



euromicron AG

First signs of stabilisation

08/11/2016

Hold

7.00 EUR

Close (07/11/2016) 7.00 EUR

Bloomberg: EUCA WKN: A1K030

Sector Technology

Share price performance

52 week high 10.44

52 week low 5.70

Compared to Prime All Share

YTD -2.5%

1 month -2.0%

12 months -13.6%



Share data

Market Cap (m EUR) 50.2

No. of shares (m) 7.2

Free float 100.0%

Trading vol. Ø (m EUR) 0.07

Next event

-

Analyst

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See end of document for disclaimer.

Q3 reporting shows first signs of a stabilisation after a weak first half of 2016 which resulted in a profit warning for FY 2016. Additional restructuring measures however are expected by management for Q4 2016, and we see a risk that further measures may also be needed in 2017.

Euromicron [€ m]	BHL				BHL		
	Q3 2016	Q3 2016e	Q3 2015	% yoy	FY 2016e	FY 2015	% yoy
Sales	86.7	90.2	86.0	0.9%	339	345	0.4%
EBITDA	2.1	3.5	-0.1	na	7	7	>100%
EBITDA-margin	2.4%	3.9%	-0.2%	2.5 PP	1.9%	2.0%	4.1 PP
Net income (after min.)	-0.8	-0.2	-4.6	na	-6.7	-13.2	
EPS [€]	(0.11)	-0.02	(0.64)	na	-0.93	(1.85)	

Source: Company information, Bankhaus Lampe Research

RESTRUCTURING BURDEN REMAINS

- Q3 sales are stable yoy, supported by a recovery of the business activity in the segment "Intelligent Building Technology".
- The EBITDA recovered in Q3 vs. last year, but is less than we hoped for. The main reason is an ongoing need for restructuring, which incurred costs of € 1 m.
- The order intake after 9 months (€ 248.0 m) has recovered and is virtually flat yoy. The order book recovered to € 124.1 m, but is still down vs. 9M 2015 (-6%).
- Based on the return to a slightly positive operating cash flow, the net debt position was lowered from € 104.2 m after H1 to € 100.9 m.

FY OUTLOOK IS CONFIRMED, BUT OPENS UP A WIDE RANGE FOR Q4

- The company confirms its FY guidance, which was lowered with the H1 reporting: Sales are expected to reach € 330-350 m, the target for the operating EBITDA margin is 2-4%, and restructuring measures are now expected to have an effect of € 3-4 m.
- We analyse this share based on our three-stage DCF model and we arrive at a price target of € 7.00.

in m EUR	2014	2015	2016e	2017e	2018e
Sales	346.3	344.9	338.7	354.5	369.3
EBITDA	21.1	6.9	6.5	14.6	17.8
EBITDA margin	6.1%	2.0%	1.9%	4.1%	4.8%
Net financial debt	54.4	59.2	67.8	67.9	65.8
Free cash-flow	-16.2	-5.2	-8.6	-0.3	1.9
EPS (in EUR)	0.36	-1.85	-0.93	-0.03	0.36
DPS (in EUR)	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	0.4	0.3	0.4	0.3	0.3
EV/EBITDA	6.5	16.6	18.3	8.2	6.6
Price Earnings ratio (P/E)	32.1	-4.1	-7.5	-220.9	19.7

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 (07/11/2016): 7.00 EUR, Analyst: Wolfgang Specht (Analyst).

Date of publication	Price at recommendation	Rating	Price target
23/09/2016	7.35 EUR	Hold	7.00 EUR
04/05/2016	8.16 EUR	Hold	7.70 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/10/2016)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	56.0%	66.7%
Hold	38.0%	33.3%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
euromicron AG	---

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