

Euromicron AG

Germany/Electronic & Electrical Equipment

Analysen



Buy

Recommendation unchanged

Share price: EUR 21.00

closing price as of 10/05/2012

Target price: EUR 31.50

Target Price unchanged

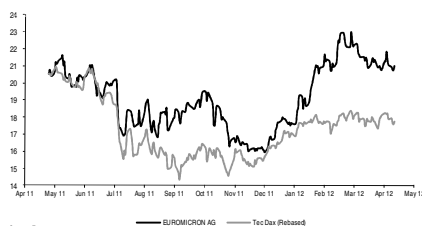
Reuters/Bloomberg

EUCG.DE/EUC GY

Market capitalisation (EURm)	140
Current N° of shares (m)	7
Free float	100%

Daily avg. no. trad. sh. 12 mth	22,341
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	23.00
Price low 12 mth (EUR)	15.93
Abs. perf. 1 mth	-1.43%
Abs. perf. 3 mth	12.63%
Abs. perf. 12 mth	7.87%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	305	345	362
EBITDA (m)	31	37	41
EBITDA margin	10.1%	10.7%	11.3%
EBIT (m)	24	29	33
EBIT margin	7.9%	8.5%	9.1%
Net Profit (adj.)(m)	12	17	20
ROCE	8.0%	9.0%	9.3%
Net debt/(cash) (m)	60	55	63
Net Debt/Equity	0.5	0.4	0.4
Debt/EBITDA	1.9	1.5	1.5
Int. cover(EBITDA/Fin. int)	5.8	8.6	10.6
EV/Sales	0.5	0.6	0.6
EV/EBITDA	5.2	5.8	5.4
EV/EBITDA (adj.)	5.2	5.8	5.4
EV/EBIT	6.6	7.3	6.7
P/E (adj.)	6.8	8.2	7.1
P/BV	0.7	1.1	1.0
OpFCF yield	-23.5%	6.8%	0.1%
Dividend yield	5.5%	6.2%	7.1%
EPS (adj.)	2.33	2.55	2.97
BVPS	22.81	19.61	21.28
DPS	1.15	1.30	1.50



Source: Factset

Solid start into the year – outlook confirmed

The facts: Euromicron (EUCA) reported 1Q12 group sales of EUR 80.5m which compares to our forecast of EUR 75m. Relative to 1Q11, the top line grew by 40%. Here, however, one has to consider that the acquired talent was not part of the group in 1Q11, but organic growth was probably still double-digit.

The strong top line supported the EBIT development. Here, EUCA achieved a figure of EUR 5.7m in 1Q12 whereas our forecast stood at EUR 5.1m. The respective margin came to 7.1% (equinet: 6.7%).

The net result was significantly higher than our expectation of EUR 2.5m. The actual figure was released at EUR 3.4m and the EPS at EUR 0.38, up 44% yoy. Probably our estimate for financial expenses and/or the tax line was too high.

1Q12 review

EUR m	1Q12a	1Q12e	delta	1Q11	yoy
Order intake	87.5	89.0	-1.7%	64.1	36%
Sales	80.5	75.0	7.3%	57.5	40%
Rep. EBIT	5.7	5.1	12.9%	4.1	38%
EBIT margin*	7.1%	6.7%	+40bp	7.2%	-10bp
Net result	3.4	2.5	33.4%	2.4	44%
EPS [EUR]	0.50	0.38	30.8%	0.46	9%

*) relative to sales and not total output; source: company data, equinet estimates

EUCA showed bookings of EUR 88m in the March quarter which compares to our projection of EUR 89m and was thus in line with expectation. The book-to-bill-ratio achieved 1.09x.

The company confirmed the outlook as expected. Management guides for FY12 sales of EUR 330-345m. On top of that, EUCA sticks to the long-term strategic margin outlook of 8-11%.

A dividend of EUR 1.15 will be paid out at the AGM (May 25). The respective yield comes to 5.5%.

Our analysis: Clearly, the company released a solid set of figures providing confidence for the full year targets. This is also the case with respect to management statements that no major risks or problems are known as regards project delays.

Conclusion & Action: Although the 1Q12 report was better than expected, we will not adjust our estimates to stay conservative. We confirm our 'Buy' rating and our PT of EUR 31.5. The FY13e P/E is at 7.1x which renders an investment very attractive.

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