



euromicron AG

Outlook for 2015 burdened by additional restructuring

28/05/2015

Hold
14.00 EUR

Close (27/05/2015)	10.34 EUR
Bloomberg: EUCA	WKN: A1K030
Sector	Technology

Share price performance

52 week high	14.18
52 week low	9.16
Compared to	Prime All Share
YTD	-27.9%
1 month	-0.5%
12 months	-26.7%



Share data

Market Cap (m EUR)	74.2
No. of shares (m)	7.2
Free float	95.4%
Trading vol. Ø (m EUR)	0.24

Next event

07/08/2015	Quarterly Results
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Analyst

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The delayed report for FY 2014 revealed a rather weak Q4. However, the results met the low end of the guidance range for FY 2014. The company's outlook for 2015 is lower than both our own forecasts and consensus estimates and therefore disappointing.

ACCOUNTING ERRORS WEIGH ON EQUITY CAPITAL

- The 2015 guidance includes group sales of between € 340 m and € 360 m (identical to 2014 targets) and an EBITDA margin of between 5% and 7%. The latter suggests a range of € 17.0-25.2 m. Our (consensus) sales estimate currently stands at € 382 m (€ 370 m), and our EBITDA forecast at € 29.2 m (€ 27.3 m).
- Accounting errors made in the years 2012 and 2013 led to a write-down on equity capital worth € 11.4 m vs. prior management guidance of <€ 15 m.
- The FY 2014 results met the low end of the guidance range with sales of € 346.3 m (range € 340-360 m) and EBITDA of € 21.1 m (range € 20.4-28.8 m).
- Order book: € 121.5 m at YE 2014, down from € 127.8 m at the end of 2013.
- Net debt rose from € 33.2 m at the end of 2013 to € 49.2 m at the end of 2014.

Euromicron [€ m]	BHL				BHL			
	Q4 2014	Q4 2014e	Q4 2013	% yoy	FY 2014	FY 2014e	FY 2013	% yoy
Sales	99.7	114.1	96.1	3.7%	346	361	329	5.1%
EBITDA	5.9	8.1	-3.6	na	21	23	14	46.5%
EBITDA-margin	5.9%	7.1%	-3.8%	9.7 PP	6.1%	6.5%	4.4%	1.7 PP
Net income (after min.)	-0.7	2.9	-6.8	na	2.6	6.2	-0.9	
EPS [€]	(0.10)	0.40	(0.95)	na	0.36	0.86	(0.12)	

Source: Company information, Bankhaus Lampe Research

RESTRUCTURING TO CONTINUE

- The company is planning additional restructuring measures and intends to focus the business on "intelligent building solutions" and "critical infrastructures". The measures may also include the disposal of assets.
- It will probably take some time for the new managers, Bettina Meyer and Jürgen Hansjosten, to restore trust in the company's management team.
- We will probably adjust our sales and earnings estimates downward based on the new management outlook.

in m EUR	2012	2013	2014e	2015e	2016e
Sales	330.0	329.4	360.7	381.6	400.7
EBIT	17.1	5.5	13.2	18.3	22.3
EBIT margin	5.2%	1.7%	3.7%	4.8%	5.6%
Net financial debt	75.2	37.9	36.2	31.7	26.5
Free cash-flow	-6.5	34.3	0.9	4.6	6.9
EPS (in EUR)	1.29	-0.12	0.86	1.37	1.76
DPS (in EUR)	0.30	0.00	0.10	0.30	0.40
Dividend yield	1.7%	0.0%	0.9%	2.9%	3.9%
EV/Sales	0.6	0.4	0.3	0.3	0.3
EV/EBIT	11.6	25.9	9.1	5.9	4.6
Price Earnings ratio (P/E)	14.1	-119.8	13.2	7.6	5.9

Source: Company information, Bankhaus Lampe Research estimates

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Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: euromicron AG (EUCA GY), Close (27/05/2015): 10.34 EUR, Analyst: Wolfgang Specht (Analyst).

Date of publication	Price at recommendation	Rating	Price target
17/11/2014	12.63 EUR	Hold	14.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/04/2015)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	52.5%	71.4%
Hold	33.8%	28.6%
Sell	13.7%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
euromicron AG	---

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