



euromicron AG

Outlook for 2018 not brilliant

28/03/2018

Hold
8.50 EUR

Close (27/03/2018) 7.68 EUR

Bloomberg: EUCA WKN: A1K030

Sector Technology

Share price performance

52 week high 8.94

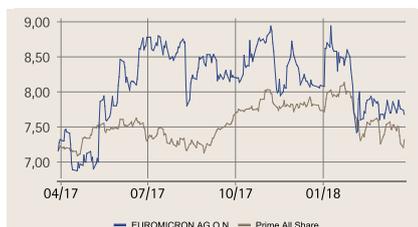
52 week low 6.87

Compared to Prime All Share

YTD 0.3%

1 month 1.6%

12 months 7.1%



Share data

Market Cap (m EUR) 56.7

No. of shares (m) 7.4

Free float 100.0%

Trading vol. Ø (m EUR) 0.08

Next event

09/05/2018 Quarterly Results

Analyst

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See end of document for disclaimer.

euromicron ended 2017 with an "OK" last quarter. Its need for additional smaller restructuring measures means that the outlook for 2018 is somewhat below our expectations.

Euromicron [€ m]	BHL		Consensus		% yoy	BHL		% yoy	
	Q4 2017	Q4 2017e	Q4 2017e	Q4 2016		FY 2017	FY 2017e		FY 2016
Sales	88.9	99.7	0.0	98.7	-10.0%	333	344	325	5.7%
Smart buildings	52.9	62.9	0.0	62.1	-14.8%	192	202	194	-0.9%
Critical Infrastructures	31.3	32.2		35.0	-10.6%	121	122	114	6.1%
Distribution	6.0	6.3		6.7	-10.5%	24	24	23	4.4%
Central services / Eliminations	-1.3	-1.8	0.0	-5.1	na	4	-4	-5	na
EBITDA	4.7	9.5	0.0	8.8	-46.4%	10	14	7	94.0%
EBITDA-margin	5.3%	9.6%	#DIV/O!	8.9%	-3.6 PP	2.9%	4.2%	2.3%	
Net income (after min.)	0.2	3.7	0.0	-2.8	-105%	3.8	-0.3	-12.7	
EPS [€]	0.01	0.50	-	(0.38)	-103%	(0.53)	-0.03	-1.76	

Source: Company information, Bankhaus Lampe Research

FURTHER RESTRUCTURING NEED REMAINS A BURDEN

- The outlook for 2018 is sales of € 340-360 m (0-8 % yoy) and an EBITDA of € 13.6-18.0 m. Restructuring charges are expected to burden EBITDA by € 2 m. The absolute guidance-range is therefore € 11.6-16.0 m vs. the FactSet consensus expectation of € 18 m and our projection of € 17.5 m.
- The FY targets for 2017 were met at the lower end of the guidance for sales (€ 332.9 m vs. guidance range € 330-350 m), but the EBITDA showed a slight shortfall (€ 9.5 m vs. guidance range of € 10.2-15.5 m).
- The order book recovered slightly to € 126.5 m (+8% yoy).
- Based on higher-than-expected investments and WC shifts, the net debt position increased by 23% to € 87.3 m yoy.

NEAR-TERM ESTIMATES NEED A HAIRCUT

- The outlook for 2018 does not match our expectations. Today's analysts' conference might offer more insight into the company's long-term growth prospects and a potential re-invention of dividend payments (which we do not expect before 2019, however). We currently evaluate the share based on our three-stage DCF model, which leads us to a price target of € 8.50.

in m EUR	2015	2016	2017e	2018e	2019e
Sales	344.9	325.3	347.5	362.7	375.4
EBITDA	6.9	7.4	13.8	17.5	20.6
EBITDA margin	2.0%	2.3%	4.0%	4.8%	5.5%
Net financial debt	59.2	74.2	76.5	76.1	74.4
Free cash flow	-5.2	-14.9	-2.7	0.1	1.5
EPS (in EUR)	-1.85	-1.76	-0.03	0.37	0.67
DPS (in EUR)	0.00	0.00	0.00	0.00	0.05
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.7%
EV/sales	0.3	0.4	0.4	0.4	0.4
EV/EBITDA	16.6	16.0	10.0	7.7	6.5
P/E	-4.1	-3.3	-284.6	20.7	11.4

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

The creation of this recommendation was finalised on 28/03/2018 08:44 AM (CEST) and first published on 28/03/2018 08:48 AM (CEST).

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Details on the concepts and methods as well as the valuation models employed are available on our [website](#).

Overview of changes in our recommendations/price targets in the previous twelve months for: euromicron AG (EUCA GY), Close (27/03/2018): 7.68 EUR, Analyst: Wolfgang Specht (Analyst).

Date of publication	Price at recommendation	Rating	Price target
02/08/2017	8.57 EUR	Hold	8.50 EUR

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Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	45.7%	60.0%
Hold	50.6%	40.0%
Sell	3.7%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
euromicron AG	---

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28 March 2018

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