

Investment Research

12 November 2013

Buy

Recommendation unchanged

Share price: EUR 16.45

closing price as of 11/11/2013

Target price: EUR 24.00

Target Price unchanged

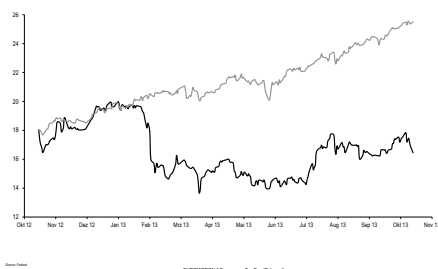
Reuters/Bloomberg

EUCG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	88,461
Daily avg. trad. vol. 12 mth (m)	45.73
Price high 12 mth (EUR)	19.98
Price low 12 mth (EUR)	13.67
Abs. perf. 1 mth	-1.2%
Abs. perf. 3 mth	-0.3%
Abs. perf. 12 mth	-8.6%

Market capitalisation (EURm)	110
Current N° of shares (m)	7
Free float	100%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	330	350	376
EBITDA (m)	25	28	33
EBITDA margin	7.6%	8.0%	8.7%
EBIT (m)	17	19	24
EBIT margin	5.2%	5.5%	6.3%
Net Profit (adj.) (m)	13	15	16
ROCE	7.7%	8.0%	8.2%
Net debt/(cash) (m)	78	70	65
Net Debt Equity	0.7	0.5	0.5
Net Debt/EBITDA	3.1	2.5	2.0
Int. cover(EBITDA/Fin.int)	5.8	6.8	8.4
EV/Sales	0.6	0.6	0.5
EV/EBITDA	8.4	6.9	5.8
EV/EBITDA (adj.)	7.2	6.0	5.4
EV/EBIT	12.4	10.0	7.9
P/E (adj.)	9.3	7.4	7.0
P/BV	1.0	0.9	0.8
OpFCF yield	5.1%	4.1%	6.6%
Dividend yield	1.8%	2.4%	5.5%
EPS (adj.)	1.96	2.23	2.36
BVPS	17.79	19.04	20.71
DPS	0.30	0.40	0.90



For company description please see summary table footnote

3Q13 earnings on the level of last year despite charges from progress of 'agenda 500' – solid bookings

The facts: Euromicron (EUCA) released 3Q13 figures last Friday. **Quarterly revenues came in at a solid level of EUR 80.2m which was up 8.8% yoy.** Higher material expenses caused the operating profit lines not to keep the pace of the top line increase. The EBITDA for the quarter was released at EUR 4.58m and was thus up yoy by 1.1% while the reported EBIT of EUR 2.48m exceeded last year's figure by 1.8%. **On an adjusted basis, the EBIT after nine months was said to be EUR 16.6m (before reshaping one-offs and PPA) compared to the reported value of EUR 11.7m.** The company released a net result of EUR 0.9m in 3Q13, i.e. EUR 0.1m better than last year a corresponding EPS of EUR 0.13.

EUCA's equity level continued to stay on a healthy 41%. The 9M13 report revealed high receivables amounting to EUR 118m (up 17m qoq) and EUCA had to assume additional debt to finance working capital. However, we expect the company to transform a good portion into cash in 4Q13.

The company released a **solid order backlog of EUR 141.1m which was actually up 12% vs. 3Q12.** Hence, the visibility of EUCA is still good. Our expectation would have been at around EUR 134m. The order intake must have been at EUR 94.4m in the quarter and thus, the respective book-to-bill at 1.18x.

As regards the **FY13 outlook**, EUCA stated that the FY13 top line outlook of EUR 350-365m should be met rather at the lower end. Management kept the target of the 8-11% EBITDA margin even taking into account that the concrete order behavior of some customers is hard to predict. Hence, converting high backlogs appears challenging. Furthermore, EUCA stated that **it sees first Vectoring and LTE-related activities, the dynamic has yet to improve**, however. Management clearly reiterated the plan 'Agenda 500' to achieve revenues of EUR 500m on an annualized basis in the medium term. EUCA continues to be in the process of reshaping the organization. Respective efforts on the cost side should not be ignored.

Take aways from the Frankfurt equity forum: From Mr. Hoffmann's presentation we learned on Tuesday that 1/customers behave price sensitive and demand patterns are volatile. However, 2/Deutsche Bahn as one of the major accounts is still in capex mode. 3/Mr. Hoffmann rated the operating business performance as solid despite some delays for call orders. 4/Seasonality factors are significant and thus, one should expect sales to soar to EUR 115-120m (up c. 50% qoq) in 4Q13, we reckon. 5/**October bookings were said to be good** and EUCA showed convinced to achieve the lower end of the sales outlook. 6/Management confirmed integration phase related one-offs to amount to c. EUR 4.5m this year and next year. 7/The EBITDA margin is seen in the 8-11% corridor in until 2014 and to move up to 10-13% in FY15.

Our analysis: 3Q13 was actually not strong in terms of earnings, however, our expectations have been cautious taking the weaker 3Q12 as comparison. The management outlook for sales is in line with our FY13e forecast. Overall, **we rate our FY13 model assumptions not in danger** as the EBITDA margin is also at the lower end of the management range (8%) and 4Q13 should have some respective cushion. We rate the order intake and backlog numbers as very solid. Our projections for FY14 and following years are conservative relative to management EBITDA margin targets.

Conclusion & Action: On the back of unchanged estimates, we confirm our 'Buy' rating and our PT of EUR 24.

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Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Sales	305	330	350	376	399	419
Cost of Sales & Operating Costs	-275	-301	-318	-342	-362	-378
Non Recurrent Expenses/Income	0.0	-4.5	-4.5	-2.0	0.0	0.0
EBITDA	30.8	25.0	27.8	32.6	37.6	41.3
EBITDA (adj.)*	30.8	29.5	32.3	34.6	37.6	41.3
Depreciation	-2.9	-3.2	-3.1	-3.4	-3.6	-3.9
EBITA	27.9	21.8	24.8	29.2	33.9	37.4
EBITA (adj)*	27.9	26.3	29.3	31.2	33.9	37.4
Amortisations and Write Downs	-3.7	-4.8	-5.5	-5.4	-5.3	-5.3
<i>of which PPA amortisation</i>	<i>-1.7</i>	<i>-2.0</i>	<i>-2.0</i>	<i>-1.5</i>	<i>-1.2</i>	<i>-1.0</i>
EBIT	24.2	17.1	19.3	23.9	28.7	32.1
EBIT (adj.)*	25.9	23.6	25.8	27.4	29.9	33.1
Net Financial Interest	-5.3	-4.3	-4.1	-3.9	-3.6	-3.4
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	15.3	20.0	25.0	28.7
Tax	-5.0	-3.4	-4.6	-5.9	-7.4	-8.5
<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	10.4	13.7	17.3	19.8
Net Profit (adj.)	12.2	13.1	14.9	15.7	17.3	19.8
CASH FLOW (EURm)	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	21.7	18.1	20.3	23.5	27.1	29.9
Change in Net Working Capital	-28.3	-1.1	-9.6	-6.6	-5.7	-5.0
Cash Flow from Operations	-6.7	17.0	10.7	16.9	21.4	24.9
Capex	-8.2	-10.8	-6.3	-9.7	-10.0	-10.5
Net Financial Investments	-27.7	-3.2	1.5	0.0	0.0	0.0
Free Cash Flow	-42.6	3.0	6.0	7.2	11.4	14.4
Dividends	-5.3	-6.0	-2.0	-2.7	-6.0	-7.7
Other (incl. Capital Increase & share buy backs)	38.7	-15.0	3.9	0.5	0.6	0.6
Change in Net Debt	-9.2	-18.0	7.9	5.0	5.9	7.4
NOPLAT	18.7	17.0	18.1	19.3	21.0	23.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Net Tangible Assets	15.1	16.3	13.7	15.1	16.4	17.7
Net Intangible Assets (incl. Goodwill)	122	127	126	126	126	126
Net Financial Assets & Other	0.9	0.9	0.8	0.8	0.8	0.8
Total Fixed Assets	138	145	141	142	143	144
Inventories	25.1	27.5	28.0	30.1	31.9	33.5
Trade receivables	88.1	96.8	113	121	129	135
Other current assets	5.6	9.4	4.9	5.3	5.6	6.0
Cash (-)	-8.5	-5.6	-13.1	-14.8	-17.4	-24.8
Total Current Assets	127	139	159	171	184	199
Total Assets	266	284	299	313	326	343
Shareholders Equity	120	119	127	138	149	161
Minority	0.5	0.5	0.8	1.2	1.6	2.0
Total Equity	120	119	128	139	151	163
Long term interest bearing debt	35.5	45.6	45.2	41.8	38.5	38.5
Provisions	10.4	11.9	13.4	14.4	15.3	16.2
Other long term liabilities	1.5	5.7	5.4	5.6	5.7	5.8
Total Long Term Liabilities	47.3	63.2	64.0	61.8	59.5	60.5
Short term interest bearing debt	32.7	37.8	37.8	37.8	37.8	37.8
Trade payables	31.6	42.9	49.7	53.4	56.7	59.5
Other current liabilities	33.9	21.0	20.2	20.8	21.5	22.0
Total Current Liabilities	98.3	102	108	112	116	119
Total Liabilities and Shareholders' Equity	266	284	299	313	326	343
Net Capital Employed	192	214	216	224	231	237
Net Working Capital	76.8	77.9	87.5	94.1	99.8	105
GROWTH & MARGINS	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>49.9%</i>	<i>8.1%</i>	<i>6.1%</i>	<i>7.5%</i>	<i>6.1%</i>	<i>5.0%</i>
EBITDA (adj.)* growth	24.5%	-4.1%	9.5%	6.9%	8.7%	10.0%
<i>EBITA (adj.)* growth</i>	<i>23.6%</i>	<i>-5.6%</i>	<i>11.2%</i>	<i>6.6%</i>	<i>8.6%</i>	<i>10.2%</i>
<i>EBIT (adj.)* growth</i>	<i>28.8%</i>	<i>-9.0%</i>	<i>9.6%</i>	<i>6.0%</i>	<i>9.0%</i>	<i>11.0%</i>

Euromicron AG: Summary tables

GROWTH & MARGINS	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Net Profit growth	6.7%	6.9%	13.9%	5.9%	9.6%	14.6%
EPS adj. growth	-2.0%	-15.8%	13.9%	5.9%	9.6%	14.6%
DPS adj. growth	4.5%	-73.9%	33.3%	125.0%	27.8%	17.4%
EBITDA (adj)* margin	10.1%	8.9%	9.2%	9.2%	9.4%	9.9%
EBITA (adj)* margin	9.1%	8.0%	8.4%	8.3%	8.5%	8.9%
EBIT (adj)* margin	8.5%	7.1%	7.4%	7.3%	7.5%	7.9%
RATIOS	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.5	0.7	0.5	0.5	0.4	0.3
Net Debt/EBITDA	1.9	3.1	2.5	2.0	1.6	1.2
Interest cover (EBITDA/Fin.interest)	5.8	5.8	6.8	8.4	10.4	12.0
Capex/D&A	125.6%	136.4%	73.5%	111.4%	111.8%	113.8%
Capex/Sales	2.7%	3.3%	1.8%	2.6%	2.5%	2.5%
NWC/Sales	25.2%	23.6%	25.0%	25.0%	25.0%	25.0%
ROE (average)	11.7%	11.0%	12.1%	11.9%	12.0%	12.7%
ROCE (adj.)	8.7%	7.7%	8.0%	8.2%	8.7%	9.4%
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
ROCE (adj.)/WACC	1.0	0.8	0.9	0.9	1.0	1.0
PER SHARE DATA (EUR)***	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Average diluted number of shares	5.2	6.7	6.7	6.7	6.7	6.7
EPS (reported)	2.33	1.29	1.56	2.06	2.59	2.97
EPS (adj.)	2.33	1.96	2.23	2.36	2.59	2.97
BVPS	22.81	17.79	19.04	20.71	22.40	24.21
DPS	1.15	0.30	0.40	0.90	1.15	1.35
VALUATION	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
EV/Sales	0.5	0.6	0.6	0.5	0.5	0.4
EV/EBITDA	5.2	8.4	6.9	5.8	4.9	4.3
EV/EBITDA (adj.)*	5.2	7.2	6.0	5.4	4.9	4.3
EV/EBITA	5.7	9.7	7.8	6.4	5.4	4.7
EV/EBITA (adj.)*	5.7	8.0	6.6	6.0	5.4	4.7
EV/EBIT	6.6	12.4	10.0	7.9	6.4	5.5
EV/EBIT (adj.)*	6.2	9.0	7.5	6.9	6.1	5.3
P/E (adj.)	6.8	9.3	7.4	7.0	6.4	5.5
P/BV	0.7	1.0	0.9	0.8	0.7	0.7
Total Yield Ratio	7.2%	1.8%	2.4%	5.5%	7.0%	8.2%
EV/CE	0.7	1.0	0.8	0.8	0.8	0.7
OpFCF yield	-17.8%	5.1%	4.1%	6.6%	10.4%	13.2%
OpFCF/EV	-9.3%	2.9%	2.3%	3.8%	6.2%	8.2%
Payout ratio	49.4%	23.3%	25.7%	43.6%	44.4%	45.5%
Dividend yield (gross)	7.2%	1.8%	2.4%	5.5%	7.0%	8.2%
EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013e	12/2014e	12/2015e	12/2016e
Price** (EUR)	15.93	18.14	16.45	16.45	16.45	16.45
Outstanding number of shares for main stock	5.2	6.7	6.7	6.7	6.7	6.7
Total Market Cap	84	121	110	110	110	110
Net Debt	60	78	70	65	59	51
<i>o/w Cash & Marketable Securities (-)</i>	<i>-8</i>	<i>-6</i>	<i>-13</i>	<i>-15</i>	<i>-17</i>	<i>-25</i>
<i>o/w Gross Debt (+)</i>	<i>68</i>	<i>83</i>	<i>83</i>	<i>80</i>	<i>76</i>	<i>76</i>
Other EV components	17	13	13	14	14	15
Enterprise Value (EV adj.)	160	211	193	188	183	176

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	K+S AG	Schäfer	47.00	Buy	
4SC	Miemietz	3.60	Buy	7	KHD HUMBOLDT WEDAG INTERNATIONAL	Schmidt / Schul	7.60	Buy	
Aareal Bank	Häßler	21.00	Hold		Kontron	Pehl	5.00	Hold	
Adler Modemaerkte	Rigters/ Faust	11.60	Buy	3/5	KronesAG	Schmidt	66.00	Hold	
Adpepper	Rigters/ Pehl	1.50	Buy	2/3	KTGAgrar	Schäfer	16.00	Accumulate	2/3/5
adidas	Faust / Rigters	85.00	Accumulate		KUKA	Schmidt	38.00	Hold	
Advanced Vision Technology	Schmidt	7.00	Buy		LANXESS	Demidova	52.00	Hold	
AgrariusAG	Schäfer	1.25	Buy	2/3/5	Leoni	Schuldt	50.00	Buy	
Aixtron	Pehl	7.00	Sell	2/3	Linde	Demidova	160.00	Accumulate	
Allianz	Häßler	120.00	Hold		Loewe	Faust / Rigters	Suspended	Suspended	2/5
Analytik Jena	Demidova	14.00	Hold	7	Logwin	Rothenbacher	1.60	Buy	2/3/5
BASF	Demidova	78.00	Hold		Lufthansa	Rothenbacher	15.00	Hold	
BAUER AG	Schmidt	16.50	Reduce		MAN	Schuldt	85.00	Hold	
Bayer	Miemietz	94.00	Accumulate		MAXAutomation AG	Schmidt	7.00	Buy	2/3
BayWa	Schäfer	45.00	Buy	5	Medion	Faust / Rigters	13.00	Hold	
BB Biotech	Miemietz	121.00	Buy	7	Merck	Miemietz	133.00	Accumulate	
Beiersdorf	Demidova	56.00	Sell		MIFA	Rigters/ Faust	9.30	Buy	2/3/4/5
Berentzen	Faust / Rigters	5.60	Hold	2/3	MLP	Häßler	5.30	Accumulate	2/3
Beta SystemsSoftware	Schuldt	2.60	Buy	2/3/5	Mobotix AG	Pehl	19.00	Accumulate	2/3
BILFINGER SE	Faust	100.00	Buy		MTU	Pehl	78.00	Accumulate	2
Biotest	Miemietz	70.00	Buy	2/3/5	Munich Re	Häßler	150.00	Hold	
BMW	Schuldt	83.00	Hold		Nanogate AG	Demidova	29.00	Buy	2/3/5
Celesio	Lieder	23.00	Hold		PATRIZIA AG	Häßler	9.10	Buy	
Cenit	Pehl	12.00	Buy	2/3	Pfeiffer Vacuum	Pehl	84.00	Reduce	
comdirect	Häßler	8.00	Hold		Phoenix Solar	Freudenreich	Suspended	Suspended	
Commerzbank	Häßler	10.00	Hold		Porsche	Schuldt	64.00	Hold	
Continental	Schuldt	105.00	Reduce		Postbank	Häßler	32.00	Accumulate	
Daimler AG	Schuldt	55.00	Reduce		PSI	Schäfer	12.00	Hold	2/3
Daldrup & Soehne	Schäfer	15.00	Accumulate	2/3/5	Puma	Faust / Rigters	200.00	Reduce	
Deutsche Bank	Häßler	34.00	Hold		Rheinmetall	Pehl	45.00	Hold	
Deutsche Biogas	Schäfer	6.00	Buy	2/3/5	Rhoen-Klinikum	Lieder	23.60	Buy	
Deutsche Boerse	Häßler	48.00	Sell		RIB Software	Rothenbacher	8.00	Buy	2/3
Deutsche EuroShop	Rothenbacher	32.00	Hold		RWE	Schäfer	25.00	Hold	
Deutsche Forfait	Häßler	6.40	Buy	2/3/4/5	SAF-HOLLAND	Schuldt	13.00	Buy	7
Deutsche Post	Rothenbacher	24.00	Hold		Salzgitter	Freudenreich	36.00	Buy	
Deutsche Telekom	Pehl	12.25	Hold		Seven PrinciplesAG	Pehl	6.00	Buy	2/3/5
Deutz AG	Schmidt	8.20	Accumulate		SingulusTechnologies	Freudenreich	1.95	Buy	4/5
DMGMORISEKI AG	Schmidt	26.00	Accumulate		SKWStahl	Freudenreich	23.00	Buy	
DouglasHolding	Faust / Rigters	38.00	Hold		SMA Solar Technology	Freudenreich	23.00	Sell	
Drägerwerk	Lieder	100.00	Hold		SMT SCHARFAG	Schmidt	22.00	Hold	2/3
Drillisch	Pehl	22.00	Accumulate		SolarWorld	Freudenreich	0.05	Sell	
E.ON	Schäfer	14.00	Hold		SuessMicroTec	Pehl	Under review	Under review	2/3
EringKlinger	Schuldt	20.00	Reduce		SURTECO	Lieder	23.50	Buy	2/3
EpigenomicsAG	Miemietz	4.00	Buy	2/3/5	Symrise AG	Demidova	32.00	Hold	
Euromicron AG	Pehl	24.00	Buy	2/3/5	SYZYGYAG	Rigters/ Pehl	5.40	Buy	2/3
Fielmann	Lieder	84.00	Accumulate		Talanx Group	Häßler	27.00	Accumulate	
Fraport	Rothenbacher	61.00	Accumulate		ThyssenKrupp	Freudenreich	18.00	Hold	
Freenet	Pehl	22.00	Accumulate	2	TUI	Rothenbacher	12.00	Buy	
Fresenius	Lieder	104.00	Accumulate		United Internet	Pehl	26.50	Hold	
FreseniusMedical Care	Lieder	55.00	Accumulate		Uzin Utz	Faust / Lieder	26.00	Buy	2/3
FuchsPetrolub	Demidova	54.00	Reduce		VBH Holding	Faust	2.80	Hold	2/3
GEA Group	Schmidt	38.00	Accumulate		VIB Vermoegen	Rothenbacher	13.00	Buy	
Gerrresheimer AG	Lieder	45.00	Hold		Volkswagen	Schuldt	205.00	Buy	
GERRYWEBER	Rigters/ Faust	34.00	Accumulate		Vossloh	Schmidt	66.00	Reduce	
Gesco	Schmidt	80.00	Accumulate	2/3	Wacker Chemie	Freudenreich	58.00	Sell	
GFT Technologies	Schuldt	5.70	Buy	2/3	Willex	Miemietz	3.00	Buy	2/3
Gigaset	Rigters/ Pehl	1.00	Hold	2/3/5	Wincor Nixdorf	Pehl	50.00	Hold	2
Grenkeleasing AG	Häßler	50.00	Sell						
Hannover Re	Häßler	70.00	Buy						
Heidelberger Druck	Schmidt	3.00	Buy						
Henkel	Demidova	62.00	Sell						
HLA	Rothenbacher	18.00	Hold						
Hochtief	Faust	69.00	Hold						
HugoBoss	Faust / Rigters	88.00	Hold						
i:FAOAG	Rothenbacher	16.50	Buy	2/3					
Joyou AG	Lieder	22.20	Buy	2					
IVG Immobilien AG	Rothenbacher	0.05	Sell						

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.

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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
12. Nov 13	Buy	24.00	16.45
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**.

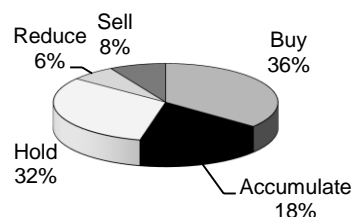
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Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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
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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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