

Buy

Recommendation unchanged

Share price: EUR 7.00

closing price as of 10/05/2017

Target price: EUR 13.00

Target Price unchanged

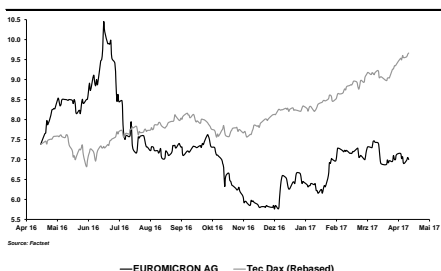
Upside/Downside Potential 85.7%

Reuters/Bloomberg EUCG.DE/EUCA.GY

Market capitalisation (EURm)	50
Current N° of shares (m)	7
Free float	100%
Daily avg. no. trad. sh. 12 mth	9
Daily avg. trad. vol. 12 mth (m)	81.66
Price high/low 12 months	5.76 / 10.44
Abs Perfs 1/3/12 mths (%)	-5.55/13.71/-2.26

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	325	340	352
EBITDA (m)	7	13	16
EBITDA margin	2.3%	3.8%	4.6%
EBIT (m)	(2)	4	7
EBIT margin	nm	1.0%	2.0%
Net Profit (adj.)(m)	(10)	(1)	2
ROCE	3.1%	1.8%	3.2%
Net debt/(cash) (m)	66	74	71
Net Debt/Equity	0.8	0.9	0.8
Debt/EBITDA	8.9	5.7	4.3
Int. cover(EBITDA/Fin. int)	1.4	(204.5)	(163.2)
EV/Sales	0.4	0.4	0.4
EV/EBITDA	16.3	10.6	8.3
EV/EBITDA (adj.)	10.1	10.6	8.3
EV/EBIT	nm	38.8	19.1
P/E (adj.)	nm	nm	28.0
P/BV	0.5	0.6	0.6
OpFCF yield	20.6%	-14.9%	5.6%
Dividend yield	0.0%	0.0%	8.6%
EPS (adj.)	(1.32)	(0.11)	0.25
BVPS	11.41	11.30	11.55
DPS	0.00	0.00	0.60

Shareholders



Analyst(s)

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Better than expected Q1 figures – significant upside

The facts: This morning euromicron reported Q1 2017 results.

Our analysis: The company reported Q1 2017 revenues of EUR 75.5m (+15.8% yoy), 8% above our estimate. EBITDA rose to EUR 0.1m, hence significantly increased compared to last year and was also above our estimate. Overall Q1 figures came in better than expected. Due to the cyclical nature of the business, the bulk of euromicron's earnings come in in the fourth quarter, business in the first quarter traditionally tends to be slow. Against this background, Q1 was quite positive. The company was able to improve all key figures compared to Q1 2016.

New orders were grown by EUR 10m to EUR 94.6m and increasingly include new orders from digitization projects. Order books in Q1 2017 were EUR 142m and thus 18.3% well up on the previous year's figure. This is a very solid foundation for a further positive development in 2017.

Operating cash flow significantly increased by EUR 13.3m to EUR -1.35m from EUR -14.6 last year. Also the working capital ratio improved by 8 percentage points to 15.1%.

euromicron AG - Q1 2017

EUR m	Q1 2017	Q1 2016	yoy	equinet	delta
Revenues	75.5	65.2	15.8%	69.8	8%
operating EBITDA	0.10	-0.96	n.m.	-0.20	n.m.
operating EBITDA margin	0.1%	-1.5%	160 BP	-0.3%	42 BP

Source: euromicron AG, equinet Research

Conclusion & Action: Euromicron reported Q1 figures well above our expectations and with a very promising order book. We continue to see improvements ahead and assume profitability will return to desired levels in the midterm due to the on-going networking megatrend. Moreover, the completion of old projects will also have positive effects on earnings. The reorganization process is largely completed.

We keep our price target of EUR 13.00 based on our DCF valuation, and reiterate our Buy recommendation. In our view, euromicron is significantly undervalued.