



## Buy

Recommendation unchanged

**Share price: EUR 10.44**

closing price as of 14/07/2016

**Target price: EUR 13.00**

Target Price unchanged

Reuters/Bloomberg

EUCG.DE/EUC.GY

Market capitalisation (EURm)	75
Current N° of shares (m)	7
Free float	100%
Daily avg. no. trad. sh. 12 mth	42,491
Daily avg. trad. vol. 12 mth (m)	433
Price high 12 mth (EUR)	10.44
Price low 12 mth (EUR)	5.70
Abs. perf. 1 mth	24.29%
Abs. perf. 3 mth	41.04%
Abs. perf. 12 mth	10.65%

Key financials (EUR)	12/15	12/16e	12/17e
Sales (m)	345	355	369
EBITDA (m)	7	14	24
EBITDA margin	2.0%	3.9%	6.4%
EBIT (m)	(3)	4	14
EBIT margin	nm	1.2%	3.9%
Net Profit (adj.)(m)	(5)	2	8
ROCE	0.8%	2.8%	5.3%
Net debt/(cash) (m)	77	82	72
Net Debt/Equity	0.8	0.8	0.7
Debt/EBITDA	11.1	6.0	3.1
Int. cover(EBITDA/Fin. int)	1.8	4.0	7.6
EV/Sales	0.4	0.5	0.4
EV/EBITDA	20.7	12.4	6.8
EV/EBITDA (adj.)	12.5	10.5	6.8
EV/EBIT	nm	38.6	11.1
P/E (adj.)	nm	33.0	9.7
P/BV	0.6	0.8	0.7
OpFCF yield	-5.3%	-7.5%	13.7%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.67)	0.32	1.07
BVPS	13.47	13.54	14.61
DPS	0.00	0.00	0.00



Source: Factset — EUROMICRON AG — Tec Dax (Rebased)

## Subsidiary wins major contract with Mittelsachsen

**The facts:** Telent GmbH, a subsidiary of euromicron, on Tuesday announced that it will build a new alert network for the district Mittelsachsen as general contractor.

**Our analysis:** It is clearly positive that Landkreis Mittelsachsen opts for the solutions from telent GmbH which includes the complete infrastructure and end devices for the entire district. Furthermore, we welcome the fact that this comprehensive project also includes all maintenance services which will generate somewhat lasting revenue for probably some years to come. This project definitely ranks among the larger ones since the whole district will be covered. Telent GmbH clearly shows that it is capable of approaching projects of that size.

**Conclusion & Action:** This project clearly shows the competitiveness as well as the high capability of euromicron and its subsidiaries. We continue to see significant improvements ahead and assume profitability will return to desired levels in the midterm due to the ongoing networking megatrend and Internet of Things (IoT) roll-outs. Moreover we believe the management has implemented the right steps.

We reiterate our Buy rating and maintain our target price of EUR 13.00 based on our DCF valuation.

### Analyst(s):

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