

Euromicron AG

Germany/Electronic & Electrical Equipment

Analysen



Buy

Recommendation unchanged

Share price: EUR 21.20

closing price as of 12/03/2012

Target price: EUR 31.50

Target Price unchanged

Reuters/Bloomberg

EUCG.DE/EUC GY

Market capitalisation (EURm)	141
Current N° of shares (m)	7
Free float	100%
Daily avg. no. trad. sh. 12 mth	20,636
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	21.68
Price low 12 mth (EUR)	15.93
Abs. perf. 1 mth	13.67%
Abs. perf. 3 mth	29.27%
Abs. perf. 12 mth	16.46%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	204	295	325
EBITDA (m)	25	31	37
EBITDA margin	12.1%	10.6%	11.3%
EBIT (m)	20	24	29
EBIT margin	9.9%	8.0%	8.9%
Net Profit (adj.)(m)	11	13	17
ROCE	9.0%	7.7%	9.1%
Net debt/(cash) (m)	51	58	52
Net Debt/Equity	0.6	0.5	0.4
Debt/EBITDA	2.0	1.9	1.4
Int. cover(EBITDA/Fin. int)	8.5	8.6	10.6
EV/Sales	0.8	0.5	0.6
EV/EBITDA	6.3	5.1	5.7
EV/EBITDA (adj.)	6.3	5.1	5.7
EV/EBIT	7.8	6.7	7.3
P/E (adj.)	8.7	6.3	8.3
P/BV	1.1	0.7	1.1
OpFCF yield	4.8%	-15.4%	7.6%
Dividend yield	5.2%	5.2%	5.7%
EPS (adj.)	2.38	2.52	2.56
BVPS	18.42	23.10	19.90
DPS	1.10	1.10	1.20



Source: Factset

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4Q11 preview

The facts: EUCA will report **FY11 results on Wednesday, March 28, 2012**. The company will host an analyst meeting in Frankfurt on this day. We do not rule out that **the company might release preliminary figures** soon as it did in the past.

Our analysis: We expect EUCA to post **FY11 group sales of nearly EUR 300m, i.e. EUR 295m**, including the acquired telent GmbH that is being consolidated as of June 2011. The consensus is in line with our estimate. In comparison, we note that EUCA management guided for revenues of EUR 280-300m and thus, expectations are rather at the upper end of the outlook range.

As regards the operating profit, EUCA's outlook projected a **FY11 EBIT margin of 7.5-8.5%, but alluded to the lower end might be reached** as telent dilutes initially and as cost for the capital increase and PPA might weigh. Our forecast is at c. 7.9% (EUR 23.6m) as we have only included a limited portion of additional PPA (less than EUR 1m) into the result. Our estimate is in line with consensus.

Our net result forecast for FY11 is at EUR 13.3m. As PPA effects are not fully clear and the financial result as well as the tax line could be volatile, **investors should expect a FY11 net result range of EUR 12-13.5m** and an EPS of EUR 2.30-2.55. Here, one has to take into account that the average number of shares has increased to 5.254 million, we reckon, as a result of the November capital increase. For FY12, we calculate with 6.664 million shares.

4Q11 preview

EUR m	FY11e	FY10	yoy	FY11c	delta	4Q11e	4Q10	yoy	4Q11c	delta
Order intake	325.0	205.6	58%	n/a	n/a	79.6	51.6	54%	n/a	n/a
Sales	295.0	203.6	45%	295.0	0%	74.4	53.9	38%	74.4	0%
Rep. EBIT	23.6	20.1	17%	23.6	0%	8.6	9.8	-12%	8.7	-1%
EBIT margin*	7.9%	9.9%	-195bp	8.0%	-	11.6%	18.2%	-660bp	11.7%	-10bp
Net result	13.3	11.5	16%	13.2	1%	5.5	5.9	-6%	5.4	3%
EPS [EUR]	2.54	2.38	7%	2.52	1%	1.08	1.19	-9%	1.1	2%

Source: company data, Bloomberg, equinet estimates

We forecast the order intake for the full year of 2011 to come in at EUR 325m and the respective book to bill to be released at 1.1x. For FY12, we should take into account the full consolidation of telent (we expect an additional contribution of EUR 35m from this effect alone), leading to more than 10% yoy revenue growth alone. Thus, our underlying top line assumption and **our FY12 forecast of EUR 325m for group sales is probably conservative**.

Our EBIT'12 projection is at EUR 28.9m, however here, we should note that this is basically before PPA. The company should confirm that in 2-3 years, the strategic EBIT margin target of 8-11% should be valid again, also taking the acquired telent into account. We would not be disappointed for the case that **EUCA might not provide guidance with a preliminary release**.

We expect the company to propose a dividend of EUR 1.1 again to the AGM.

Conclusion & Action: We expect that EUCA should come up with a decent result for FY11, in line with overall expectations. The recent news about EUCA being included in the TecDAX should support the share price, rendering the investment even more attractive. The FY12e P/E of 8.3x is still pretty low. We confirm our 'Buy' rating and our PT of EUR 31.5.