



euromicron AG

FY targets should be easy to achieve

02/08/2017

Hold	(Hold)
8.50 EUR	(7.00 EUR)

Close 31/07/2017	8.55 EUR
Bloomberg: EUCA GY	WKN: A1K030
Sector	Technology

Share price performance

52 week high	8.80 EUR
52 week low	5.76 EUR
Compared to	Prime All Share
YTD	38.6%
1 month	-1.6%
12 months	-16.9%



Share data

EV (m EUR; 2017)	137.1
Market Cap (m EUR)	61.4
No. of shares (m)	7.2
Free float	100.0%

Next event

Quarterly Results	10/08/2017
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Change in model

	Sales	EBIT	EPS
2016	---	---	---
2017e	-3.0%	-6.1%	-3.7%
2018e	-2.8%	0.0%	4.0%

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We believe that 2017 will be the first year without a profit warning since 2011. Based on revised revenue and earnings estimates for 2017-19e, we have increased our price target from € 7.00 to € 8.50 and we stand by our HOLD rating.

INVESTMENT CASE

Euromicron's Q1 report presented both an improved order intake (+11%) and order book (+15%), although it also revealed an EBITDA loss. Since we expect the trading environment to improve in the two largest segments "Smart Buildings" and "Critical Infrastructures" we have revised our earnings estimates upwards for 2018/19. Despite the expectation of a net loss for the FY 2017, we forecast FCF to break even after three years with a negative figure. In view of a high net debt figure (BHL YE 2017e: € 74 m or 5.1x EBITDA), we believe there is little scope for any sizable M&A for the time being, leaving the company dependent on organic growth. We expect the segment "Smart Buildings" to recover following the almost finished restructuring of the most relevant asset, Euromicron Deutschland GmbH. We believe the profitability will improve in the medium term due to a lower cost base and stricter project management across the group. Since the business is largely project-related, however, we doubt that the company will achieve the medium-term EBITDA margin target of 8-11%.

CATALYSTS

- The FY 2017 EBITDA guidance range is € 10.2-15.5 m: We believe the FY EBITDA will be towards the upper end of the guidance range at € 14.3 m.
- Order book: We expect the order book to continue to improve based on a solid environment in Euromicron's most relevant markets (FY 2017e: +22%).
- We expect the restructuring programme to be finalised by the end of 2017.

VALUATION

We evaluate Euromicron based on a three-stage DCF model and arrive at a price target of € 8.50. Weak EBITDA-to-FCF conversion is preventing a higher valuation.

in m EUR	2015	2016	2017e	2018e	2019e
Sales	344.9	325.3	343.7	358.8	371.3
EBIT	-8.6	-2.3	4.5	8.5	11.3
EBIT margin	-2.5%	-0.7%	1.3%	2.4%	3.0%
Net financial debt	59.2	74.2	73.8	72.4	70.4
Free cash-flow	-5.2	-14.9	0.0	1.2	1.8
EPS (in EUR)	-1.85	-1.76	-0.03	0.37	0.63
DPS (in EUR)	0.00	0.00	0.00	0.00	0.10
Dividend yield	0.0%	0.0%	0.0%	0.0%	1.2%
EV/Sales	0.3	0.4	0.4	0.4	0.4
EV/EBIT	16.6	16.0	9.6	7.6	6.5
P/E	-4.1	-3.3	-280.3	23.1	13.6

Source: Company information, Bankhaus Lampe Research estimates

Restructuring largely finished

INVESTMENT CASE

The company has carried out major restructuring steps over the last 5-6 years, but will not have completed all the measures until the end of 2017. Looking at a solid Q1 report, an improved order book (+15% yoy) and a favourable market environment for both of the company's products (e.g. fibre components, switches) and services (e.g. building/operating networks and security infrastructures), we expect 2017 to mark the first year without a profit warning since 2011. Investors have already honoured the restructuring process and the outlook: The shares have clearly outperformed the index for small caps (SDAX) ytd by 30 percentage points.

FCF expected to break even for FY 2017

Based on our expectations for the individual segments, we have raised our EPS estimates for 2018/19 (see following page). However, we have lowered some estimates slightly for the current year because 2017 will probably still be burdened by re-organisation. Since we anticipate improved working capital management (factoring is again likely to play an important role in 2017) and only moderate investment activity, our FCF expectations for 2017 have risen slightly from € -0.3 m to zero. Euromicron's FY 2017 EBITDA guidance range is € 10.2-15.5 m. Our current estimates assume that the FY EBITDA will be towards the upper end of the guidance range at € 14.3 m. The sale of the lossmaking telecoms unit at the end of April should be supportive for EBITDA growth in H2.

Uptick in orders likely to continue

Both order intake (+11%) and order book (+15%) saw an uptick in Q1 based on improved trading with both established and new customers. In 2016, the company changed its strategy for projects in the Smart Buildings segment by focusing on pitches for prime contractor projects in order to have better control over projects and profitability. Based on the recent order newsflow (e.g. ZF-Forum Friedrichshafen) and our expectation of increased order volumes from Deutsche Telekom (ongoing VDSL rollout), we expect the order intake/book to further improve in H2 2017 to end 22% higher than 2016.

Order intake and order book

	2013	2014	2015	Q1	Q2	Q3	Q4	2016	Q1	Q2	Q3	Q4	2017e
Order intake	327.7	340.1	326.8	85.2	70.8	92.0	98.0	346.0	94.6	78.4	97.0	101.0	371.0
Growth Order intake	0.0%	3.8%	-3.9%	7.7%	-20.1%	6.9%	34.2%	5.9%	11.0%	10.7%	5.4%	3.1%	7.2%
Order Book	127.7	121.5	103.4	123.4	119.5	124.1	123.4	123.3	142.0	141.3	150.6	149.5	150.6
Growth Order Book	2.0%	-4.9%	-14.9%	-2.1%	-9.8%	-6.4%	19.3%	19.3%	15.1%	18.3%	21.3%	21.1%	22.1%
Book to bill ratio	1.0	1.0	0.9	1.3	0.9	1.1	1.0	1.1	1.3	1.0	1.1	1.0	1.1

Source: Company information, BHL estimates

Toll Collect represents a risk

A burdening effect may arise in the medium term from Toll Collect, which we expect to put pressure on the pricing for running the toll system now that the contract is coming into its last phase. The German government is expected to renew the Toll Collect contract in 2018. If a new organisation wins the operator contract, Euromicron may not be chosen as the partner to operate the system. If Toll Collect does win the contract, we expect greater pricing pressure to be applied to operating partners, such as Euromicron. Overall, we see a € 10 m p.a. revenue risk from 2019 relating to this project.

Aside from the important customers Deutsche Telekom and Toll Collect (run under DT's IT service unit Systems Solutions), we expect a stable trading environment with Deutsche Bahn and Colt.

We expect the Smart Buildings segment to continue to recover. This is because the most relevant asset, Euromicron Deutschland GmbH has been restructured in recent years and the market environment is favourable in the German building industry. However, any improvements are likely to be gradual as the company has become more selective when pitching for new projects and larger competitors (e.g. Bosch) make the competition intense.

Balance sheet still does not look in great shape

The net debt position is still above 5x EBITDA 2017e (Q1 2017: € 92.7 m) and we expect FY 2017 to end with a net debt position of € 74 m (including factoring measures worth BHL € 25 m). The debt ratio looks OK if Euromicron manages its EBITDA and FCF growth (medium-term target: from 2018 annual increase in EBITDA margin of 1 pp until it reaches the target range of 8-11%). However, our current concern is rather the short-term maturity of large parts of the debt position (€ 77 m matures in late March 2018). We expect Euromicron to aim for a prolongation of the existing facilities before the end of 2017 with similar interest rates of 250-275 bp. The debt ratio should prevent Euromicron from engaging in sizable M&A and we also see no scope for a re-introduction of dividend payments before 2019.

Takeover-bid looks unlikely to us

Some investors have confronted us with the idea that Euromicron may attract strategic- or financial buyers. We believe that timing is not optimal for any potential bidder-groups. The restructuring is too far advanced to make the asset interesting for financial investors and strategic investors are likely to be restrained by the reached valuation levels and the high fragmentation in the range of products and services.

Q2 should show an improvement yoy at all P&L levels

OUTLOOK FOR Q2

We believe Euromicron will have executed its solid order book in the second quarter just ended and expect top-line growth of 5.8%. The EBITDA should have turned positive (BHL: € 2.2 m). If our estimates are met, meeting the lower end of the FY guidance (sales € 330-350 m; EBITDA € 10.2-15.5 m) would not require any growth vs. H2 2016 at either level. Meeting the mid-point of the guidance ranges, however, would require 6% EBITDA growth.

Euromicron [€ m]	BHL			BHL		
	Q2 2017e	Q2 2016	% yoy	FY 2017e	FY 2016	% yoy
Sales	79	75	5.8%	344	325	5.7%
Smart buildings	45	43	6.5%	204	194	5.2%
Critical Infrastructures	29	28	2.4%	120	114	4.9%
Distribution	7	6	4.5%	24	23	7.9%
Central services / Eliminations	-2	-2	-26.5%	-4	-5	-20.0%
EBITDA	2.2	-1.4	na	14	7	93.7%
EBITDA-margin	2.8%	-1.9%	4.7 PP	4.2%	2.3%	1.9 PP
Net income (after min.)	-1.1	-4.6	na	-0	-13	na
EPS [€]	-0.15	-0.64	na	-0.03	-1.76	na

Source: Company information, Bankhaus Lampe Research

Sales estimates lowered

ESTIMATE CHANGES AND BHL VS. CONSENSUS

We have lowered our sales estimates for 2017-2019 by 2.6-3.0% following restructuring measures that led to a sale/closure of individual activities (e.g. sale of the Telecommunications business unit, closure of RSR).

Estimate changes

€m	2017E old	2017E new	change	2018E old	2018E new	change	2019E old	2019E new	change
Revenues	354.5	343.7	-3.0%	369.3	358.8	-2.8%	381.2	371.3	-2.6%
EBITDA	14.6	14.3	-2.0%	17.8	17.8	0.0%	20.2	20.5	1.6%
<i>EBITDA margin</i>	4.1%	4.2%		4.8%	4.9%		5.3%	5.5%	
EBIT	4.8	4.5	-6.1%	8.5	8.5	0.0%	10.9	11.3	3.9%
Net income after minorities	-0.2	-0.2	-3.7%	2.6	2.7	4.0%	4.4	4.5	2.4%
EPS, reported (€)	-0.03	-0.03	-3.7%	0.36	0.37	4.0%	0.62	0.63	1.3%

Source: BHL estimates

Our new estimates offer a mixture of being more/less optimistic vs. market consensus (FactSet). However, any read-across is limited because only four brokers, including Bankhaus Lampe, follow the stock.

BHL vs. consensus

€m	2017E			2018E			2019E		
	BHL	Consensus	delta	BHL	Consensus	delta	BHL	Consensus	delta
Revenues	344	338	2%	359	353	2%	371	362	2%
EBITDA	14	13	12%	18	18	-1%	21	20	5%
EBIT	4	4	17%	8	9	-6%	11	10	10%
EPS €	-0.03	-0.11	-73%	0.37	0.40	-9%	0.63	0.58	8%
DPS €	0.00	0.00		0.00	0.30		0.10	0.60	-83%

Source: BHL estimates, FactSet consensus

DCF delivers a fair value of € 8.50

DCF IS OUR KEY VALUATION TOOL

Our key valuation tool is a DCF model based on our estimates for the operating performance of the company's individual operating units (segments).

We assume a risk-free rate of 1% and an equity risk premium of 6.5%. In combination with a beta of 1.37 (taking account of the still-poor FCF growth, competitive challenges and an unfinished restructuring programme), we calculate a WACC of 5.9%. Our DCF assumptions lead us to a fair value for the share of € 8.50.

DCF model

euromicron AG	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	Terminal Value
DCF model (EUR m)									
EBIT	4.5	8.5	11.3	11.9	12.5	13.1	13.8	14.5	14.6
EBIT Non-Operating / FD	0	0	0	0	0	0	0	0	0
EBIT Industrial Business	4.5	8.5	11.3	11.9	12.5	13.1	13.8	14.5	14.6
Taxes	-1.3	-2.5	-3.4	-3.6	-3.7	-3.9	-4.1	-4.3	-4.4
NOPAT	3.1	5.9	7.9	8.3	8.7	9.2	9.6	10.1	10.2
+ Depreciation	9.8	9.3	9.2	9.7	10.6	11.2	11.7	12.3	12.8
- Capex	-8.2	-8.8	-9.9	-10.4	-10.9	-11.5	-12.0	-12.6	-12.8
+/- Change in working capital	-1.6	-2.2	-2.2	-1.8	-1.9	-1.9	-2.0	-2.1	-2.2
+/- Other cash items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cashflow	3.2	4.2	5.1	5.8	6.6	6.9	7.3	7.7	8.1
Discounting period in years	0.4	1.4	2.4	3.4	4.4	5.4	6.4	7.4	8.4
WACC	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Present value	3.1	3.9	4.4	4.8	5.1	5.1	5.0	5.0	100.7

Calculation of fair value per share

Sum of all present values	137
thereof Terminal Value	73%
+ Operating Segment Financial Assets	0.5
- Minorities	-0.5
- Pension provisions	-1.5
- Net financial debt (cash) of operations	-74.2
Fair operating value	62
Bookvalue non-operating assets	0
Equity Value	62
Holding discount	0%
Fair equity value	62
No. of shares [in mio.]	7.2

Fair value per share [in €] 8.50

Source: BHL estimates

WACC model

Risk-free rate	1.00%
Equity risk premium	6.5%
Beta	1.37
Expected return on investment	9.9%
Cost of debt	5.40%
Tax rate	30.0%
Cost of debt after taxes	3.78%

Sensitivity of fair value per share

		TV growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
Beta	1.0	9.4	11.1	13.2	15.9	19.6
	1.2	7.6	8.9	10.6	12.7	15.4
	1.4	6.0	7.2	8.5	10.2	12.3
	1.6	4.8	5.7	6.8	8.1	9.8
	1.8	3.6	4.4	5.3	6.4	7.7

Source: Company information, Bankhaus Lampe Research

A variation of the beta within a range of 1.0-1.8 and of the terminal growth within a range of 0% to 2% delivers a wide fair value range of € 3.60 to € 19.60.

PEER GROUP COMPARISON

Suitable peers are hard to identify based on business model and size

It is hard to identify close peers to Euromicron that are stock market listed. We build a group of largely mid-cap names active in System/IT integration and development of IT/TC equipment.

euromicron AG	Price [in €]	EV/Sales 2018e	EV/Sales 2019e	EV/EBITDA 2018e	EV/EBITDA 2019e	PER 2018e	PER 2019e	P/FCF 2018e	P/FCF 2019e
Peer group analysis									
Bechtle AG	60.87	0.7	0.7	12.7	11.3	22.0	19.8	44.7	31.7
LEONI AG	50.99	0.5	0.4	5.8	5.4	13.1	11.4	1438.3	37.0
ADVA AG Optical Networking	6.52	0.6	0.5	4.7	3.8	14.7	11.2	20.9	21.6
QSC AG	1.80	0.9	0.9	8.3	7.4	376.6	47.1	23.5	20.9
HUBER+SUHNER AG	60.28	1.6	1.4	11.1	10.1	23.8	22.0		
Belden Inc.	61.22	1.6	1.4	8.2	7.2	13.8	12.5	14.2	12.6
Caverion Oyj	7.20	0.4	0.4	25.9	8.4	239.0	15.9	119.0	16.5
Peer Group median		0.7	0.7	8.3	7.4	22.0	15.9	34.1	21.2
euromicron AG	8.55	0.4	0.4	7.6	6.5	23.1	13.6	52.2	34.5
Premium (+) / discount (-) in %		-48%	-45%	-8%	-11%	5%	-15%	53%	62%
Value per share [€]		25.71	23.74	10.25	10.94	8.15	10.00	5.60	5.27
Discount/Premium	0.0%								
Fair value per share [€]									12.46

Source: FactSet (Peers), Bankhaus Lampe Research

Comparing our expectations for Euromicron with the broker consensus (FactSet) for the seven peers listed above reveals a mixed pattern of overvaluation or undervaluation of Euromicron depending on different multiples or years. The median value of € 12.45 looks somewhat overstated based on the high contribution from the sales multiples for 2018/19. Counting only the three multiples EV/EBITDA, P/E and P/FCF for the years 2018/19 leads to a median value of € 8.37, which is close to our DCF fair value of € 8.50.

Share is trading at historical peak levels in terms of EV/EBITDA

HISTORICAL VALUATION

The share is trading on a 5-year high in terms of EV/EBITDA. We believe that markets have already honoured the foreseeable end of a multi-year restructuring phase and the chance of a positive FCF from 2018 onwards.

Historical EV/EBITDA



Source: FactSet

New price target is € 8.50

Based on our updated DCF model, we arrive at a new price target of € 8.50. We believe that Euromicron's business model offers a good balance of risks and opportunities. Yet we still believe the company needs to return to sustainable growth and clearly positive FCFs before a higher valuation would be justified. As a result, we maintain our HOLD rating.

Key figures

euromicron AG – Income statement

in m EUR	2015	2016	2017e	2018e	2019e
Sales	344.9	325.3	343.7	358.8	371.3
Own work capitalised	6.8	6.4	5.0	5.2	5.3
Total sales	351.7	331.7	348.7	364.0	376.6
Material expenses	-189.8	-171.5	-178.7	-184.8	-188.6
Personnel expenses	-107.9	-109.1	-109.0	-113.0	-117.0
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0
Other operating result	-47.1	-43.8	-46.7	-48.4	-50.5
EBITDA	6.9	7.4	14.3	17.8	20.5
Depreciation	15.6	9.6	9.8	9.3	9.2
EBITA	-8.6	-2.3	4.5	8.5	11.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0
EBIT	-8.6	-2.3	4.5	8.5	11.3
Financial result	-4.1	-5.3	-4.5	-4.5	-4.6
Income on ordinary activities	-12.7	-7.6	0.0	4.0	6.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0
EBT	-12.7	-7.6	0.0	4.0	6.7
Taxes	-0.4	-4.8	0.0	-1.1	-2.0
Net income from cont. operations	-13.1	-12.5	0.0	2.9	4.7
Net income from discont. operations	0.0	0.0	0.0	0.0	0.0
Minority interest	-0.1	-0.2	-0.2	-0.2	-0.2
Net income (adj.)	-13.2	-12.7	-0.2	2.7	4.5
No. of shares	7.2	7.2	7.2	7.2	7.2
EPS	-1.85	-1.76	-0.03	0.37	0.63

Source: Company information, Bankhaus Lampe Research estimates

	2015	2016	2017e	2018e	2019e
Gross margin	45.0%	47.3%	48.0%	48.5%	49.2%
EBITDA margin	2.0%	2.3%	4.2%	4.9%	5.5%
EBITA margin	-2.5%	-0.7%	1.3%	2.4%	3.0%
EBIT margin	-2.5%	-0.7%	1.3%	2.4%	3.0%
EBT margin	-3.7%	-2.3%	0.0%	1.1%	1.8%
Net profit margin	-3.8%	-3.9%	-0.1%	0.7%	1.2%
Tax rate	-3.3%	-63.5%	0.0%	27.8%	29.7%

Source: Company information, Bankhaus Lampe Research estimates

Growth rates yoy	2015	2016	2017e	2018e	2019e
Sales	-0.4%	-5.7%	5.7%	4.4%	3.5%
EBITDA	-67.2%	6.5%	93.7%	24.3%	15.6%
EBIT	---	-73.7%	---	88.7%	33.9%
EBT	---	-40.0%	-99.8%	---	69.9%
Net income (adj.)	---	-4.5%	-98.3%	---	69.5%
EPS	---	-4.5%	-98.3%	---	69.5%

Source: Company information, Bankhaus Lampe Research estimates

euromicron AG – Balance sheet

Assets (in m EUR)	2015	2016	2017e	2018e	2019e
Fixed assets	142.0	141.2	139.7	139.2	140.0
Property, plant and equipment	15.3	15.6	14.0	13.5	14.2
Intangible assets	125.7	124.7	124.7	124.7	124.7
Financial assets	0.7	0.5	0.5	0.6	0.6
Other long-term assets	0.2	0.4	0.5	0.5	0.5
Current assets	128.9	103.3	109.3	116.7	124.5
Inventories	30.8	28.4	30.1	32.9	36.1
Accounts receivable	80.7	58.9	62.2	64.9	67.1
Other current assets	6.7	9.3	9.8	10.2	10.6
Securities	0.0	0.0	0.0	0.0	0.0
Cash	10.7	6.8	7.2	8.6	10.6
Total assets	270.8	244.6	248.9	255.9	264.4
Equity and liabilities in m EUR					
Shareholders' equity	97.0	82.4	82.1	84.8	89.3
Shareholders' equity (before minority)	96.6	81.9	81.7	84.3	88.8
Minorities	0.4	0.5	0.5	0.5	0.5
Non-current liabilities	31.0	48.2	48.7	49.1	49.4
Pension provisions	1.3	1.4	1.5	1.5	1.6
Other provisions	1.8	1.7	1.8	1.9	1.9
Long-term financial debt	22.3	39.4	39.4	39.4	39.4
Other long-term debt	5.6	5.7	6.0	6.3	6.5
Current liabilities	142.8	114.0	118.1	122.0	125.7
Short-term debt	47.5	41.6	41.6	41.6	41.6
Other accruals short-term	2.1	1.9	2.0	2.1	2.2
Accounts payable	48.4	45.9	48.5	51.1	53.8
Other liabilities	44.7	24.7	26.1	27.2	28.2
Total equity and liabilities	270.8	244.6	248.9	255.9	264.4

Source: Company information, Bankhaus Lampe Research estimates

euromicron AG – Balance sheet structure

Assets	2015	2016	2017e	2018e	2019e
Fixed assets	52.4%	57.7%	56.1%	54.4%	52.9%
Property, plant and equipment	5.7%	6.4%	5.6%	5.3%	5.4%
Intangible assets	46.4%	51.0%	50.1%	48.7%	47.1%
Current assets	47.6%	42.3%	43.9%	45.6%	47.1%
Inventories	11.4%	11.6%	12.1%	12.9%	13.7%
Accounts receivable	29.8%	24.1%	25.0%	25.4%	25.4%
Cash	4.0%	2.8%	2.9%	3.4%	4.0%
Equity and liabilities					
Shareholders' equity	35.8%	33.7%	33.0%	33.1%	33.8%
Non-current liabilities	11.4%	19.7%	19.6%	19.2%	18.7%
Pension provisions	0.5%	0.6%	0.6%	0.6%	0.6%
Long-term financial debt	8.2%	16.1%	15.8%	15.4%	14.9%
Current liabilities	52.7%	46.6%	47.5%	47.7%	47.5%
Short-term debt	17.6%	17.0%	16.7%	16.2%	15.7%
Accounts payable	17.9%	18.8%	19.5%	20.0%	20.4%

Source: Company information, Bankhaus Lampe Research estimates

euromicron AG – Cash flow statement

in m EUR	2015	2016	2017e	2018e	2019e
Net income (adj.)	-13.2	-12.7	-0.2	2.7	4.5
Depreciation	15.6	9.6	9.8	9.3	9.2
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0
Change of provisions	0.3	-0.2	0.3	0.2	0.2
Other	0.7	1.2	0.0	0.0	0.0
Operating Cash-flow before changes in w/c	3.3	-2.0	9.8	12.2	13.9
Change in inventory	-1.7	3.0	-1.8	-2.8	-3.2
Change in accounts receivable	5.1	12.8	-3.3	-2.7	-2.3
Change in accounts payable	4.2	-6.9	2.6	2.6	2.7
Change in other working capital positions	-6.2	-17.4	0.9	0.7	0.6
Operating Cash-flow	4.6	-7.4	8.3	10.0	11.7
Capex, excluding maintenance	-7.4	-7.2	-8.2	-8.8	-9.9
Payments for acquisitions	-2.7	-0.6	0.0	0.0	0.0
Financial investments	0.2	0.2	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0
Income from financial investments	0.0	0.0	0.0	0.0	0.0
Cash-flow from investing activities	-9.9	-7.5	-8.2	-8.8	-9.9
Free cash-flow	-5.2	-14.9	0.0	1.2	1.8
Capital measures	0.0	0.0	0.0	0.0	0.0
Increase/decrease in debt position	1.7	11.7	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Other financing Cash-flow	-1.3	-0.7	0.3	0.3	0.2
Dividend paid	0.0	0.0	0.0	0.0	0.0
Cash-flow from financing activities	0.4	11.0	0.3	0.3	0.2
Increase/ decrease in liquid assets	-4.8	-3.9	0.4	1.4	2.0
Effects of exchange rate changes	0.0	0.0	0.0	0.0	0.0
Cash at beginning of period	15.6	10.7	6.8	7.2	8.6
Change in total cash and cash equivalents	-4.8	-3.9	0.4	1.4	2.0
Cash at end of period	10.7	6.8	7.2	8.6	10.6

Source: Company information, Bankhaus Lampe Research estimates

euromicron AG – Ratios

	2015	2016	2017e	2018e	2019e
Per Share Data					
EPS	-1.85	-1.76	-0.03	0.37	0.63
Book value per share	13.52	11.48	11.45	11.82	12.44
Free Cash-flow per share	-0.73	-2.08	0.01	0.16	0.25
Dividend per share	0.00	0.00	0.00	0.00	0.10
Valuation ratios					
EV/Sales	0.3	0.4	0.4	0.4	0.4
EV/EBITDA	16.6	16.0	9.6	7.6	6.5
EV/EBIT	-13.3	-51.8	30.6	16.0	11.8
P/E	-4.1	-3.3	-280.3	23.1	13.6
Price to book (total equity)	0.6	0.5	0.7	0.7	0.7
Dividend yield	0.0%	0.0%	0.0%	0.0%	1.2%
Profitability ratios					
EBITDA margin	2.0%	2.3%	4.2%	4.9%	5.5%
EBIT margin	-2.5%	-0.7%	1.3%	2.4%	3.0%
Net return on sales	-3.8%	-3.9%	-0.1%	0.7%	1.2%
Return on capital employed (ROCE)	-5.1%	-1.4%	2.7%	5.1%	6.6%
Productivity ratios					
Capital turnover	59.4%	56.1%	53.4%	51.8%	51.0%
Operating leverage	1.8	0.7	3.0	-0.9	-0.3
Sales per employee (in thousands)	188,979	180,322	188,974	194,050	200,835
EBIT per employee (in thousands)	0	0	2,463	4,574	6,125
Number of employees (in thousands)	1.8	1.8	1.8	1.8	1.8
Financial ratios					
Equity ratio	35.8%	33.7%	33.0%	33.1%	33.8%
Net financial debt (in m EUR)	59.2	74.2	73.8	72.4	70.4
Net debt / Equity	61.0%	90.1%	89.9%	85.4%	78.8%
Interest cover	-2.1	-0.4	1.0	1.9	2.5
Net debt / EBITDA	8.55	10.06	5.17	4.08	3.43
Working Capital (in m EUR)	63.0	41.3	43.8	46.7	49.4
Change Working Capital (in m EUR)	-7.5	-21.7	2.4	2.9	2.8
WC /sales	18.3%	12.7%	12.7%	13.0%	13.3%
Stocks in days of sales	33	32	32	34	36
Trade debtors in days of sales	85	66	66	66	66
Trade creditors in days of COGS/Material cost	51	51	52	52	53
Cash conversion cycle	67	47	47	48	49
Invest. (property/plant/equity) / Depreciation	47.2%	74.3%	83.7%	94.6%	107.6%
Others					
Sales CAGR (last 3 years)	1.5%	-0.4%	-0.2%	1.3%	4.5%
EBIT CAGR (last 3 years)	-179.7%	-174.5%	-26.8%	-199.3%	-270.7%
Net income CAGR (last 3 years)	-215.6%	145.0%	-144.1%	-158.5%	-170.9%
Pay out ratio	0.0%	0.0%	0.0%	0.0%	15.9%
Free cash-flow (in m EUR)	-5.2	-14.9	0.0	1.2	1.8
Free cash flow yield	-9.6%	-35.6%	0.1%	1.9%	2.9%

Source: Company information, Bankhaus Lampe Research estimates

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Overview of changes in our recommendations/price targets in the previous twelve months for: euromicron AG (EUCA GY), Close (31/07/2017): 8.55 EUR, Analyst: Wolfgang Specht (Analyst).

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

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2017)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
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Hold	46.0%	25.0%
Sell	5.0%	0.0%
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Company	Disclosure
euromicron AG	---

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