	5.2%	5.7%	7.1%	7.5%
EBIT (adj)* margin	8.5%	7.1%	4.2%	4.6%	6.0%	6.4%
RATIOS	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.5	0.7	0.7	0.6	0.5	0.4
Net Debt/EBITDA	1.9	3.1	6.2	3.9	2.5	2.0
Interest cover (EBITDA/Fin.interest)	5.8	5.8	3.5	5.0	7.4	8.5
Capex/D&A	125.6%	136.4%	73.1%	107.2%	104.4%	107.8%
Capex/Sales	2.7%	3.3%	1.9%	2.7%	2.5%	2.5%
NWC/Sales	25.2%	23.6%	26.2%	25.0%	25.0%	25.0%
ROE (average)	11.7%	9.8%	4.1%	5.3%	8.4%	9.4%
ROCE (adj.)	8.7%	7.7%	4.1%	4.8%	6.4%	7.1%
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
ROCE (adj.)/WACC	1.0	0.8	0.5	0.5	0.7	0.8
PER SHARE DATA (EUR)***	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Average diluted number of shares	5.2	6.7	6.7	7.2	7.2	7.2
EPS (reported)	2.33	1.29	0.14	0.75	1.58	1.89
EPS (adj.)	2.33	1.76	0.75	0.94	1.58	1.89
BVPS	22.81	17.79	18.66	18.11	19.49	20.88
DPS	1.15	0.30	0.00	0.20	0.50	0.80
VALUATION	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
EV/Sales	0.5	0.6	0.6	0.6	0.5	0.5
EV/EBITDA	5.2	8.4	13.7	9.3	6.3	5.5
EV/EBITDA (adj.)*	5.2	7.2	9.8	8.5	6.3	5.5
EV/EBITA	5.7	9.7	17.3	11.0	7.2	6.3
EV/EBITA (adj.)*	5.7	8.0	11.5	9.9	7.2	6.3
EV/EBIT	6.6	12.4	33.3	15.8	9.0	7.6
EV/EBIT (adj.)*	6.2	9.0	14.5	12.3	8.5	7.3
P/E (adj.)	6.8	10.3	19.2	14.7	8.7	7.3
P/BV	0.7	1.0	0.8	0.8	0.7	0.7
Total Yield Ratio	7.2%	1.7%	0.0%	1.4%	3.6%	5.8%
EV/CE	0.7	1.0	0.9	0.8	0.8	0.7
OpFCF yield	-17.8%	5.1%	-12.1%	8.4%	9.0%	9.4%
OpFCF/EV	-9.3%	2.9%	-5.8%	4.3%	4.8%	5.1%
Payout ratio	49.4%	23.3%	0.0%	26.8%	31.6%	42.3%
Dividend yield (gross)	7.2%	1.7%	0.0%	1.4%	3.6%	5.8%
EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013p	12/2014e	12/2015e	12/2016e
Price** (EUR)	15.93	18.14	14.35	13.82	13.82	13.82
Outstanding number of shares for main stock	5.2	6.7	6.7	7.2	7.2	7.2
Total Market Cap	84	121	96	99	99	99
Net Debt	60	78	90	81	73	67
<i>o/w Cash & Marketable Securities (-)</i>	<i>-8</i>	<i>-6</i>	<i>7</i>	<i>-4</i>	<i>-8</i>	<i>-15</i>
<i>o/w Gross Debt (+)</i>	<i>68</i>	<i>83</i>	<i>83</i>	<i>85</i>	<i>81</i>	<i>81</i>
Other EV components	17	13	13	14	14	15
Enterprise Value (EV adj.)	160	211	199	194	186	181

Source: Company, Equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

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.
2GENERGY	Freudenreich	34.50	Buy	2/3/5	Kontron	Pehl	5.00	Hold	
4SC	Miemietz	3.60	Buy	7	KronesAG	Schmidt	66.00	Hold	
Aareal Bank	Häßler	33.00	Accumulate		KTGAgrar	Schäfer	16.00	Accumulate	2/3/5
Adler Modemaerkte	Rigters/ Faust	11.60	Buy	3/5	KUKA	Schmidt	34.00	Hold	
Adpepper	Rigters/ Pehl	1.85	Buy	2/3	LANXESS	Demidova	54.00	Hold	
adidas	Faust / Rigters	105.00	Buy		Leoni	Schuldt	56.00	Accumulate	
Advanced Vision Technology	Schmidt	7.00	Buy		Linde	Demidova	160.00	Accumulate	
AgrariusAG	Schäfer	1.25	Buy	2/3/5	Loewe	Faust / Rigters	Suspended	Suspended	2/5
Aixtron	Pehl	8.50	Sell	2/3	Logwin	Rothenbacher	1.60	Buy	2/3/5
Allianz	Häßler	130.00	Hold		Lufthansa	Rothenbacher	19.00	Hold	
Analytik Jena	Demidova	14.00	Hold	7	MAN	Schuldt	85.00	Hold	
BASF	Demidova	88.00	Accumulate		MAXAutomation AG	Schmidt	7.00	Buy	2/3
BAUER AG	Schmidt	16.50	Reduce		Medion	Faust / Rigters	13.00	Hold	
Bayer	Miemietz	96.00	Hold		Merck	Miemietz	133.00	Accumulate	
BayWa	Schäfer	45.00	Buy	5	Metro	Faust	43.00	Buy	
BB Biotech	Miemietz	149.00	Hold	7	MIFA	Rigters/ Faust	8.80	Buy	2/3/4/5
Beiersdorf	Demidova	64.00	Sell		MLP	Häßler	6.30	Accumulate	2/3
Berentzen	Faust / Rigters	5.60	Hold	2/3	Mobotix AG	Pehl	19.00	Accumulate	2/3
BILFINGER SE	Faust	92.00	Accumulate		MTU	Pehl	68.50	Hold	2
Biotest	Miemietz	82.50	Hold	2/3/5	Munich Re	Häßler	150.00	Hold	
BMW	Schuldt	83.00	Hold		Nanogate AG	Demidova	38.00	Accumulate	2/3/5
Celesio	Lieder	23.50	Under Review		PATRIZIA AG	Häßler	9.10	Buy	
Cenit	Pehl	12.75	Buy	2/3	Pfeiffer Vacuum	Pehl	83.00	Reduce	
comdirect	Häßler	9.50	Accumulate		Phoenix Solar	Freudenreich	Suspended	Suspended	
Commerzbank	Häßler	13.00	Hold		Porsche	Schuldt	64.00	Hold	
Continental	Schuldt	158.00	Hold		Postbank	Häßler	32.00	Accumulate	
Daimler AG	Schuldt	59.00	Reduce		PSI	Schäfer	12.00	Hold	2/3
Daldrup & Soehne	Schäfer	15.00	Accumulate	2/3/5	Puma	Faust / Rigters	210.00	Hold	
Deutsche Bank	Häßler	42.00	Buy		Rheinmetall	Pehl	55.00	Accumulate	
Deutsche Biogas	Schäfer	6.00	Buy	2/3/5	Rhoen-Klinikum	Lieder	25.00	Accumulate	
Deutsche Boerse	Häßler	50.00	Sell		Rothenbacher	Pehl	11.00	Buy	2/3
Deutsche EuroShop	Rothenbacher	33.00	Hold		RWE	Schäfer	25.00	Hold	
Deutsche Forfait	Häßler	5.60	Rating Suspended	2/3/4/5	SAF-HOLLAND	Schuldt	14.00	Buy	7
Deutsche Post	Rothenbacher	24.00	Reduce		Salzgitter	Freudenreich	35.00	Buy	
Deutsche Telekom	Pehl	13.00	Hold		Seven PrinciplesAG	Pehl	6.00	Buy	2/3/5
Deutz AG	Schmidt	8.20	Buy		SIEGFRIED HOLDING AG	Miemietz	202.00	Buy	7
DMGMORI SEIKI AG	Schmidt	30.00	Accumulate		Singulus Technologies	Freudenreich	2.30	Hold	4/5
Douglas Holding	Faust / Rigters	38.00	Hold		SKW Stahl	Freudenreich	23.00	Buy	
Draegerwerk	Lieder	95.60	Hold		SMA Solar Technology	Freudenreich	26.00	Sell	
Drillisch	Pehl	26.00	Accumulate		SMT SCHARF AG	Schmidt	25.00	Accumulate	2/3
E.ON	Schäfer	14.00	Hold		SolarWorld	Freudenreich	0.05	Sell	
EringKlinger	Schuldt	20.00	Reduce		SuessMicroTec	Pehl	8.00	Hold	2/3
EpigenomicsAG	Miemietz	8.00	Buy	2/3/5	SURTECO	Lieder	26.00	Buy	2/3
Euromicron AG	Pehl	19.00	Buy	2/3	Symrise AG	Demidova	36.00	Hold	
Evonik	Demidova	34.00	Accumulate		SYZGYAG	Rigters/ Pehl	5.40	Buy	2/3
Fielmann	Lieder	89.00	Hold		Talanx Group	Häßler	27.00	Accumulate	
Fraport	Rothenbacher	61.00	Accumulate		ThyssenKrupp	Freudenreich	17.00	Sell	
Freenet	Pehl	25.00	Hold	2	TUI	Rothenbacher	15.00	Accumulate	
Fresenius	Lieder	117.00	Hold		United Internet	Pehl	28.00	Hold	
Fresenius Medical Care	Lieder	58.00	Buy		Uzin Utz	Faust / Lieder	26.00	Buy	2/3
Fuchs Petrolub	Demidova	54.00	Reduce		VBH Holding	Faust	2.80	Hold	2/3
GEA Group	Schmidt	38.00	Accumulate		VIB Vermoegen	Rothenbacher	13.00	Accumulate	
Gerrheimer AG	Lieder	45.00	Reduce		Volkswagen	Schuldt	250.00	Buy	
GERRYWEBER	Rigters/ Faust	40.00	Accumulate		Vossloh	Schmidt	60.00	Reduce	
Gesco	Schmidt	78.00	Accumulate	2/3	Wacker Chemie	Freudenreich	58.00	Sell	
GFT Technologies	Schuldt	9.40	Buy	2/3	Willex	Miemietz	1.50	Buy	2/3
Gigaset	Rigters/ Pehl	1.00	Hold	2/3/4/5	Wincor Nixdorf	Pehl	61.00	Accumulate	2
Grenkeleasing AG	Häßler	70.00	Hold						
Hannover Re	Häßler	70.00	Buy						
Heidelberger Druck	Schmidt	3.00	Buy						
Henkel	Demidova	80.00	Hold						
HHLA	Rothenbacher	18.00	Hold						
Hochtief	Faust	69.00	Hold						
Hugo Boss	Faust / Rigters	88.00	Reduce						
i:FAOAG	Rothenbacher	19.00	Buy	2/3					
Joyou AG	Lieder	21.90	Buy	2					
K+S AG	Schäfer	28.00	Buy						

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

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.



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-BaFin- (Federal Financial Supervisory Authority)
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Marie-Curie-Str. 24-28, 60439 Frankfurt am Main.

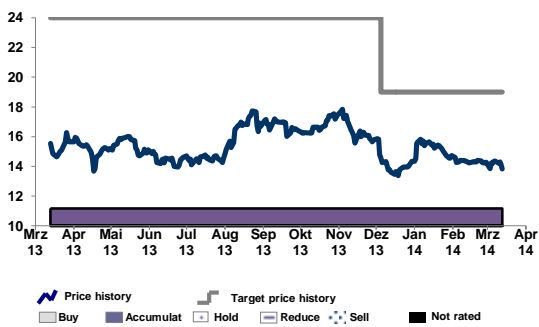


Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
14. Mrz 14	Buy	19.00	13.82
12. Nov 13	Buy	24.00	16.27
07. Sep 12	Buy	30.00	19.90
29. Mrz 12	Buy	31.50	22.16
15. Aug 11	Buy	30.26	18.36
27. Apr 11	Buy	28.82	19.94
30. Mrz 11	Buy	27.86	17.63

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**.

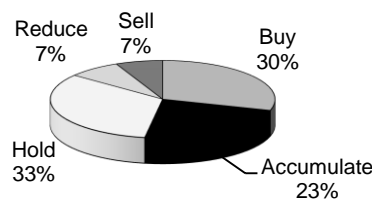
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
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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:

TODAY



BEFORE



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Members of ESN (European Securities Network LLP)



Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302



Equinet Bank AG
Gräfststraße 97
60487 Frankfurt am Main
Germany
Phone: +49 69 – 58997 – 410
Fax: +49 69 – 58997 – 299



Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04



Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Tel: +30 210 81 73 383



BEKA Finance
Serrano, 39
28001 Madrid
Spain
Phone: +34 91 436 7813
Fax: +34 91 577 3770



Pohjola Bank plc
P.O.Box 308
FI-00013 Pohjola
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703



Caixa-Banco de Investimento
Rua Barata Salgueiro, nº 33
1269-057 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98



SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 4596 7940
Fax: +33 1 4596 7748

