euromicron AG

Restructuring to continue after profit warning

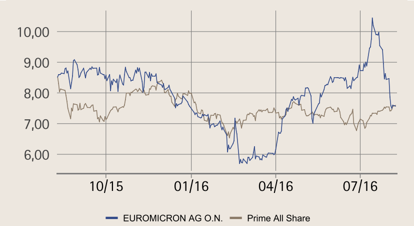
09/08/2016	

Hold
7.70 EUR

Close (08/08/2016)	7.57 EUR
Bloomberg: EUCA	WKN: A1K030
Sector	Technology

Share price performance

52 week high	10.44
52 week low	5.70
Compared to	Prime All Share
YTD	4.9%
1 month	-22.7%
12 months	-2.8%



Share data

Market Cap (m EUR)	54.3
No. of shares (m)	7.2
Free float	100.0%
Trading vol. Ø (m EUR)	0.06

Next event

08/11/2016	Quarterly Results

Analyst

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After a weak Q2 report, Euromicron issued a severe profit warning for FY 2016. We expect the lengthy restructuring phase to continue for a while and will therefore have to lower our estimates.

Euromicron [€ m]	Q2 2016	BHL Q2 2016e	Q2 2015	% yoy	BHL FY 2016e	FY 2015	% yoy
Sales	74.6	82.2	82.2	-9.2%	358	345	0.4%
EBITDA	-1.4	4.5	1.8	-178.2%	16	7	>100%
EBITDA-margin	-1.9%	5.5%	2.2%	-4.2 PP	4.5%	2.0%	4.1 PP
Net income (after min.)	-4.6	1.5	-1.1	>100%	1.4	-13.2	
EPS [€]	(0.64)	0.21	(0.16)	>100%	0.20	(1.85)	

Source: Company information, Bankhaus Lampe Research

RESTRUCTURING BURDEN REMAINS

- Q2 sales declined by 9.2% yoy, hit by continued weak business activity in the Intelligent Building Technology segment.
- The operating EBITDA for H1 moved into negative territory and fell from € 3.9 m in H1 2015 to € -1.7 m this year. Including restructuring measures, reported H1 EBITDA came to € -3.5 m vs. € +2.6 m in H1 2015.
- The order intake in H1 (€ 156.0 m) declined by 7% yoy, and the order book (€ 119.5 m) by 10% vs. H1 2015.
- The increased net debt position of € 104.2 m may require refinancing measures, which may well be on the cards for H2 2016.

FY OUTLOOK REDUCED SIGNIFICANTLY

- The company lowered its FY guidance materially: Sales are now expected to reach € 330-350 m (previously: € 350–370 m), the new target for the operating EBITDA margin is 2-4% (previously: 4.5-5.5%), and restructuring measures are now expected to have an effect of € 3-4 m (previously: € 2–3 m).
- We will have to lower our estimates for 2016 and probably beyond.

in m EUR	2014	2015	2016e	2017e	2018e
Sales	346.3	344.9	358.4	374.2	389.3
EBITDA	21.1	6.9	16.1	23.3	28.2
EBITDA margin	6.1%	2.0%	4.5%	6.2%	7.2%
Net financial debt	54.4	59.2	56.8	52.7	45.6
Free cash-flow	-16.2	-5.2	2.1	3.9	7.5
EPS (in EUR)	0.36	-1.85	0.20	0.99	1.60
DPS (in EUR)	0.00	0.00	0.00	0.10	0.15
Dividend yield	0.0%	0.0%	0.0%	1.3%	2.0%
EV/Sales	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	6.5	16.6	7.0	4.7	3.6
Price Earnings ratio (P/E)	32.1	-4.1	38.5	7.6	4.7

Source: Company information, Bankhaus Lampe Research estimates

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Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: euromicron AG (EUCA GY), Close (08/08/2016): 7.57 EUR, Analyst: Wolfgang Specht (Analyst).

Date of publication	Price at recommendation	Rating	Price target
28/01/2016	6.92 EUR	Hold	7.70 EUR
06/11/2015	8.70 EUR	Hold	9.70 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2016)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	56.0%	66.7%
Hold	38.0%	33.3%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
euromicron AG	---

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