

Investment Research

9 April 2014

Buy

Recommendation unchanged

Share price: EUR 12.52

closing price as of 08/04/2014

Target price: EUR 19.00

Target Price unchanged

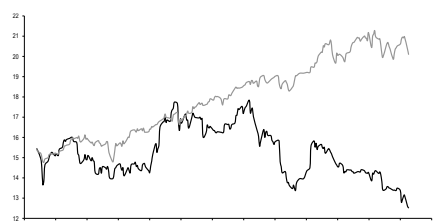
Reuters/Bloomberg

EU CG.DE/EUC GY

Daily avg. no. trad. sh. 12 mth	28,366
Daily avg. trad. vol. 12 mth (m)	51.05
Price high 12 mth (EUR)	17.84
Price low 12 mth (EUR)	12.52
Abs. perf. 1 mth	-12.8%
Abs. perf. 3 mth	-20.3%
Abs. perf. 12 mth	-18.6%

Market capitalisation (EURm)	90
Current N° of shares (m)	7
Free float	100%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	329	344	365
EBITDA (m)	14	21	29
EBITDA margin	4.4%	6.1%	8.0%
EBIT (m)	6	12	20
EBIT margin	1.7%	3.5%	5.5%
Net Profit (adj.)(m)	3	7	12
ROCE	-2.7%	4.8%	6.5%
Net debt/(cash) (m)	66	69	65
Net Debt Equity	0.5	0.5	0.5
Net Debt/EBITDA	4.6	3.3	2.2
Int. cover(EBITDA/Fin.int)	3.8	5.1	8.2
EV/Sales	0.5	0.5	0.5
EV/EBITDA	12.5	8.2	5.7
EV/EBITDA (adj.)	9.1	7.5	5.7
EV/EBIT	32.7	14.2	8.2
P/E (adj.)	34.8	13.2	7.8
P/BV	0.8	0.7	0.7
OpFCF yield	12.7%	-2.7%	6.4%
Dividend yield	0.0%	1.6%	3.6%
EPS (adj.)	0.41	0.95	1.61
BVPS	17.03	17.79	19.19
DPS	0.00	0.20	0.45



Source: Euromicron AG, ESN (Revised)

For company description please see summary table footnote

Final reporting confirmed our view Keep 'Buy'/PT EUR 19

The facts: Euromicron (EUCA) released final figures on Monday, March 31. Deviations were relatively small in comparison to the figures published on March 13. FY13 Revenues stood at EUR 329.4m (preliminaries: EUR 330m) and the EBITDA at EUR 14.4m (EUR 14.5m). One-off items for the integration phase and reshaping of the organization were said to be EUR 5.5m (EUR 5.5-6.0m). EUCA also mentioned that the neg. earnings effect from project valuations came to EUR 4.9m

Management continued to guide for an EBITDA margin of 6-8% in FY14e at a top line of EUR 340-360m. We had the impression that the 'Agenda 500', i.e. EUR 500m annualized revenues as of FY15e is even more in the focus. In the longer run, EUCA strives to return to an 8-11% EBIT margin.

The order backlog was released at EUR 126.5m. This was up 1% yoy. Thus, the FY13e book-to-bill ratio equals about 1x. **Management stated that the December level has been kept in the recent months and showed quite content with the current order situation.**

Main take aways from the analyst conference: 1/The company continues to focus a larger acquisition in 2015 to achieve the Agenda 500. The years thereafter should focus on the integration and might thus come with respective expenses again. In the meantime, EUCA screens the market for smaller targets. Unused credit lines at the end of FY13 were said to be EUR 71.7m according to the report.

2/FY14e should see further one-offs for integrations measure, but on a lower level compared to FY13.

3/EUCA might be able to recoup some portions of the amount mentioned above for project valuations. Clarity about this should be achieved in 1H14.

4/The company increased its factoring activities in FY14e to EUR 48m (up EUR 26m yoy). These activities distorted the cash level as EUCA has to transfer more than EUR 20m to its factoring partner. Consequently, **liquid assets (EUR 38.8m at year end) will decline to a normalized level.** 5/Taking further into account that purchase price liabilities amounting to EUR 9m were not yet paid, **the adjusted operating cash flow would have come to c. EUR 10m (3% of sales, but still up EUR 3m from the year before).** The reported figure stood at EUR 39.4m.

6/As the South segment continued to be loss making, **management decided not to build tax assets** in FY13e for the respective division. Hence, the tax line in FY13 came to minus 2.5m while EBT was at EUR 1.7m.

7/To highlight the restructuring effort, management showed that EUCA has still as many as 83 projects running, 39 of which for improving efficiency, 26 to increase revenues and 18 for cash-flow optimization. 47 projects are targeting the networks division, 14 the distribution and 22 are group-wide projects.

Our analysis: EUCA made clear that it continues to develop internal structures, projects and resources. Taking into account that most measures will be concluded in FY14e and the solid order situation, **there is a good chance that EUCA should deliver on the promised earnings improvements this year.** As can be seen overleaf, we have applied only major changes to our model. We continue to opt for the lower end of the EUCA outlook both as regards sales and earnings for the time being.

Conclusion & Action: Based on our largely unchanged model assumptions, we confirm both our 'Buy'/PT EUR 19 rating.

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Model changes

EUR m	2014e old	2014e new	change	2015e old	2015e new	change	2016e old	2016e new	change
Group Sales	344.0	344.0	0%	365.0	365.0	0%	383.0	383.2	0%
Rep. group EBITDA	20.9	20.9	0%	29.4	29.1	-1%	32.6	32.1	-1%
EBITDA margin*	6.1%	6.1%	0bp	8.1%	8.0%	-10bp	8.5%	8.4%	-10bp
Rep. EPS [EUR]	0.75	0.76	1%	1.58	1.61	2%	1.89	1.93	2%

*) here relative to sales and not total output

Sources: equinet estimates

Discounted Cash Flow model

EUR m	2014	2015	Phase I 2016	2017	2018	2019	2020	Phase II 2021	2022	2023	Phase III 2024
Sales	344.0	365.0	383.2	400.5	415.5	428.0	440.8	454.0	467.6	481.7	491.3
Sales growth	n/m	6.1%	5.0%	4.5%	3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	12.0	20.2	23.1	25.5	27.4	25.1	26.0	27.0	27.9	28.8	29.6
EBIT margin	3.5%	5.5%	6.0%	6.4%	6.6%	5.9%	5.9%	5.9%	6.0%	6.0%	6.0%
Tax	(2.3)	(4.9)	(5.9)	(6.8)	(7.4)	(6.7)	(7.0)	(7.4)	(7.7)	(8.0)	(8.1)
Tax rate	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%
NOPAT	9.7	15.3	17.2	18.8	20.0	18.3	19.0	19.6	20.2	20.8	21.5
Depreciation	8.9	8.9	9.0	9.2	9.5	9.5	9.6	9.7	9.9	10.0	10.1
in % of Sales	2.6%	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%
Capex	(8.6)	(9.1)	(9.6)	(10.0)	(10.4)	(9.6)	(9.9)	(10.2)	(10.5)	(10.8)	(10.2)
in % of Sales	2.5%	2.5%	2.5%	2.5%	2.5%	2.3%	2.3%	2.3%	2.3%	2.3%	2.1%
Provision delta	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
in % of Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Change in working capita	(9.3)	(4.7)	(4.1)	(3.9)	(3.4)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(0.2)
in % of Sales	-2.7%	-1.3%	-1.1%	-1.0%	-0.8%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	0.0%
Other current assets delt	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)
in % of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow	1.1	10.8	12.9	14.5	16.1	15.6	16.0	16.3	16.7	17.1	21.3
FCF growth	nm	nm	20.1%	12.2%	11.0%	-3.0%	2.5%	2.1%	2.3%	2.4%	24.2%
Present Value FCF	1.0	9.2	10.2	10.4	10.6	9.4	8.8	8.3	7.7	7.2	124.4

PV Phase I	41.4	MCap	106.2	Targ. equity ratio	83.9%
PV Phase II	41.5	Risk premium	4.00%	Beta	1.34
PV Phase III	124.4	Risk free rate	4.50%	WACC	9.23%

Total present value 207.3

+ capital increase/share buy back	0.0
+ associates & other financial assets	0.9
- market value of minorities	2.2
+ cash and liquid assets	41.0
- interest bearing debt**	110.5

Implied Mcap

Number of shares

7.2

Implied value per share

19.03

Sensitivity Analysis	Growth rate Phase III				
	1.0%	1.5%	2.0%	2.5%	3.0%
8.77%	18.77	19.93	21.26	22.80	24.60
9.00%	17.82	18.89	20.10	21.51	23.15
9.23%	16.92	17.90	19.03	20.31	21.81
9.46%	16.07	16.98	18.02	19.20	20.56
9.69%	15.27	16.12	17.07	18.16	19.41

*) relative to sales and not total output; **) including pension provisions

Source: equinet

Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Sales	305	330	329	344	365	383
Cost of Sales & Operating Costs	-275	-301	-309	-321	-336	-351
Non Recurrent Expenses/Income	0.0	-4.5	-5.5	-2.0	0.0	0.0
EBITDA	30.8	25.0	14.4	20.9	29.1	32.1
EBITDA (adj.)*	30.8	29.5	19.9	22.9	29.1	32.1
Depreciation	-2.9	-3.2	-3.5	-3.7	-3.9	-4.0
EBITA	27.9	21.8	10.9	17.2	25.3	28.1
EBITA (adj)*	27.9	26.3	16.4	19.2	25.3	28.1
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<i>of which PPA amortisation</i>	-1.7	-2.0	-2.0	-1.5	-1.2	-1.2
EBIT	24.2	17.1	5.5	12.0	20.2	23.1
EBIT (adj.)*	25.9	23.6	13.0	15.5	21.4	24.3
Net Financial Interest	-5.3	-4.3	-3.8	-4.1	-3.6	-3.0
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	1.7	7.9	16.7	20.0
Tax	-5.0	-3.4	-2.5	-2.3	-4.9	-5.9
<i>Tax rate</i>	<i>27.7%</i>	<i>27.8%</i>	<i>n.m.</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	-0.1	-0.2	-0.2	-0.3
Net Profit (reported)	12.2	8.6	-0.9	5.4	11.5	13.9
Net Profit (adj.)	12.2	11.7	3.0	6.8	11.5	13.9
CASH FLOW (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	21.7	18.1	9.8	15.5	19.6	23.9
Change in Net Working Capital	-28.3	-1.1	9.7	-9.3	-4.7	-4.1
Cash Flow from Operations	-6.7	17.0	19.5	6.2	14.8	19.8
Capex	-8.2	-10.8	-6.4	-8.6	-9.1	-9.6
Net Financial Investments	-27.7	-3.2	-10.6	0.0	0.0	0.0
Free Cash Flow	-42.6	3.0	2.5	-2.4	5.7	10.2
Dividends	-5.3	-6.0	-2.0	0.0	-1.4	-3.2
Other (incl. Capital Increase & share buy backs)	38.7	-15.0	10.9	-0.2	-0.2	-0.1
Change in Net Debt	-9.2	-18.0	11.5	-2.6	4.1	6.8
NOPLAT	18.7	17.0	-5.8	10.9	15.1	17.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Tangible Assets	15.1	16.3	14.5	15.1	15.8	16.5
Net Intangible Assets (incl. Goodwill)	122	127	137	136	136	136
Net Financial Assets & Other	0.9	0.9	1.1	1.1	1.1	1.1
Total Fixed Assets	138	145	153	153	153	153
Inventories	25.1	27.5	28.0	29.2	31.0	32.6
Trade receivables	88.1	96.8	98.4	103	109	115
Other current assets	5.6	9.4	8.7	9.1	9.5	9.9
Cash (-)	-8.5	-5.6	-41.0	-17.1	-16.9	-9.2
Total Current Assets	127	139	176	159	167	167
Total Assets	266	284	329	311	320	320
Shareholders Equity	120	119	122	128	138	148
Minority	0.5	0.5	0.4	0.6	0.8	1.1
Total Equity	120	119	123	128	139	149
Long term interest bearing debt	35.5	45.6	40.1	18.8	14.5	0.0
Provisions	10.4	11.9	13.7	14.9	14.0	15.0
Other long term liabilities	1.5	6.2	4.6	4.6	4.6	4.6
Total Long Term Liabilities	47.3	63.8	58.4	38.3	33.0	19.5
Short term interest bearing debt	32.7	37.8	67.2	67.2	67.2	67.2
Trade payables	31.6	42.9	54.6	51.6	54.7	57.5
Other current liabilities	33.9	20.4	26.0	25.9	26.1	26.3
Total Current Liabilities	98.3	101	148	145	148	151
Total Liabilities and Shareholders' Equity	266	284	329	311	320	320
Net Capital Employed	192	215	207	217	222	227
Net Working Capital	76.8	77.9	68.2	77.4	82.1	86.2
GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>49.9%</i>	<i>8.1%</i>	<i>-0.2%</i>	<i>4.4%</i>	<i>6.1%</i>	<i>5.0%</i>
EBITDA (adj.)* growth	24.5%	-4.1%	-32.6%	14.8%	27.5%	10.3%
<i>EBITA (adj.)* growth</i>	<i>23.6%</i>	<i>-5.6%</i>	<i>-37.8%</i>	<i>17.1%</i>	<i>31.9%</i>	<i>11.1%</i>
<i>EBIT (adj.)* growth</i>	<i>28.8%</i>	<i>-9.0%</i>	<i>-44.8%</i>	<i>19.2%</i>	<i>38.2%</i>	<i>13.3%</i>

Euromicron AG: Summary tables

GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Profit growth	6.7%	-4.2%	-74.7%	130.6%	68.9%	20.2%
EPS adj. growth	-2.0%	-24.5%	-76.5%	130.6%	68.9%	20.2%
DPS adj. growth	4.5%	-73.9%	n.m.	n.m.	125.0%	22.2%
EBITDA (adj)* margin	10.1%	8.9%	6.0%	6.6%	8.0%	8.4%
EBITA (adj)* margin	9.1%	8.0%	5.0%	5.6%	6.9%	7.3%
EBIT (adj)* margin	8.5%	7.1%	3.9%	4.5%	5.9%	6.3%
RATIOS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.5	0.7	0.5	0.5	0.5	0.4
Net Debt/EBITDA	1.9	3.1	4.6	3.3	2.2	1.8
Interest cover (EBITDA/Fin.interest)	5.8	5.8	3.8	5.1	8.2	10.6
Capex/D&A	125.6%	136.4%	71.7%	97.1%	102.4%	105.9%
Capex/Sales	2.7%	3.3%	1.9%	2.5%	2.5%	2.5%
NWC/Sales	25.2%	23.6%	20.7%	22.5%	22.5%	22.5%
ROE (average)	11.7%	9.8%	2.5%	5.5%	8.7%	9.7%
ROCE (adj.)	8.7%	7.7%	-2.7%	4.8%	6.5%	7.2%
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
ROCE (adj.)/WACC	0.9	0.8	-0.3	0.5	0.7	0.8
PER SHARE DATA (EUR)***	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Average diluted number of shares	5.2	6.7	7.2	7.2	7.2	7.2
EPS (reported)	2.33	1.29	-0.12	0.76	1.61	1.93
EPS (adj.)	2.33	1.76	0.41	0.95	1.61	1.93
BVPS	22.81	17.79	17.03	17.79	19.19	20.67
DPS	1.15	0.30	0.00	0.20	0.45	0.55
VALUATION	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
EV/Sales	0.5	0.6	0.5	0.5	0.5	0.4
EV/EBITDA	5.2	8.4	12.5	8.2	5.7	5.0
EV/EBITDA (adj.)*	5.2	7.2	9.1	7.5	5.7	5.0
EV/EBITA	5.7	9.7	16.6	9.9	6.6	5.7
EV/EBITA (adj.)*	5.7	8.0	11.0	8.9	6.6	5.7
EV/EBIT	6.6	12.4	32.7	14.2	8.2	7.0
EV/EBIT (adj.)*	6.2	9.0	13.9	11.0	7.8	6.6
P/E (adj.)	6.8	10.3	34.8	13.2	7.8	6.5
P/BV	0.7	1.0	0.8	0.7	0.7	0.6
Total Yield Ratio	7.2%	1.7%	0.0%	1.6%	3.6%	4.4%
EV/CE	0.7	1.0	0.8	0.7	0.7	0.7
OpFCF yield	-17.8%	5.1%	12.7%	-2.7%	6.4%	11.4%
OpFCF/EV	-9.3%	2.9%	7.3%	-1.4%	3.4%	6.4%
Payout ratio	49.4%	23.3%	0.0%	26.4%	28.0%	28.5%
Dividend yield (gross)	7.2%	1.7%	0.0%	1.6%	3.6%	4.4%
EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Price** (EUR)	15.93	18.14	14.35	12.52	12.52	12.52
Outstanding number of shares for main stock	5.2	6.7	7.2	7.2	7.2	7.2
Total Market Cap	84	121	103	90	90	90
Net Debt	60	78	66	69	65	58
<i>o/w Cash & Marketable Securities (-)</i>	<i>-8</i>	<i>-6</i>	<i>-41</i>	<i>-17</i>	<i>-17</i>	<i>-9</i>
<i>o/w Gross Debt (+)</i>	<i>68</i>	<i>83</i>	<i>107</i>	<i>86</i>	<i>82</i>	<i>67</i>
Other EV components	17	13	11	12	12	13
Enterprise Value (EV adj.)	160	211	180	170	167	161

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	2/3/5	K+S AG	Schäfer	28.00	Buy	
4SC	Miemietz	3.60	Buy	7	Kontron	Pehl	5.60	Accumulate	
Aareal Bank	Häßler	33.00	Accumulate		KronesAG	Schmidt	76.00	Buy	
Adler Modemaerkte	Faust	12.70	Buy	3/5	KTGAgrar	Schäfer	16.00	Accumulate	2/3/5
Adpepper	Lieder / Pehl	1.70	Buy	2/3	KUKA	Schmidt	34.00	Hold	
adidas	Faust	105.00	Buy		LANXESS	Demidova	54.00	Hold	
Advanced Vision Technology	Schmidt	7.00	Buy		Leoni	Schuldt	58.00	Accumulate	
AgrariusAG	Schäfer	1.25	Buy	2/3/5	Linde	Demidova	160.00	Accumulate	
Aixtron	Pehl	8.50	Sell	2/3	Loewe	Faust	Suspended	Suspended	2/5
Allianz	Häßler	130.00	Hold		Logwin	Rothenbacher	1.60	Buy	2/3/5
Analytik Jena	Demidova	14.00	Hold	7	Lufthansa	Rothenbacher	19.00	Hold	
BASF	Demidova	88.00	Accumulate		MAN	Schuldt	85.00	Hold	
BAUER AG	Schmidt	18.00	Hold		MAXAutomation AG	Schmidt	6.40	Buy	2/3
Bayer	Miemietz	96.00	Hold		Medion	Faust	13.00	Hold	
BayWa	Schäfer	45.00	Accumulate	5	Merck	Miemietz	133.00	Accumulate	
BB Biotech	Miemietz	149.00	Hold	7	Metro	Faust	43.00	Buy	
Beiersdorf	Demidova	64.00	Sell		MIFA	Faust	Suspended	Suspended	2/3/4/5
Berentzen	Faust	5.60	Hold	2/3	MLP	Häßler	6.30	Accumulate	2/3
BILFINGER SE	Faust	92.00	Accumulate		MTU	Pehl	68.50	Hold	2
Biotest	Miemietz	93.50	Hold	2/3/5	Munich Re	Häßler	150.00	Hold	
BMW	Schuldt	110.00	Buy		Nanogate AG	Demidova	38.00	Accumulate	2/3/5
Celesio	Lieder	23.50	Under Review		PATRIZIA AG	Häßler	9.10	Buy	
Cenit	Pehl	12.75	Buy	2/3	Pfeiffer Vacuum	Pehl	83.00	Reduce	
comdirect	Häßler	9.50	Accumulate		Phoenix Solar	Freudenreich	Suspended	Suspended	
Commerzbank	Häßler	13.00	Hold		Porsche	Schuldt	64.00	Hold	
Continental	Schuldt	158.00	Hold		Postbank	Häßler	32.00	Accumulate	
CYTOTOOLS AG	Miemietz	58.00	Accumulate	2/3	PSI	Schäfer	13.50	Hold	2/3
Daimler AG	Schuldt	59.00	Reduce		Puma	Faust	210.00	Hold	
Daldrup & Soehne	Schäfer	15.00	Accumulate	2/3/5	Rheinmetall	Pehl	55.00	Accumulate	
Deutsche Bank	Häßler	42.00	Buy		Rhoen-Klinikum	Lieder	25.00	Accumulate	
Deutsche Biogas	Schäfer	6.00	Buy	2/3/5	RIB Software	Rothenbacher	15.00	Buy	2/3
Deutsche Boerse	Häßler	50.00	Sell		RWE	Schäfer	25.00	Hold	
Deutsche EuroShop	Rothenbacher	33.00	Hold		SAF-HOLLAND	Schuldt	13.60	Buy	7
Deutsche Forfait	Häßler	5.60	Rating Suspended	2/3/4/5	Salzgitter	Freudenreich	34.00	Buy	
Deutsche Post	Rothenbacher	24.00	Reduce		Seven PrinciplesAG	Pehl	6.00	Buy	2/3/5
Deutsche Telekom	Pehl	13.00	Hold		SIEGFRIED HOLDING AG	Miemietz	202.00	Buy	7
Deutz AG	Schmidt	8.00	Buy		Singulus Technologies	Freudenreich	2.30	Hold	4/5
DMGMORI SEIKI AG	Schmidt	30.00	Accumulate		SKW Stahl	Freudenreich	23.00	Buy	
Douglas Holding	Faust	38.00	Hold		SMA Solar Technology	Freudenreich	26.00	Sell	
Draegerwerk	Lieder	87.00	Reduce		SMT SCHARF AG	Schmidt	25.00	Accumulate	2/3
Drillisch	Pehl	27.50	Accumulate		SolarWorld	Freudenreich	0.05	Sell	
E.ON	Schäfer	14.00	Hold		SuessMicroTec	Pehl	8.00	Hold	2/3
EringKlinger	Schuldt	20.00	Reduce		SURTECO	Lieder	26.00	Buy	2/3
EpigenomicsAG	Miemietz	8.00	Buy	2/3/5	Symrise AG	Demidova	36.00	Hold	
Euromicron AG	Pehl	19.00	Buy	2/3	SYZYGY AG	Lieder / Pehl	6.10	Accumulate	2/3
Evonik	Demidova	34.00	Accumulate		Talanx Group	Häßler	28.00	Accumulate	
Fielmann	Lieder	89.00	Hold		ThyssenKrupp	Freudenreich	17.00	Sell	
Fraport	Rothenbacher	61.00	Accumulate		TUI	Rothenbacher	15.00	Accumulate	
Freenet	Pehl	25.00	Hold	2	United Internet	Pehl	34.00	Hold	
Fresenius	Lieder	117.00	Hold		Uzin Utz	Lieder	26.00	Buy	2/3
Fresenius Medical Care	Lieder	58.00	Buy		VBH Holding	Faust	2.80	Hold	2/3
Fuchs Petrolub	Demidova	54.00	Reduce		VIB Vermoegen	Rothenbacher	14.00	Accumulate	
GEA Group	Schmidt	38.00	Accumulate		Volkswagen	Schuldt	250.00	Buy	
Gerresheimer AG	Lieder	45.00	Reduce		Vossloh	Schmidt	60.00	Reduce	
GERRYWEBER	Faust	40.00	Accumulate		Wacker Chemie	Freudenreich	71.00	Sell	
Gesco	Schmidt	78.00	Accumulate	2/3	Wilx	Miemietz	1.50	Buy	2/3
GFT Technologies	Schuldt	9.40	Buy	2/3	Wincor Nixdorf	Pehl	61.00	Accumulate	2
Gigaset	Pehl	1.00	Hold	2/3/4/5					
Grenkeleasing AG	Häßler	70.00	Hold						
Hannover Re	Häßler	70.00	Buy						
Heidelberger Druck	Schmidt	3.00	Buy						
Henkel	Demidova	80.00	Hold						
HHLA	Rothenbacher	16.00	Reduce						
Hochtief	Faust	69.00	Hold						
Hugo Boss	Faust	88.00	Reduce						
i:FAOAG	Rothenbacher	19.00	Buy	2/3					
Joyou AG	Lieder	21.90	Buy	2					

Source: equinet Recommendations

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- 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

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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
03. Apr 14	Buy	19.00	13.08
12. Nov 13	Buy	24.00	16.27
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

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**.

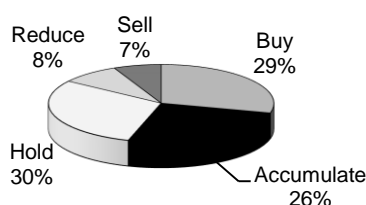
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- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the 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

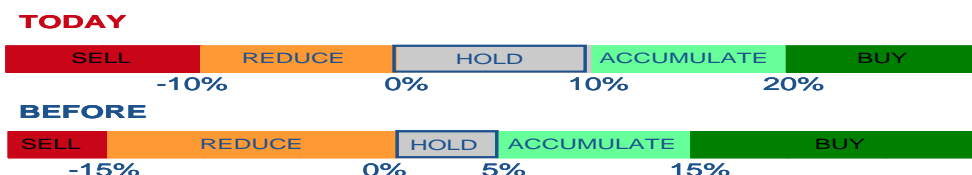


History of ESN Recommendation System

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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:



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