

April 11, 2014

Europe | Germany | Technology

DR. KALLIWODA
RESEARCH GmbH

Update

BUY

Target price: €24.40

Overview

Industry:	Technology
Country:	Germany
ISIN:	DE000A1K0300
Reuters:	EUCAn.DE
Bloomberg:	EUCAGR
Website:	www.euromicron.net

Last price	12.54
	High Low
Price 52 weeks:	17.90 12.43
Market cap (EURm)	89.99
Number of shares (m)	7.18

Shareholder structure

Universal-Investment GmbH	4.52%
FPM Funds Luxembourg	2.72%
Union Investment	3.20%
Erste Sparinvest	3.00%
Free float	86.56%

Performance

4 weeks	-8.75%
13 weeks	-19.64%
26 weeks	-24.12%
52 weeks	-18.38%
YTD	-20.20%

Dividend

	in EUR	in %
2011	0.71	5.66%
2012	0.30	2.39%
2013E	0.00	0.00%
2014E	0.53	4.24%

52-Week Chart



Analyst

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euromicron AG

Integration program Agenda 500 and order situation are precursors for good 2014

- In 2013, euromicron generated revenues of €329.4m, which were 0.2% lower y-o-y. Due to a significantly higher cost structure the EBIT margin went down from 5.2% in 2012 to 1.7% and net income declined from €8.6m to €-0.9m. However, both the order intake (€327.7m vs. €327.8m in 2012) and backlog (€126.5m vs. €125.2m) make us optimistic when it comes to the company's development in the coming quarters.
- Between January and December 2013, the best performer was the segment euromicron Nord (Germany, Benelux, France, Poland), where sales increased by 4.2% y-o-y to €112.9m at an EBIT margin of 9.5%. Revenues of euromicron Süd (Switzerland, Italy, Austria) and euromicron WAN services (Planning, Installation and Maintenance of Wide Area Network) declined by 3.8% to €114.7m and 0.7% to €101.9m respectively, with the latter reporting a negative EBIT.
- Despite a net loss, the operating cash flow improved from €7m in 2012 to €39.4m, which resulted from increasing volume of factoring. Free cash flow amounted to €34.3m, which corresponded to a FCF yield of 29.5%. Together with a cash outflow from financing of €0.9m, this led to an increase of the cash position since January 2013 by €33.4m. As of 31 December 2013, euromicron had a net gearing of 37.2%, which declined from 41.8% in 2012 due to a capital increase of €7.1m (512.6k new shares at €13.86 per share).
- We have reduced our estimates in-line with euromicron's 2014 guidance of €340-360m for sales and an EBITDA margin of 6-8%. This results in a lower 12-months DCF-based price target of €24.40 (previously: €26.10), which however implies an upside of 94.6% at present. In our view, given favorable market trends (increasing data volumes and thus necessary investments into telco infrastructure), euromicron remains a highly interesting long-term investment opportunity. We expect that the company will again pay out dividends as soon as it completes its integration and restructuring efforts in 2015.

Key Figures

in EURm	2011	2012	2013	2014E	2015E	2016E
Net sales	305.31	330.03	329.37	349.13	380.55	397.68
EBITDA	30.73	25.03	14.41	25.65	32.17	39.62
EBIT	24.16	17.08	5.51	16.22	21.89	28.88
Net income	12.19	8.57	-0.89	7.63	11.03	15.25
EPS	2.32	1.29	-0.12	1.06	1.54	2.13
BVPS	22.75	17.79	17.03	17.56	18.33	19.39
RoE	11.70%	7.20%	-0.74%	6.14%	8.56%	11.27%
EBIT margin	7.91 %	5.18 %	1.67 %	4.65 %	5.75 %	7.26 %
P/E	5.41x	9.75x	neg	11.80x	8.16x	5.90x
P/BVPS	0.55x	0.71x	0.74x	0.71x	0.68x	0.65x
EV/EBITDA	5.19x	6.37x	11.06x	6.21x	4.95x	4.02x

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1 Company profile

euromicron AG is a manufacturer and provider of network solutions and optical fibre technology. Moreover, the company is a full-service provider of communication and security solutions for different industries and requirements. euromicron covers the entire value chain. Along with planning, implementation and maintenance of communication and security solutions, which are usually based on IP networks, the company also offers development, production and distribution of network components as well as consulting and purchasing. The organization is divided into three segments and four marketing areas.

euromicron AG – Company structure

Holding	Management Holding		
	Finance, Personnel, Purchasing, IT, Public & Investor Relations		
	North	South	WAN services
Components	Highest quality in manufacturing, which is conducted according to customer requirements		
	<ul style="list-style-type: none"> Active / Passive Optical Network Components Test and Working Station Systems 		<ul style="list-style-type: none"> Maintenance Managed Services
	LWL Sachsenkabel GmbH (D) MICROSENS GmbH Co. KG & Beteiligungen GmbH (D, F, PL)	ELABO GmbH (D) EUROMICRON Werkzeuge GmbH (D)	
Networks	Integrated, one-stop approach for client-specific, cross-system project and system solutions for convergent networks		
	<ul style="list-style-type: none"> Voice/Unified Communication Video/Monitoring Intelligent Networks 		<ul style="list-style-type: none"> Security PMR Solutions
	euromicron systems GmbH (D) SSM euromicron GmbH (D)	euromicron solutions GmbH (D, P) Avalan GmbH (D) euromicron austria GmbH (A) euromicron NBG Fiber Optics (A)	telenet GmbH (D)
Distribution	Long-term relationships with international manufacturers of active and passive network components allow for qualified and independent solutions at best-possible terms just-in-time		
	<ul style="list-style-type: none"> Consulting Training (Certificates, Seminars) 		<ul style="list-style-type: none"> Analysis Service
		SKM Skyline GmbH (D) Qubix S.p.A. networking solutions & distribuion GmbH (I)	
Service	Strategic and cross-segment control and operating tasks, which do not directly belong to the core business e.g.		
	<ul style="list-style-type: none"> Administration of Property and Buildings 		<ul style="list-style-type: none"> Financing of Specific Shareholdings
	euromicron international services GmbH (D)		

2 Valuation

In order to value euromicron, we have used our DCF model, which derives a 12-months price target for the stock of €24.40. Compared to the current market level, this corresponds to an upside of 94.6%.

DCF model

Discounted Cash Flow Model (Basis 4/2014)

	Phase 1								
in EURm	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Net sales	349.13	380.55	397.68	413.59	426.82	438.35	449.30	459.19	468.37
(y-o-y change)	6.0%	9.0%	4.5%	4.0%	3.2%	2.7%	2.5%	2.2%	2.0%
EBIT	16.22	21.89	28.88	33.35	36.71	37.68	38.10	38.47	38.73
(EBIT margin)	4.6%	5.7%	7.2%	8.0%	8.5%	8.5%	8.4%	8.3%	8.2%
NOPLAT	11.35	15.32	20.21	23.34	25.70	26.38	26.67	26.93	27.11
+ Depreciation	9.44	10.28	10.75	11.18	11.53	11.85	12.14	12.41	12.66
= Net operating cash flow	20.79	25.61	30.96	34.52	37.23	38.22	38.81	39.34	39.77
- Total investments (Capex and WC)	-19.44	-22.32	-20.68	-21.01	-21.02	-21.11	-21.38	-21.51	-21.69
Capital expenditure	-15.49	-16.33	-16.80	-17.23	-17.58	-17.90	-18.19	-18.46	-18.71
Working capital	-3.95	-5.98	-3.88	-3.78	-3.43	-3.22	-3.19	-3.05	-2.98
= Free cash flow (FCF)	1.35	3.29	10.29	13.52	16.21	17.11	17.43	17.83	18.08
PV of FCFs	1.27	2.86	8.25	9.99	11.05	10.75	10.10	9.53	8.90

PV of FCFs in explicit period	72.70
PV of FCFs in terminal period	158.56
Enterprise value (EV)	231.27
+ Net cash / - net debt (31 December 2013)	-69.41
+ Investments / - Minorities	-0.39
Shareholder value	161.47
Number of shares outstanding (m)	7.18

WACC	8.5%
Equity costs	10.0%
Debt costs before tax	7.0%
Tax rate	30.0%
Debt costs after tax	4.9%
Equity share	70.0%
Debt share	30.0%
Fair value per share in € (today)	22.50
Fair value per share in € (in 12 months)	24.40

Sensitivity analysis		Terminal EBIT margin						
		5.2%	6.2%	7.2%	8.2%	9.2%	10.2%	11.2%
WACC	5.5%	31.86	41.06	50.26	59.46	68.66	77.86	87.06
	6.5%	22.75	29.32	35.90	42.47	49.04	55.61	62.18
	7.5%	16.92	21.86	26.81	31.76	36.70	41.65	46.60
	8.5%	12.83	16.69	20.55	24.40	28.26	32.11	35.97
	9.5%	9.81	12.89	15.97	19.06	22.14	25.22	28.30
	10.5%	7.47	9.98	12.49	15.00	17.51	20.02	22.53

Source: Dr. Kalliwoda Research GmbH

3 Fiscal-year 2013 results

Revenues

Between January and December 2013, euromicron generated revenues of €329.4m, which were 0.2% below last year and 8% lower than our forecasts. While 88.4% of sales stemmed from Germany (2012: 90.6%), those from outside the Euro zone e.g. Poland, China increased by 91.1% to €10.7m. The order intake (€327.7m vs. €327.8m in 2012) and backlog (€126.5m vs. €125.2m) make us optimistic when it comes to euromicron's results in the coming quarters.

In 2013, the best-performing segment was euromicron Nord (+4.2% to €112.9m), however its EBIT margin deteriorated y-o-y (9.5% vs. 13.3% in 2012), which stemmed from one-off effects relating to project valuations. Due to higher depreciation of hidden reserves the segment euromicron Süd reported an operating loss for 2013 of €4.9m (2012: €+0.5m)

2013 results vs. previous year and our estimates

2013 vs. previous year and our estimates

in EURm	2013	2013E	2012	2013 vs. 2013E	2013 vs. 2012
Net sales	329.37	358.08	330.03	-8.0%	-0.2%
EBITDA	14.41	28.18	25.03	-48.9%	-42.4%
EBITDA margin	4.4%	7.9%	7.6%		
EBIT	5.51	19.56	17.08	-71.8%	-67.7%
EBIT margin	1.7%	5.5%	5.2%		
Net income	-0.89	9.44	8.57	-109.4%	-110.4%
Net margin	-0.3%	2.6%	2.6%		

Source: Company data, Dr. Kalliwoda Research GmbH

Sales and EBIT margins according to segments

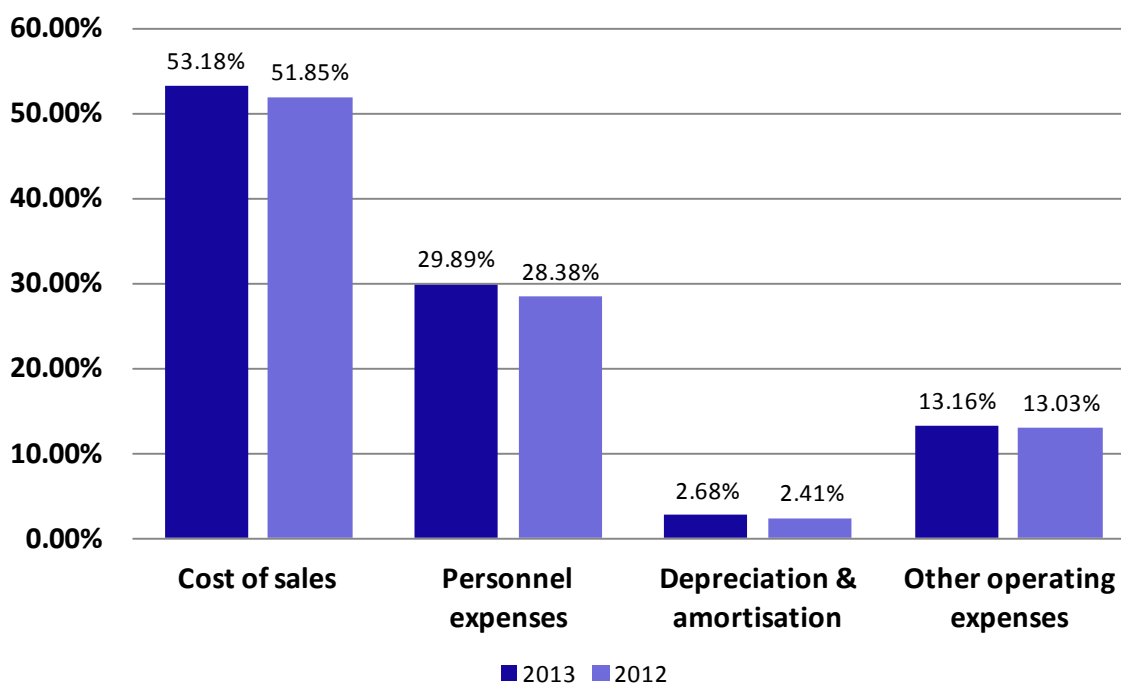
Sales and EBIT margins according to segments 2013 vs. 2012

	2013	2012		2013	2012
euromicron Nord			euromicron WAN services		
Sales €m	112.86	108.29	Sales €m	101.86	102.58
share in total sales	34.3%	32.8%	share in total sales	30.9%	31.1%
EBIT margin	9.5%	13.3%	EBIT margin	6.3%	7.8%
euromicron Süd			Group		
Sales €m	114.65	119.16	Total sales	329.37	330.03
share in total sales	34.8%	36.1%	change y-o-y	-0.2%	
EBIT margin	-4.2%	0.4%			
Germany			Rest of the World		
Sales €m	291.30	298.90	Sales €m	10.70	5.60
share in total sales	88.4%	90.6%	share in total sales	3.2%	1.7%
Euro zone					
Sales €m	27.40	25.50			
share in total sales	8.3%	7.7%			

Source: Company data, Dr. Kalliwoda Research GmbH

Profitability

Share in total revenues 2013 vs. 2012



Source: Company information, Dr. Kalliwoda Research GmbH

The reasons, why EBIT and net income went down y-o-y by 67.7% and 110.4% respectively, were (1) integration and restructuring expenses of €5.5m (2) €4.9m one-off costs relating to project valuations and (3) €8m due to project/order delays or postponements. Despite project postponements, euromicron had to account for the related capacity and material costs, mainly under CoGS. Moreover, the average number of employees increased from 1,699 in 2012 to 1,741, which affected the personnel expenses.

Balance Sheet and Cash Flow

At the end of December 2013, euromicron had an equity position of €122.2m, or 37.2% of the balance sheet total. Goodwill amounted to €113.5m and stemmed from many, mainly smaller, acquisitions in the past. Due to a higher volume of factoring working capital decreased from €65m (19.7% of 2012 sales) to €49.9m (15.1% of 2013 sales). Interest-bearing debt, of which 38.7% was long-term, totalled €110.5m (2012: €87.1m), which together with liquid funds of €41m resulted in a net debt position of €69.4m (€81.5m).

Although euromicron reported a net loss for 2013, the operating cash flow increased significantly from €7m to €39.4. The reasons were cash inflows from working capital of €9.1m and other operating liabilities of €21.8m. Cash flow from investing increased from €-13.3m to €-5.1m despite the acquisition of the providers of specialised security technology SIM Secure Information Management GmbH and ATECS GmbH. Although the company paid out a lower dividend (€2m vs. €7.7m in 2012) and conducted a capital increase of €6.7m net in December 2013 (512.6k new shares at €13.86 per share), cash flow from financing decreased from €4.5m to €-0.9m as euromicron reduced its financial debt by €5.4m net. In total, euromicron's cash position increased since January 2013 by €33.4m.

4 Outlook

Euromicron's management regard 2013 as a core integration year of the Build & Integration phase (Agenda 500), in which the company realized many important investments e.g. introduction of standardized processes, improvement of IT infrastructure and more professional structure. This has led to increased costs, but should make euromicron ready for integrating a larger acquisition from 2015 and sales of €500m in 2016. With regard to 2014, management have stated that it expected the highest integration costs then, which is why they guide for an EBITDA margin of just 6-8% and have cut the dividend altogether. In the long run, euromicron expects to generate EBITDA margins of 8-11%, which in our opinion should allow it to pay out c. 50% of its yearly net income to shareholders.

As 2013 results came in weaker than we had previously anticipated, we have adjusted our valuation model for euromicron and have taken into account its 2014 guidance. Due to lower estimates our 12-months DCF-based price target for the stock goes down from previously €26.10 to €24.40. Nevertheless, due to an upside of 94.6% we reiterate our BUY recommendations.

We maintain our view that euromicron is a very interesting long term investment opportunity due to increasing data volumes (triggers: LTE technology, online video and games, IPTV, social networks) and necessary investments into the modernization of telco & communication infrastructure. Due to its attractive product portfolio and current valuation we also see the company as a potential takeover target e.g. for a private equity investor or large international telco company.

Sales split according to segments 2014E-16E

Sales estimates according to segments 2014E-2016E

in EURm	2014E	2015E	2016E
euromicron Nord	119.28	129.64	135.08
change y-o-y	5.7%	8.7%	4.2%
share in total sales	34.2%	34.1%	34.0%
euromicron Süd	121.18	131.71	137.24
change y-o-y	5.7%	8.7%	4.2%
share in total sales	34.7%	34.6%	34.5%
euromicron WAN services	108.67	119.21	125.37
change y-o-y	6.7%	9.7%	5.2%
share in total sales	31.1%	31.3%	31.5%
Total sales	349.13	380.55	397.68
(change y-o-y)	6.0%	9.0%	4.5%

Source: Dr. Kalliwoda Research GmbH

Changes to our forecasts

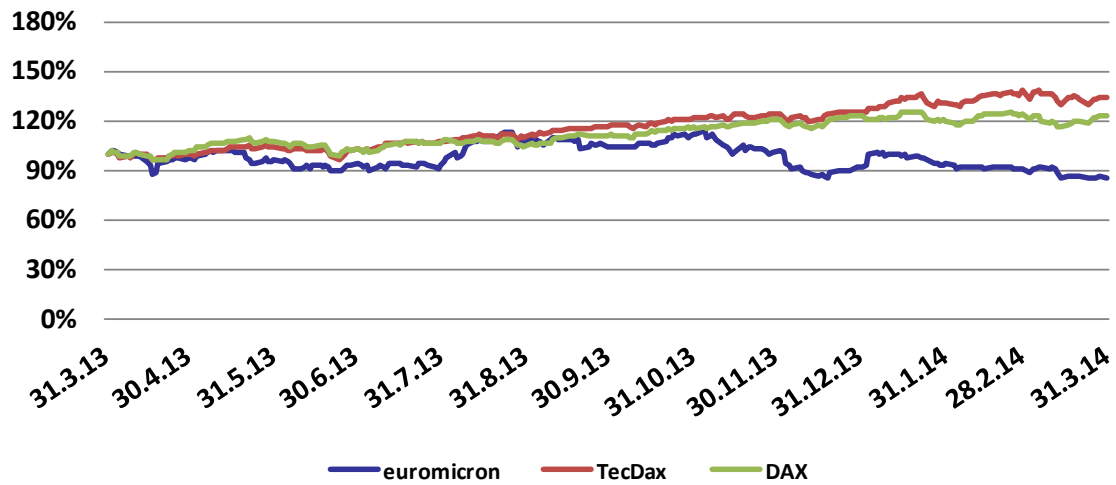
Our forecasts 2014E - 2016E

in EURm	2014E		2015E		2016E	
	new	old	new	old	new	old
Net sales	349.13	391.38	380.55	426.61	397.68	445.81
EBITDA	25.65	31.53	32.17	37.80	39.62	43.07
EBITDA margin	7.3%	8.1%	8.5%	8.9%	10.0%	9.7%
EBIT	16.22	22.11	21.89	27.53	28.88	32.34
EBIT margin	4.6%	5.6%	5.8%	6.5%	7.3%	7.3%
Net income	7.63	11.27	11.03	14.89	15.25	18.19
Net margin	2.2%	2.9%	2.9%	3.5%	3.8%	4.1%

Source: Dr. Kalliwoda Research GmbH

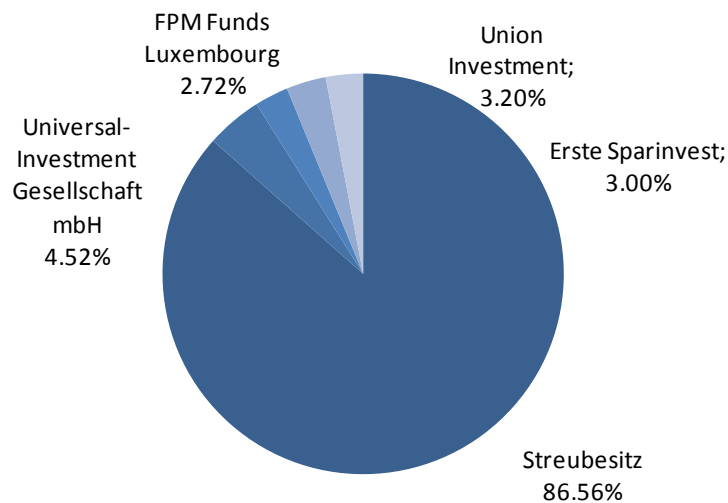
5 Stock and shareholder structure

Share performance



Source: Thomsosn Reuters, Dr. Kalliwoda Research GmbH

Shareholder structure



Source: Company information, Dr.Kalliwoda Research GmbH

6 Profit and loss statements

Profit and loss statement - euromicron AG						
in EURm	Fiscal year					
	2011	2012	2013	2014E	2015E	2016E
Sales split						
euromicron Nord	116.79	108.29	112.86	119.28	129.64	135.08
euromicron Süd	137.63	119.16	114.65	121.18	131.71	137.24
WAN Services	66.85	102.58	101.86	108.67	119.21	125.37
Consolidation	-15.96	0.00	0.00	0.00	0.00	0.00
Net sales	305.31	330.03	329.37	349.13	380.55	397.68
Internally produced and capitalised assets	1.95	5.61	3.13	1.90	1.90	1.90
Change in inventories	-7.44	-5.85	-0.70	1.53	1.58	1.49
Total Output	299.81	329.79	331.81	352.56	384.03	401.07
Cost of goods sold	-159.62	-171.00	-176.44	-187.48	-204.21	-213.27
Gross profit	140.19	158.79	155.37	165.09	179.82	187.80
Other operating income	2.72	2.80	1.90	1.94	1.98	2.02
Personnel costs	-76.93	-93.59	-99.18	-104.68	-113.26	-117.48
Depreciation & Amortization	-6.56	-7.94	-8.90	-9.44	-10.28	-10.75
Other operating expenses	-35.26	-42.97	-43.68	-36.69	-36.37	-32.71
EBIT	24.16	17.08	5.51	16.22	21.89	28.88
Net financial results	-6.36	-4.86	-3.81	-4.06	-4.31	-4.56
EBT	17.80	12.23	1.70	12.16	17.58	24.32
Income taxes	-4.94	-3.40	-2.47	-3.65	-5.27	-7.30
Minority interests	-0.67	-0.26	-0.12	-0.89	-1.28	-1.77
Net income / loss	12.19	8.57	-0.89	7.63	11.03	15.25
EPS	2.32	1.29	-0.12	1.06	1.54	2.13
DPS	1.15	0.30	0.00	0.53	0.77	1.06
Change y-o-y						
Net sales	n.a	8.10%	-0.20%	6.00%	9.00%	4.50%
Total Output	n.a	10.00%	0.61%	6.26%	8.93%	4.44%
Cost of goods sold	n.a	7.13%	3.18%	6.26%	8.93%	4.44%
Gross profit	n.a	13.26%	-2.15%	6.26%	8.93%	4.44%
Other operating income	n.a	2.68%	-32.03%	2.00%	2.00%	2.00%
Personnel costs	n.a	21.65%	5.98%	5.55%	8.19%	3.73%
Depreciation & Amortization	n.a	21.03%	12.06%	6.00%	9.00%	4.50%
Other operating expenses	n.a	21.86%	1.65%	-15.99%	-0.88%	-10.05%
EBIT	n.a	-29.30%	-67.75%	194.39%	34.97%	31.92%
Net financial results	n.a	-23.70%	-21.58%	6.57%	6.16%	5.80%
EBT	n.a	-31.31%	-86.09%	614.87%	44.59%	38.32%
Income taxes	n.a	-31.19%	-27.46%	47.99%	44.59%	38.32%
Minority interests	n.a	-61.19%	-52.31%	614.87%	44.59%	38.32%
Net income / loss	n.a	-29.71%	-110.36%	-958.73%	44.59%	38.32%
EPS	n.a	-44.58%	-109.62%	-958.73%	44.59%	38.32%
DPS	n.a	-73.91%	-100.00%	n.a	n.a	38.32%
Share in total sales						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Output	98.20 %	99.93 %	100.74 %	100.98 %	100.91 %	100.85 %
Cost of goods sold	-52.28 %	-51.81 %	-53.57 %	-53.70 %	-53.66 %	-53.63 %
Gross profit	45.92 %	48.11 %	47.17 %	47.28 %	47.25 %	47.22 %
Other operating income	0.89 %	0.85 %	0.58 %	0.56 %	0.52 %	0.51 %
Personnel costs	-25.20 %	-28.36 %	-30.11 %	-29.98 %	-29.76 %	-29.54 %
Depreciation & Amortization	-2.15 %	-2.41 %	-2.70 %	-2.70 %	-2.70 %	-2.70 %
Other operating expenses	-11.55 %	-13.02 %	-13.26 %	-10.51 %	-9.56 %	-8.23 %
EBIT	7.91 %	5.18 %	1.67 %	4.65 %	5.75 %	7.26 %
Net financial results	-2.08 %	-1.47 %	-1.16 %	-1.16 %	-1.13 %	-1.15 %
EBT	5.83 %	3.70 %	0.52 %	3.48 %	4.62 %	6.12 %
Income taxes	-1.62 %	-1.03 %	-0.75 %	-1.04 %	-1.39 %	-1.83 %
Minority interests	-0.22 %	-0.08 %	-0.04 %	-0.25 %	-0.34 %	-0.45 %
Net income / loss	3.99 %	2.60 %	-0.27 %	2.18 %	2.90 %	3.83 %

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7 Balance sheets

Balance sheet - euromicron AG						
	Fiscal year					
in EURm	2011	2012	2013	2014E	2015E	2016E
Assets						
Cash and cash equivalents	7.30	5.41	38.83	45.57	41.45	42.15
Inventories	25.08	27.50	27.96	29.71	32.36	33.80
Trade accounts and notes receivables	88.07	96.77	98.35	104.26	113.64	118.75
Other current assets	5.17	7.47	6.43	6.81	7.42	7.76
Other financial assets	1.16	0.23	2.22	2.35	2.56	2.68
Current assets	126.78	137.38	173.79	188.70	197.44	205.13
Property, plant and equipment	15.13	16.26	14.47	16.02	17.57	19.12
Other intangible assets	18.26	21.03	23.71	28.21	32.71	37.21
Goodwill	103.63	106.37	113.53	113.53	113.53	113.53
Financial assets	0.73	0.72	0.96	1.02	1.11	1.16
Other assets	0.18	0.20	0.11	0.11	0.12	0.13
Deferred tax assets	0.47	1.93	2.30	0.00	0.00	0.00
Non-current assets	138.39	146.50	155.07	158.89	165.04	171.14
Total assets	265.16	283.88	328.86	347.58	362.48	376.28
Liabilities						
Trade payables	31.62	42.87	54.64	57.03	61.00	62.54
Tax liabilities	9.70	7.98	11.17	11.84	12.90	13.48
Personnel liabilities	9.67	9.83	11.47	12.16	13.25	13.85
Other short-term liabilities	13.88	6.07	5.59	5.92	6.45	6.74
Short-term bank debt	29.76	31.00	30.39	29.39	28.39	27.39
Finance lease	0.30	0.60	0.51	0.55	0.59	0.63
Other financial liabilities	2.97	6.78	36.81	36.61	36.41	36.21
Provisions	1.22	2.06	2.31	2.45	2.67	2.79
Current liabilities	99.12	107.19	152.88	155.94	161.66	163.63
Long-term bank debt	24.67	37.59	32.81	45.81	54.01	56.01
Leasing debt	1.46	2.16	1.67	1.92	2.17	2.42
Other financial debt	10.79	8.03	7.32	7.36	7.40	7.44
Pension provisions	0.73	0.98	0.95	1.00	1.09	1.14
Provisions	0.48	1.16	1.78	1.88	2.05	2.14
Other liabilities	0.00	0.00	0.21	0.00	0.00	0.00
Deferred tax liabilities	7.87	7.74	8.66	6.37	0.00	0.00
Long-term liabilities	46.00	57.65	53.39	64.35	66.72	69.16
Total liabilities	145.12	164.83	206.26	220.29	228.39	232.78
Shareholders equity	119.56	118.52	122.21	126.02	131.53	139.16
Minority interests	0.48	0.53	0.39	1.28	2.56	4.33
Total equity and liabilities	265.16	283.88	328.86	347.58	362.48	376.28

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8 Cash flow statements

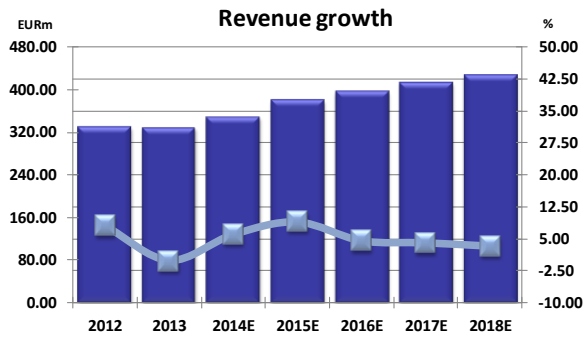
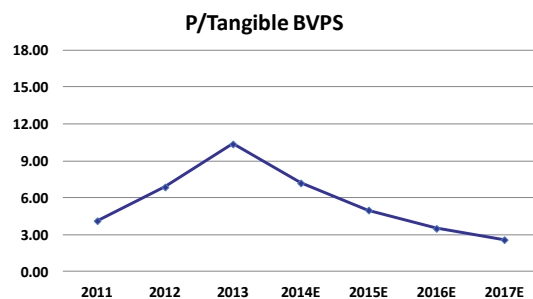
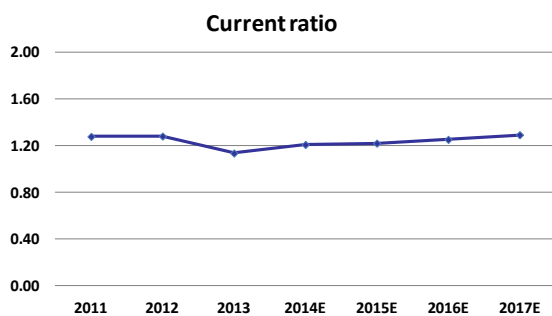
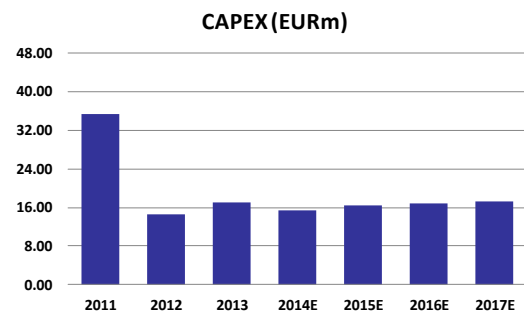
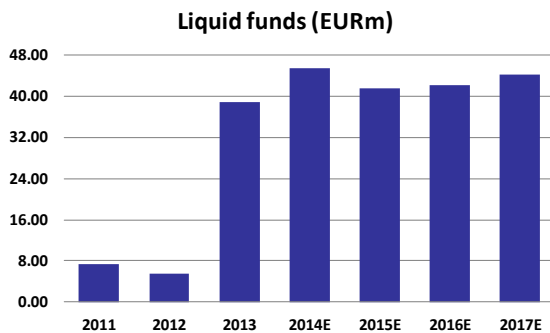
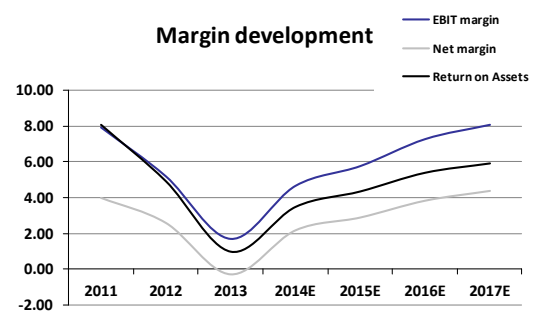
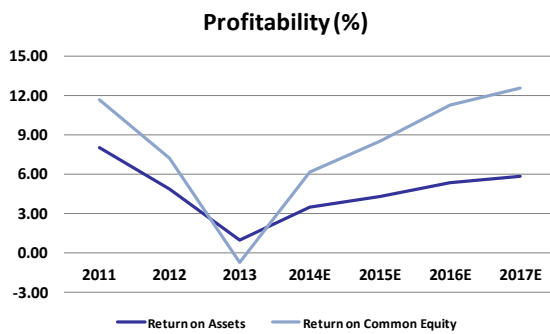
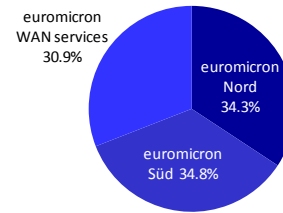
Cash flow statement - euromicron AG						
in EURm	Fiscal year					
	2011	2012	2013	2014E	2015E	2016E
Net income / loss	12.19	8.57	-0.89	7.63	11.03	15.25
Depreciation & Amortization	6.56	7.94	8.90	9.44	10.28	10.75
Change of working capital	-25.36	-11.82	9.12	-3.95	15.10	-3.95
Others	7.08	2.27	22.30	0.26	1.42	0.26
Net operating cash flow	0.47	6.96	39.43	13.37	37.84	22.30
Cash flow from investment	-20.40	-13.29	-5.13	-15.49	-16.96	-15.49
Free cash flow	-19.92	-6.33	34.31	-2.12	20.88	6.82
Cash flow from financing	18.65	4.45	-0.89	8.86	-24.99	-6.13
Change of cash	-1.27	-1.89	33.42	6.74	-4.11	0.69
Cash at the beginning of the period	8.57	7.30	5.41	38.83	45.57	41.45
Cash at the end of the period	7.30	5.41	38.83	45.57	41.45	42.15

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9 Financial ratios

Fiscal year	2011	2012	2013E	2014E	2015E	2016E	2017E	2018E
Gross margin	46.76%	48.15%	46.82%	46.82%	46.82%	46.82%	46.82%	46.82%
EBITDA margin	10.06%	7.58%	4.38%	7.35%	8.45%	9.96%	10.77%	11.30%
EBIT margin	8.06%	5.18%	1.66%	4.60%	5.70%	7.20%	8.00%	8.54%
Net margin	4.07%	2.60%	-0.27%	2.16%	2.87%	3.80%	4.35%	4.72%
Return on equity (ROE)	11.70%	7.20%	-0.74%	6.14%	8.56%	11.27%	12.61%	13.24%
Return on assets (ROA)	8.04%	4.89%	0.95%	3.45%	4.32%	5.36%	5.89%	6.21%
Return on capital employed (ROCE)	10.51%	6.98%	-1.41%	5.92%	7.63%	9.51%	10.34%	10.84%
Net debt (in EURm)	62.22	81.49	69.41	74.72	86.04	86.42	84.93	81.80
Net gearing	52.04%	68.75%	56.79%	59.29%	65.42%	62.10%	57.30%	51.65%
Equity ratio	45.09%	41.75%	37.16%	36.26%	36.29%	36.98%	37.91%	39.28%
Current ratio	1.28	1.28	1.14	1.21	1.22	1.25	1.29	1.32
Quick ratio	0.97	0.96	0.91	0.98	0.98	1.00	1.03	1.06
Net interest cover	3.80	3.52	1.45	4.00	5.08	6.34	7.48	8.42
Net debt/EBITDA	2.02	3.26	4.82	2.91	2.67	2.18	1.91	1.70
Tangible BVPS	3.03	1.82	1.21	1.74	2.51	3.57	4.83	6.25
Capex/Sales	-11.57%	-4.42%	-5.15%	-4.44%	-4.29%	-4.22%	-4.17%	-4.12%
Working capital/Sales	17.51%	19.69%	15.14%	15.42%	15.72%	16.02%	16.31%	16.61%
EV/Sales	0.52	0.48	0.48	0.46	0.42	0.40	0.39	0.37
EV/EBITDA	5.19	6.37	11.06	6.21	4.95	4.02	3.58	3.30
EV/EBIT	6.60	9.33	28.93	9.83	7.28	5.52	4.78	4.34
P/Tangible BVPS	4.14	6.88	10.37	7.20	5.00	3.51	2.59	2.01
P/E	5.41	9.75	-101.34	11.80	8.16	5.90	4.97	4.44
P/FCF	-4.52	-14.21	2.62	-42.45	4.31	13.20	90.45	7.92

Source: Company information, Dr. Kalliwoda Research GmbH

**Sales split 2013**

Source: Company information, Dr. Kalliwoda Research GmbH

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