



Euromicron AG

Germany | Electronic & Electrical
Equipment

Investment Research

Flash Note

Buy

Recommendation unchanged

Share price: EUR 7.99

closing price as of 14/11/2017

Target price: EUR 13.00

Target Price unchanged

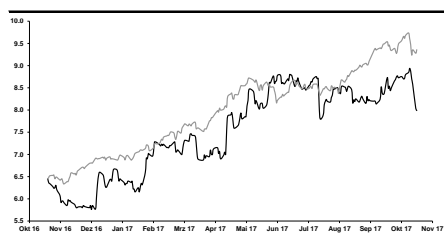
Upside/Downside Potential 62.7%

Reuters/Bloomberg EUCG.DE/EUCA.GY

Market capitalisation (EURm)	57
Current N° of shares (m)	7
Free float	100%
Daily avg. no. trad. sh. 12 mth	10
Daily avg. trad. vol. 12 mth (m)	86.87
Price high/low 12 months	5.76 / 8.94
Abs Perfs 1/3/12 mths (%)	-4.60/1.24/19.98

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
Net 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	11.2	8.7
EV/EBITDA (adj.)	10.1	11.2	8.7
EV/EBIT	nm	40.8	20.1
P/E (adj.)	nm	nm	32.0
P/BV	0.5	0.7	0.7
OpFCF yield	20.6%	-13.1%	4.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(1.32)	(0.11)	0.25
BVPS	11.41	11.30	11.55
DPS	0.00	0.00	0.00

Shareholders



Analyst(s)

Sebastian Droste
sebastian.droste@equinet-ag.de
+49 69 58 99 74 34

Reason: Company Newsflow

16 November 2017

Better than expected margin improvement

Last week euromicron reported a very good set of Q3 figures and has clearly beaten our bottom line expectations with an operating EBITDA margin of 7.2% vs our estimate of 5.9%. In our view, this indicates that euromicron is well on track to return to desired profitability levels in the mid-term. Moreover, new orders totalled EUR 265.3m for 9m – so we see a very solid foundation for the next quarters. Given the current run-rate, we believe there is a good chance euromicron will deliver revenues at the upper end of the targeted guidance range. We see our positive view confirmed and reiterate our Buy recommendation. In our view, euromicron is significantly undervalued.

- ✓ Revenues were up 4.3% yoy and 3.5% above our forecast. Especially the recovery of critical infrastructures helped here.
- ✓ The improvement on bottom line is primarily stemming from a higher operating leverage and further stabilization at euromicron Deutschland which was more pronounced than we have expected. Last year, euromicron Deutschland significantly burdened EBITDA in Q3 2016 due to unproductive work required in completing old projects.
- ✓ Moreover, the company confirmed its guidance for the full year. As a reminder, revenues were guided between EUR 330m and 350m. Historically, 9m has stood for an average of 70.1% (3yr average) of the FY revenue. Assuming a normal seasonality, we calculate a 2017 run rate of EUR 348m, at the upper end of the company's guidance. Consensus for the full year is at EUR 342m; hence, consensus could move up slightly.
- ✓ Order intake for 9m totaled €265.3 million (up 8% yoy). The order book increased to EUR 139.5m and was up 11% yoy; hence, we see a very solid foundation for the next quarters.
- ✓ The working capital ratio was again reduced by 3.5 percentage points to 16.6% compared to 20.1% last year. Operating cash flow was also increased by EUR 2.1m to EUR -15.6m for 9m 2017.

euromicron AG - Q3 2017

EUR m	Q3 2017	Q3 2016	yoy	equinet	delta
Revenues	90.4	86.7	4.3%	87.3	3.5%
operating EBITDA	6.54	3.12	109.6%	5.12	27.7%
operating EBITDA margin	7.23%	3.60%	363 BP	5.86%	137 BP

Source: euromicron AG, equinet Research

Produced by:

equinetBank
AKTIENGESELLSCHAFT

For important disclosure information, please refer to the disclaimer page of this report.

All ESN research is available on Bloomberg, "ESNR", Thomson-Reuters, S&P Capital IQ, FactSet

Distributed by the Members of ESN (see last page of this report)



Peer-Group valuation

We also decided to provide a peer group valuation for euromicron although we stick to our DCF model as we want to take account for the gradually margin improvement. However, in our view, the peer group valuation gives a taste of what euromicron could be worth after the transformation phase (2017 – 2018) is completed.

In order to reflect the diversity of euromicrons diverse product portfolio we included IT-service providers with a similar regional footprint as euromicron (Bechtle and Cancom). We also included network component producers such as Prysmian and S&T.

We think EV/EBITDA provides a more robust assessment than EV/Sales. Hence, based on the FY18e EV/EBITDA multiple, our peer group indicates a fair value of EUR 14.7 and exceeds the value obtained from our DCF model.

euromicron peer-group valuation

Company	Currency	Price	Mcap	EV/EBITDA '17e	EV/EBITDA '18e	EV/EBITDA '19e	EV/Sales '17e	EV/Sales '18e	EV/Sales '19e
Bechtle AG	EUR	69.2	2,904.3	14.5	12.7	11.3	0.8	0.7	0.7
Cancom SE	EUR	62.8	1,099.8	12.5	10.1	8.5	0.9	0.8	0.7
Prysmian	EUR	27.6	5,800.8	9.3	8.2	7.3	0.9	0.8	0.7
S&T	EUR	16.8	967.7	15.1	11.8	9.7	1.1	0.9	0.8
Median				13.5	10.9	9.1	0.9	0.8	0.7
euromicron	EUR	8.0	57.5	10.3	8.0	6.5	0.4	0.4	0.4
<i>relative</i>				-23.9%	-26.9%	-28.2%	-56.1%	-54.0%	-52.0%

Fair value euromicron based on peer group multiples:

EV/EBITDA '17	13.8	EV/Sales '17	31.6
EV/EBITDA '18	14.7	EV/Sales '18	29.4
EV/EBITDA '19	15.0	EV/Sales '19	27.2

Source: FactSet, equinet Bank Research

**Euromicron AG : Summary tables**

PROFIT & LOSS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Sales	326	346	345	325	340	352
Cost of Sales & Operating Costs	-311	-321	-333	-313	-327	-336
Non Recurrent Expenses/Income	-5.5	-4.5	-4.5	-4.5	0.0	0.0
EBITDA	8.7	21.1	6.9	7.4	12.9	16.3
EBITDA (adj.)*	14.2	25.6	11.4	11.9	12.9	16.3
Depreciation	-3.5	-3.3	-3.6	-4.9	-4.7	-4.6
EBITA	5.2	17.8	3.3	2.5	8.2	11.7
EBITA (adj)*	10.7	22.3	7.8	7.0	8.2	11.7
Amortisations and Write Downs <i>of which PPA amortisation</i>	-5.4 -2.0	-6.4 -1.5	-6.7 -1.2	-4.8 -1.2	-4.7 -1.2	-4.6 -1.2
EBIT	-0.2	11.4	-3.3	-2.3	3.5	7.1
EBIT (adj.)*	7.3	17.4	2.4	3.4	4.7	8.3
Net Financial Interest	-3.8	-3.7	-3.7	-5.3	0.1	0.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	-0.3	-0.3	-0.1	-4.4	-4.2
Earnings Before Tax (EBT)	-4.0	7.5	-7.4	-7.6	-0.8	3.0
Tax	-2.4	-4.9	-0.4	-4.8	0.2	-0.9
<i>Tax rate</i>	<i>n.m.</i>	<i>65.9%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>30.0%</i>	<i>30.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.1	-0.3	-0.1	-0.2	-0.2	-0.3
Net Profit (reported)	-6.5	2.3	-7.9	-12.7	-0.8	1.8
Net Profit (adj.)	-2.7	5.4	-4.8	-9.5	-0.8	1.8
CASH FLOW (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Cash Flow from Operations before change in NWC	4.4	11.1	-4.5	-3.4	2.9	13.1
Change in Net Working Capital	15.6	-11.7	4.4	20.8	-1.9	-1.5
Cash Flow from Operations	20.0	-0.6	-0.1	17.4	1.0	11.6
Capex	-6.4	-6.4	-8.1	-8.7	-8.5	-8.8
Net Financial Investments	-10.6	0.0	5.2	-0.2	0.0	0.0
Free Cash Flow	3.1	-7.0	-3.0	8.5	-7.5	2.8
Dividends	-2.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	10.7	-3.1	2.6	2.1	-0.2	-0.1
Change in Net Debt	11.7	-10.0	-0.4	10.6	-7.7	2.7
NOPLAT	5.1	12.2	1.7	5.6	3.3	5.8
BALANCE SHEET & OTHER ITEMS (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Tangible Assets	14.5	14.1	15.3	15.6	15.1	14.9
Net Intangible Assets (incl. Goodwill)	137	134	126	125	124	124
Net Financial Assets & Other	1.1	1.0	0.8	0.5	0.5	0.5
Total Fixed Assets	153	149	142	141	140	139
Inventories	28.0	29.0	30.8	29.1	30.4	31.4
Trade receivables	85.6	85.8	80.7	58.9	61.5	63.7
Other current assets	8.9	4.7	3.9	3.5	3.9	4.3
Cash (-)	-41.3	-18.6	-13.6	-12.4	-4.7	-7.4
Total Current Assets	164	138	129	104	100	107
Total Assets	316	287	271	245	240	246
Shareholders Equity	111	110	96.6	81.9	81.1	82.9
Minority	0.4	0.4	0.4	0.5	0.7	1.0
Total Equity	111	110	97.0	82.4	81.8	83.9
Long term interest bearing debt	40.1	45.7	21.0	38.5	38.5	38.5
Provisions	13.1	12.2	10.7	10.3	4.6	6.6
Other long term liabilities	5.8	1.4	1.4	4.8	4.8	4.8
Total Long Term Liabilities	59.0	59.3	33.1	53.6	47.8	49.9
Short term interest bearing debt	67.2	49.0	69.1	39.8	39.8	39.8
Trade payables	55.1	44.2	47.6	44.8	46.9	48.5
Other current liabilities	24.0	24.5	24.0	24.0	24.1	24.1
Total Current Liabilities	146	118	141	109	111	112
Total Liabilities and Shareholders' Equity	316	287	271	245	240	246
Net Capital Employed	196	200	186	163	165	166
Net Working Capital	54.9	66.6	62.2	41.4	43.3	44.8
GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
<i>Sales growth</i>	<i>-1.3%</i>	<i>6.3%</i>	<i>-0.4%</i>	<i>-5.7%</i>	<i>4.5%</i>	<i>3.5%</i>
EBITDA (adj.)* growth	-51.9%	80.6%	-55.5%	4.0%	8.7%	26.3%
<i>EBITA (adj.)* growth</i>	<i>-59.5%</i>	<i>109.2%</i>	<i>-64.9%</i>	<i>-10.3%</i>	<i>16.7%</i>	<i>42.4%</i>
<i>EBIT (adj)* growth</i>	<i>-69.0%</i>	<i>138.9%</i>	<i>-86.3%</i>	<i>44.1%</i>	<i>37.8%</i>	<i>74.7%</i>



Euromicron AG : Summary tables

GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Profit growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
DPS adj. growth	n.m.					
EBITDA (adj)* margin	4.4%	7.4%	3.3%	3.7%	3.8%	4.6%
EBITA (adj)* margin	3.3%	6.4%	2.3%	2.2%	2.4%	3.3%
EBIT (adj)* margin	2.2%	5.0%	0.7%	1.1%	1.4%	2.4%
RATIOS	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Net Debt/Equity	0.6	0.7	0.8	0.8	0.9	0.8
Net Debt/EBITDA	7.6	3.6	11.1	8.9	5.7	4.3
Interest cover (EBITDA/Fin.interest)	2.3	5.7	1.9	1.4	n.m.	n.m.
Capex/D&A	71.7%	66.1%	79.1%	90.3%	90.6%	95.2%
Capex/Sales	2.0%	1.9%	2.3%	2.7%	2.5%	2.5%
NWC/Sales	16.9%	19.2%	18.0%	12.7%	12.7%	12.7%
ROE (average)	-2.4%	4.9%	-4.6%	-10.6%	-0.9%	2.2%
ROCE (adj.)	2.5%	5.7%	0.8%	3.1%	1.8%	3.2%
WACC	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
ROCE (adj.)/WACC	0.2	0.5	0.1	0.3	0.2	0.3
PER SHARE DATA (EUR)***	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Average diluted number of shares	7.2	7.2	7.2	7.2	7.2	7.2
EPS (reported)	-0.91	0.32	-1.10	-1.76	-0.11	0.25
EPS (adj.)	-0.37	0.76	-0.66	-1.32	-0.11	0.25
BVPS	15.44	15.33	13.47	11.41	11.30	11.55
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
EV/Sales	0.6	0.5	0.4	0.4	0.4	0.4
EV/EBITDA	20.7	8.1	20.6	16.3	11.2	8.7
EV/EBITDA (adj.)*	12.7	6.7	12.5	10.1	11.2	8.7
EV/EBITA	34.9	9.6	42.7	47.7	17.6	12.2
EV/EBITA (adj.)*	16.9	7.7	18.2	17.2	17.6	12.2
EV/EBIT	n.m.	14.9	n.m.	n.m.	40.8	20.1
EV/EBIT (adj.)*	24.7	9.8	59.8	35.1	30.4	17.2
P/E (adj.)	n.m.	15.1	n.m.	n.m.	n.m.	32.0
P/BV	0.9	0.7	0.6	0.5	0.7	0.7
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	0.9	0.8	0.7	0.7	0.8	0.8
OpFCF yield	13.2%	-8.6%	-15.1%	20.6%	-13.1%	4.9%
OpFCF/EV	7.6%	-4.1%	-5.8%	7.2%	-5.2%	2.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2013	12/2014	12/2015	12/2016	12/2017e	12/2018e
Price** (EUR)	14.35	11.39	7.57	5.85	7.99	7.99
Outstanding number of shares for main stock	7.2	7.2	7.2	7.2	7.2	7.2
Total Market Cap	103	82	54	42	57	57
Net Debt	66	76	77	66	74	71
<i>o/w Cash & Marketable Securities (-)</i>	<i>-41</i>	<i>-19</i>	<i>-14</i>	<i>-12</i>	<i>-5</i>	<i>-7</i>
<i>o/w Gross Debt (+)</i>	<i>107</i>	<i>95</i>	<i>90</i>	<i>78</i>	<i>78</i>	<i>78</i>
Other EV components	11	13	12	13	13	14
Enterprise Value (EV adj.)	180	171	143	121	144	142

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Electronic & Electrical Equipment/Electrical Components & Equipment

Company Description: The euromicron Group with its extensive network of branch offices in Germany is a system house that is active in the future market of network and fiber optics technology. euromicron develops, produces and distributes network components based on copper, glass fiber and wireless technology and plans, implements and maintains communications, information and security networks for all applications.



Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2GEnergy	Rüzgar	22.50	Neutral	2/3/5	Norma Group	Schuldt	61.00	Neutral	
4SC	Miemietz	3.50	Buy	7	OHB SE	Rüzgar	32.00	Neutral	7
Aareal Bank	Häßler	38.00	Accumulate		OVH Holding AG	Häßler	20.00	Accumulate	2/5/7
adidas	Josefson	211.00	Accumulate		Patrizia	Mayer	20.00	Buy	
Adler Modemaerkte	Josefson	7.50	Buy	7	Pfeiffer Vacuum	Sen	162.00	Accumulate	5
ADLER Real Estate	Mayer	15.20	Accumulate		Procredit Holding	Häßler	15.60	Buy	2
Aixtron	Sen	11.60	Accumulate	2/3	PSI SOFTWARE AG	Droste	18.00	Accumulate	2/3
Allianz	Häßler	194.00	Accumulate		Puma	Josefson	430.00	Accumulate	
Axel Springer	Josefson	51.00	Neutral		PWO	Schuldt	57.00	Buy	2/3
Bayer	Miemietz	118.00	Buy		Rheinmetall	Rüzgar	110.00	Accumulate	
BB Biotech	Miemietz	60.00	Buy	7	RIB Software	Droste	16.50	Buy	2/3
Biotest	Miemietz	18.00	Neutral	2/3	RTL Group	Josefson	72.00	Accumulate	
BMW	Schuldt	98.00	Accumulate		SAF-Holland	Schuldt	17.00	Accumulate	7
Brenntag	Hinkel	53.00	Buy	2	Siegfried Holding AG	Miemietz	295.00	Accumulate	
Ceconomy AG	Bruns	9.00	Reduce		SLM Solutions	Sen	27.50	Reduce	
Cenit	Droste	22.50	Buy		SMT Scharf AG	Rüzgar	15.00	Accumulate	2/3
comdirect	Häßler	10.60	Neutral		Softrware AG	Droste	30.00	Sell	
Commerzbank	Häßler	11.50	Neutral		Stabilus	Tanzer	85.00	Accumulate	
Continental	Schuldt	270.00	Buy		Suedzucker	Bruns	15.50	Reduce	
CORESTATE Capital Holding S.A.	Mayer	67.00	Buy	2/5	SuessMicroTec	Sen	14.30	Reduce	2/3
CTS Eventim	Heilmann	40.00	Buy		Surteco	Mildner	28.00	Accumulate	2/3
Daimler AG	Schuldt	76.00	Buy		Symrise AG	Hinkel	67.00	Neutral	
Daldrup & Soehne	Becker	10.10	Buy	2/3/5	Syzygy AG	Heilmann	12.00	Accumulate	2/3
Demire	Mayer	4.30	Accumulate	2/5	TAKKTAG	Bruns	18.70	Neutral	2
Deutsche Bank	Häßler	17.50	Buy		Talanx Group	Häßler	34.00	Neutral	
Deutsche EuroShop	Mayer	33.00	Neutral		Technotrans	Becker	45.70	Neutral	2/3
Deutsche Pfandbriefbank	Häßler	12.00	Neutral		TELECOLUMBUS	Sen	12.00	Buy	
Deutsche Telekom	Sen	15.50	Neutral		Telefonica Deutschland	Sen	3.70	Sell	
Drillisch	Sen	66.00	Buy		United Internet	Sen	63.00	Buy	
EringKlinger	Schuldt	12.40	Reduce		va-Q-tec	Sen	17.00	Neutral	2/3/5
elumeo SE	Josefson	9.60	Buy		Viscom	Rüzgar	29.50	Neutral	2/3
Epigenomics AG	Miemietz	4.72	Accumulate	2/3	Volkswagen	Schuldt	166.00	Buy	
Euromicron AG	Droste	13.00	Buy	2/3/5	WCM AG	Mayer	3.25	Neutral	2/3
Ferratum	Häßler	28.00	Buy		windeln.de	Josefson	4.60	Buy	2
Fielmann	Heilmann	81.00	Accumulate		XING AG	Heilmann	315.00	Buy	
Freenet	Sen	36.00	Buy	2	Zalando	Josefson	44.50	Accumulate	
FuchsPetrolub	Hinkel	47.00	Neutral						
Gerry Weber	Josefson	10.00	Reduce						
Gesco	Becker	29.60	Accumulate	2/3/5					
GFT Technologies	Droste	15.00	Buy	2/3					
Gigaset	Sen	0.85	Accumulate	2/3					
Grenke	Häßler	83.00	Neutral						
Hannover Re	Häßler	100.00	Neutral						
Heidelberg Pharma	Miemietz	3.66	Buy	2/3					
Heidelberger Druck	Augustin	3.70	Buy						
HELLA GmbH & Co. KGaA	Tanzer	55.00	Accumulate						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	164.00	Buy	7					
INDUS Holding AG	Becker	63.00	Neutral						
K+S AG	Hinkel	24.40	Accumulate						
KWS SAAT	Hinkel	346.00	Neutral						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	175.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3/5					
Manz AG	Rüzgar	37.00	Neutral	2/3					
MAXAutomation AG	Becker	9.20	Buy	2/3/5					
Merck	Miemietz	112.00	Buy						
Merkur Bank	Häßler	9.30	Buy	2/7					
Metro AG	Bruns	29.00	Buy	2					
MLP	Häßler	7.50	Buy	2/3					
MTU Aero Engines	Rüzgar	142.00	Neutral	2					
Munich Re	Häßler	210.00	Accumulate						
Nemetischek SE	Droste	47.00	Reduce	5					
Nexus AG	Droste	28.00	Buy						

* = Coverage suspended

Source: equinet Recommendations



Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

This document is issued by Equinet Bank AG ("Equinet Bank"). It has been prepared by its authors independently of the Company, and none of Equinet Bank, the Company or its shareholders has independently verified any of the information given in this document.

Equinet Bank possesses relations to the covered companies as detailed in the table on the previous page. Additional information and disclosures will be made available upon request and/or can be looked up on our website <http://www.Equinet Bank-ag.de>

1 - Equinet Bank and/or its affiliate(s) hold(s) more than 5% of the share capital of this company calculated under computational methods required by German law.

2 - Equinet Bank acts as a designated sponsor for this company, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Equinet Bank receives a commission from the company for the provision of the designated sponsor services.

3 – The designated sponsor services include a contractually agreed provision of research services.

4 – Within the last twelve months, Equinet Bank was involved as a lead or co-lead manager in the public offering of securities which are/whose issuer is the subject of this report.

5 – Within the last twelve months, Equinet Bank and/or its affiliate(s) provided investment banking- and/or other consultancy services for this company and/or its shareholders.

6 - Equinet Bank and/or its affiliate(s) has/have other substantial financial interests in relation to this issuer.

7 – Equinet Bank has entered into an agreement with this company about the preparation of research reports and – in return – receives a compensation.

Companies of the Equinet Bank group and/or its directors, officers and employees or clients may take positions in, and may make purchases and/or sales as principal or agent in the securities or related financial instruments discussed in our reports. The Equinet Bank group may provide investment banking and other services to and/or serve as directors of the companies referred to in our reports.

In compliance with Para 5 Sec. 4 of the Ordinance on the Analysis of Financial Instruments (FinAnV) Equinet Bank has realized additional internal and organizational measures, such as specific research guidelines, to prevent or manage conflicts of interest.

Neither the company nor its employees are allowed to receive donations from third parties with a special interest in the content of the analysis.

The salary of the research analysts of Equinet Bank AG does not depend on the investment banking transactions of the company. Nevertheless, this does not rule out the payment of a bonus which depends on the overall financial performance of the bank.

Particular care is taken that the individual performance of each research analyst of Equinet Bank AG is not being assessed by a manager of another business division with similar or same interests.

To assure a highest degree of transparency Equinet Bank AG regularly provides - on a quarterly basis – a summary according to Para 5 Sec. 4 No. 3 of the Ordinance on the Analysis of Financial Instruments (FinAnV). It informs about the overall analysts recommendations and sets them in a relationship to those companies, for which Equinet Bank provided investment banking services within the last twelve months. This summary is published via our website <http://www.Equinet Bank-ag.de>.

Furthermore, we refer to our conflict of interest policy as well as the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV) provided in the download area of our website <http://www.Equinet Bank-ag.de>.

Remarks

Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.



DISCLAIMER

THE PREPARATION OF THIS DOCUMENT IS SUBJECT TO REGULATION BY GERMAN LAW. THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY IN YOUR CAPACITY AS A PROFESSIONAL INSTITUTIONAL INVESTOR FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT THEREOF.

THE DELIVERY OF THIS RESEARCH REPORT TO U.S. PERSONS IN THE UNITED STATES OF AMERICA IS MADE BY AND UNDER THE RESPONSIBILITY OF GSN NA, INC. (REGISTERED WITH THE SEC). THIS RESEARCH REPORT IS ONLY INTENDED FOR PERSONS WHO QUALIFY AS MAJOR U.S. INSTITUTIONAL INVESTORS, AS DEFINED IN SECURITIES EXCHANGE ACT RULE 15A-6, AND DEAL WITH GSN NA, INC. HOWEVER, THE DELIVERY OF THIS RESEARCH REPORT OR SUMMARY TO ANY U.S. PERSON SHALL NOT BE DEEMED A RECOMMENDATION OF GSN NA, INC. TO EFFECT ANY TRANSACTIONS IN THE SECURITIES DISCUSSED HEREIN OR AN ENDORSEMENT OF ANY OPINION EXPRESSED HEREIN. GSN NA, INC. MAY FURNISH UPON REQUEST ALL INVESTMENT INFORMATION AVAILABLE TO IT SUPPORTING ANY RECOMMENDATIONS MADE IN THIS RESEARCH REPORT. ALL TRADES WITH U.S. RECIPIENTS OF THIS RESEARCH SHALL BE EXECUTED THROUGH GSN NA, INC.

THIS DOCUMENT IS FOR DISTRIBUTION IN THE U.K. ONLY TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (ii) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, NAMELY HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS OR TO RESIDENTS OF OTHER JURISDICTIONS MAY ALSO BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. YOU SHALL INDEMNIFY EQUINET BANK AGAINST ANY DAMAGES, CLAIMS, LOSSES, AND DETRIMENTS RESULTING FROM OR IN CONNECTION WITH THE UNAUTHORIZED USE OF THIS DOCUMENT.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: readers must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information herein is believed by Equinet Bank to be reliable and has been obtained from sources believed to be reliable, but Equinet Bank makes no representation as to the accuracy or completeness of such information. The information given in this report is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the Company. Opinions expressed herein may differ or be contrary to opinions expressed by other business areas of the Equinet Bank group as a result of using different assumptions and criteria. Equinet Bank is under no obligation to update or keep the information current. Equinet Bank provides data concerning the future development of securities in the context of its usual research activity. However, if a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results. Neither the author nor Equinet Bank accepts any liability whatsoever for any loss howsoever arising from any use of this publication or its contents or otherwise arising in connection herewith, except as provided for under applicable regulations.

Equinet Bank shall only be liable for any damages intentionally caused or which result from any gross negligence of Equinet Bank. Further Equinet Bank shall be liable for the breach of a material obligation of Equinet Bank, however, limited to the amount of the typical foreseeable which shall in no event exceed the amount of EUR 10,000. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt/Main (Germany).

Competent Supervisory Authority:
Bundesanstalt für Finanzdienstleistungsaufsicht
-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

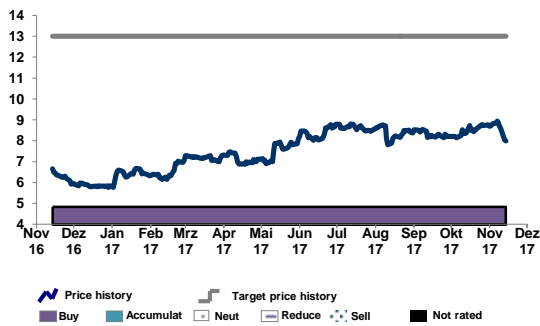


Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
10. Aug 17	Buy	13.00	8.09
06. Aug 15	Buy	14.00	8.72
24. Mrz 15	Rating Suspended	19.00	10.80

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Sebastian Droste (since 28/04/2010)





ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

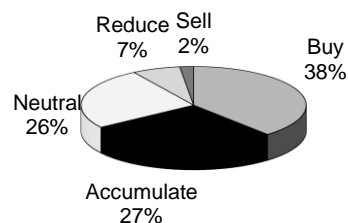
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: 16 November 2017: 16:32 CET

First date and time of dissemination: 16 November 2017: 16:37 CET

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ("ESN"). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members. Research is available through the ESN Members sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members and on each "company recommendation history", please visit the ESN website (www.esnpartnership.eu) or refer to the ESN Members website. Additional information is always available upon request. **For additional information and individual disclaimers please refer to www.esnpartnership.eu and to each ESN Member websites:**

www.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cmccmcs.com regulated by the AMF - Autorité des marchés financiers

www.equinet-ag.de regulated by the BaFin - Bundesanstalt für Finanzdienstleistungsaufsicht

www.ibg.gr regulated by the HCMC - Hellenic Capital Market Commission

www.nibc.com regulated by the AFM - Autoriteit Financiële Markten

www.op.fi regulated by the Financial Supervision Authority

www.valores.gvcgaesco.es regulated by the CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)



GVC Gaesco Beka, SV, SA
C/ Marques de Villamagna 3
28001 Madrid
Spain
Phone: +34 91 436 7813



INVESTMENT BANK OF GREECE

Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Phone: +30 210 81 73 383



NIBC Bank N.V.
Gustav Mahlerlaan 348
P.O.Box 235
1082 ME Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



OP Corporate Bank plc
P.O.Box 308
Teollisuuskatu 1, 00013 Helsinki
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703

