

23th March 2007

COMPANY ANALYSIS

euromicron
Aktiengesellschaft

Sector: Technology
Electrical Engineering (Fiber Optics)

EVENT: FIRST RATING

Rating: Buy **Risk:** low
Fair Value: € 26.25 **Last Price:** € 19.00

Index: Prime Standard



5 year chart (2002-2007); source: bis AG & Deutsche Börse AG

Euromicron – Convincing Market Position

- Euromicron ranks among the prominent offerers in the market for network technologies
- Broadly varied customer structure provides for an independent market position
- High dividend yield - low PE still offers a favorable entrance time

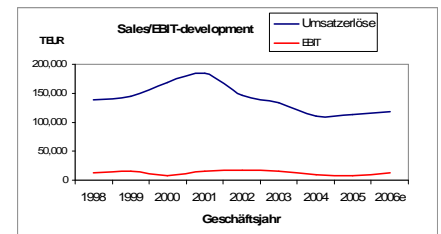
SWOT

- + Strong market position
- + Companies' innovations
- + High creditworthiness
- + Wide value chain
- - Risk of project delays

COMPANY DESCRIPTION

euromicron AG is one of the prominent manufacturers and solution offerers of network and fiber-optic cable technology. The company has its seat in Frankfurt/Main and was founded in 1994. euromicron AG has approximately 800 employees.

HISTORY & ESTIMATES



ANALYST

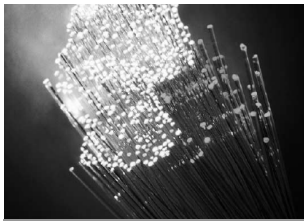
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on Terminal: Bloomberg
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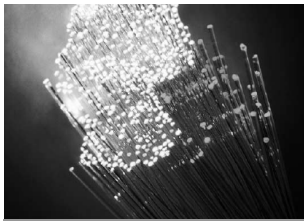
Figures in EUR	2002	2003	2004	2005	2006e
EPS	2.50	2.59	0.97	1.21	0.92
Revenues (mln)	147.2	134.5	110.0	114.11	116.0
net Income (adj.)	11.7	12.1	4.5	5.6	4.3
net cash per share	6.2	7.2	2.4	4.39	1.42
net Cash (mln.)	28.7	33.6	11.4	20.5	11.2
Free Cash Flow	6,481.6	7,226.3	8,695.3	506.5	9,492.1
P/E	k.a	k.a	13.5	14.7	23.4
P/S	0.25	0.5	0.6	0.7	0.9

Price (curr)	19.00	Shares out (mln)	4.66
52W high	22.79	6M Avrg Vol (000s)	356
52w low	16.36	Free Float (in %)	83.60 %
Market Cap (mln)	88.5	Weight in Tech. All Share	0.261 %
Last Dividend	0.6	Reuters code	EUCG.DE
Accounting	IFRS	First Trading Day	03.08.1998
Web Page	www.euromicron.de	WKN	566000



Contents

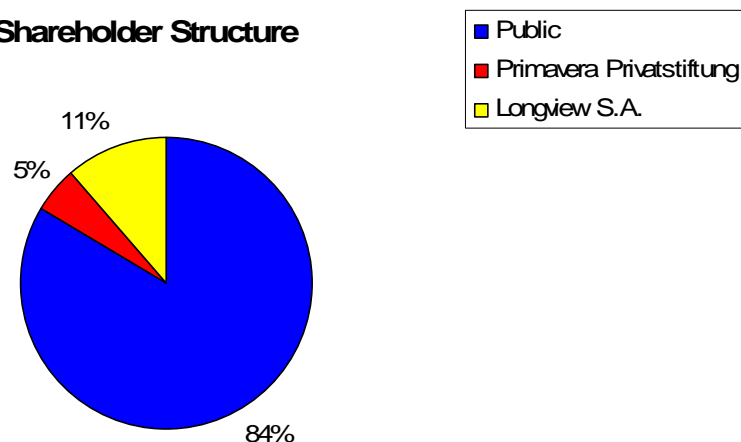
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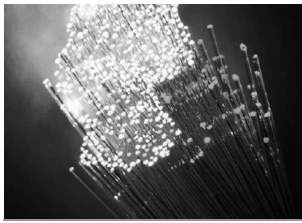


1 Company profile

euromicron AG is manufacturer and solution offerer of network and fiber-optic cable technology. The product- and service portfolio includes planning, implementation and maintenance of communication networks as well as the development, the production and distribution of network components based on copper, fiber glas or wireless technology. euromicron was founded in 1994 and is listed at the stock exchange since August 1998. After the dissolution of the New Market euromicron became a member of the general standard index. Since June 2006 euromicron is member of the prime standard index. euromicron is predominantly represented in Germany. The European market only plays a subordinated role for the company so far, however the company has endeavored to increase external turnovers in Europe. An external turnover portion of 10% is aimed at. euromicron employs at present approximately 800 employees. Beside the network and fiber-optic cable section the company pursues the goal of executing strategic acquisitions in their core business in the German market. euromicron AG concentrates on small yield-strong enterprises with sales profits of up to 10 million Euro. As an example Telefonbau Schneider GmbH could be won in December 2006. The company covers all kinds of network technologies (glass fiber, copper and radio nets), which support computing centres, applications of offices, broadband, GSM/UMTS, W-LAN-applications. Furthermore the power spectrum extends to the supply of solutions in safety engineering (Access control, current monitoring, emergency power supply, fire & warning signalling).

Shareholder Structure





2 Company's strategy

The management so far concentrates on the promising core business network and fiber-optic cable technology. euromicron aims to increase business in Germany and additionally trying to expand into other European countries by co-operation and particularly by acquisitions apart from further market penetration. Business development and expansion abroad are to be set in motion primarily by the increased efforts of selling in the euro-zone, particularly in the markets in Switzerland and Austria. Regarding the creation of value depth following activities are dominating: Component production, system integration and distribution. The clearly aligned growth strategy is convincing in our opinion and refers to new markets both on the stable domestic market and the expansion. Regarding the product strategy one focuses among other things on innovations, like the developed plugs for glass fiber connections and the new wiring system developed by the company. The growth efforts are based particularly on a solid operational business that should be additionally strengthened by the acquisitions of other suitable enterprises.

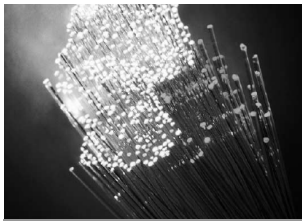
The core business is dependent on highly-qualified and motivated employees. From a resource-oriented view euromicron has succeeded in employing numerous capable employees. Furthermore the company continued the observation of the procurement market and accumulated special know how to be well prepared in the competitive environment.

For the current financial year 2007 we expect EBIT of 13.5 millions on 145.9 millions Euro sales profits.

3 Management – Corporate Governance

The executive committee of the company consists of two members: The chairman of the board Dr. Willibald Späth is responsible for strategy, acquisitions, finances, PR and IR. Dr. Edgar Bernardi is responsible for products, market, technologies and operations.

In order to limit some of the liabilities risk the company took out a directors and officers insurance (D&O). The insurance requires no participatory risk coverage from the members of the board, despite recommendations of the commission on Corporate Governance Codex.



No restrictions on outside business activities by members of the board have been made contractual.

In order to permit for shareholders to gain insight into appropriate pay scales for individual members of the board, the commission on Corporate Governance Codex recommends disclosure of recompense (German Corporate Governance Codex, 12th June, 2006).

In order to realize transparency for shareholders and corporate governance, the commission of German Corporate Governance Codex has recommended that the company discloses individual members' compensation.

A separate report or individual disclosure of payments to the members of the board in an appendix to the company's annual report has not been furnished at this time. Since enactment of the disclosure laws that provide for the disclosure of recompense on an individual basis as an appendix to the annual report, the shareholder meeting has the option for easement from this obligation.

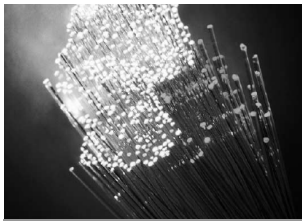
The shareholders voted for easement at the last meeting so that there is no disclosure required for the next five years (opting-out-rule).

Possible conflicts of interest could arise if members of the board hold shares for both the AG and the GmbH.

4 Markets, Sector and Growth indicators

The information and telecommunications industry is driven by the growth drivers data speed internet access for Triple Play Functions (data, speech, movie), mobile applications over photo mobile phone, laptop, SmartPhones and Blackberrys. Furthermore the reliability and security of the entire data processing and storage in computing centres and server farms plays an increasingly meaningful role. Consumer electronic products such as tv flat screens, DVD recorders, digital cameras and play consoles are a further growth driver for infrastructure solutions, in order to master high data sets quickly and surely.

In 2005 the growth rate for the German ITK sector was approximately 2,4% (total volume EUR 134 billion (branch federation BITKOM)) and clearly exceeded overall economic growth in Germany. The segment information technology grew most with 2,8% in relation to the segment



telecommunications technology with 2,0%. The segment data and network infrastructure, in which euromicron primarily operates, grew again with 2%. Also in 2006 growth continued according to provisional estimations similarly strongly.

The users of the information- and telecommunication-technology belong to

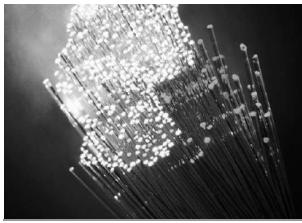
- The private surrounding field
- Machine and equipment construction
- Construction of vehicles
- Medical technology
- Building services
- Printing
- Element manufacturers and
- Financial services.

All their business processes are based primarily on data processing.

Competition

Particularly in 2005 the partially ruinous price dumping led to market adjustments by insolvencies, profit warnings and price corrections. Discount battles had a negative impact on the balances and the use of “cheap workers” has led to negative effects on the product quality. Also Siemens disassociated from whole sections like the mobile business and sees itself forced furthermore to optimize the business segment COM.

Mobile telephoning and DSL use becomes even cheaper. On the one hand network carriers come under pressure based on decreasing profit margins; on the other hand the number of users as well as the duration and the volumes of the data transformation and/or storage increase. This leads to further necessary investments in infrastructure technology. The requirements of network specialists of the network carriers as well as the requirements on materials rise. Wrong savings on quality standards would have negative relevant consequences for network carriers. Despite price pressure network carriers were mostly forced to engage high-quality suppliers and network specialists. euromicron is such a solution offerer for complex projects, i.e. the enterprise develops and manufactures glass fiber components, advises and has exact knowledge of the procurement markets and further specialized knowledge. In our view euromicron’s most noticeable advantage is the broad range of product-solutions and services compared to competitors who offer only punctual communication systems.



5 SWOT-Analysis

Strengths

- The company has huge industry experience.
- Product portfolio of all data communication and communications networks.
- Producer-independent complete solutions.
- Innovative and strong specialized segments with strong growth.
- The society has convincing cashflows and a solid capital basis.
- The acquisitions are easily integrable and generate economies of scale.
- euromicron is focusing on IT-networks and has a strong market position.

Weaknesses

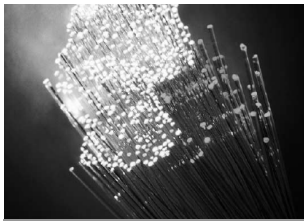
- Sales markets abroad were so far not tackled.

Chances

- Future-safe markets (development from the separate to integrated communication)
- Rising volumes of data and requirements of dataspeed.
- The cross-linking of IT as well as cross-linking with other nets will continue to increase.
- Safety engineering, in particular also IT-security, experiences an upswing. Fiber networks are relatively tap-proof compared to radio nets.

Risks

- Numerous financially strong competitors from Germany as well as foreign countries are represented on the German market, which could provide for an additional margin purge.
- Risk of project shifts
- Unexpected restructuring expenditure can have a negative impact on the results.



6 Annual Report Analysis

Our annual report analysis includes financials, profits and capital analysis. Besides the development on the segment level flowed into our analysis.

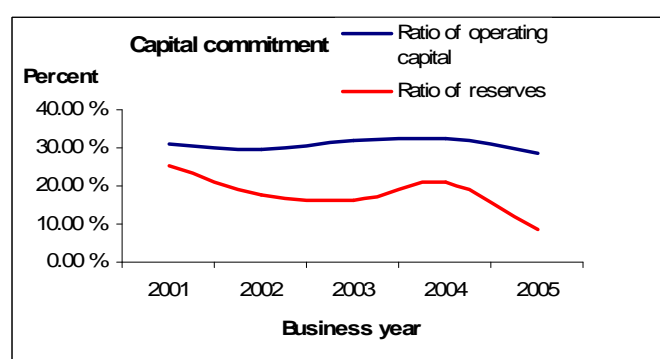
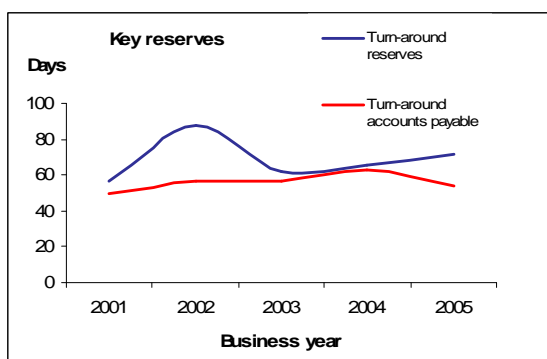
With the list of the balance-analytic structure of the balance some specific positions were adjusted. Extraordinary and unusual success components were eliminated from the ordinary operating result (success splitting). As central element of the financial statement analysis primarily the consolidated financial statement was used. The representation of the profit and loss calculation takes place on the consolidated financial statement on basis of the total expenditure format.

The report's analysis applies principles of congruency and accordingly neutralizes transactions between the corporation and its shareholders (clean surplus accounting). Clean surpluses and the company's reserves are eliminated from the analysis.

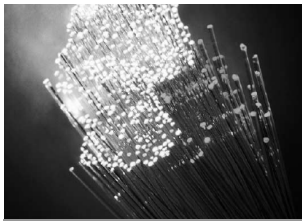
6.1 Analysis of capital

Subject to the examination of the capital structure were positive values in the balance sheet considering long-term capital, mid-term use as well as liquidity potential.

The assets intensity remained relatively constant in the last 5 financial years. Successes are remarkable in the active Working Capital management. The management of the receivables and the increase of the velocity of money lower the capital lockup costs.



It is difficult to visualize the time series of the financial status of the past years because the company has not published an assets analysis. The depreciation ratio of companies' fixed assets is only approximately 2.54 per cent.



Analysis of capital	2001	2002	2003	2004	2005
Ratio of operating capital	31.14 %	29.59 %	31.98 %	32.15 %	28.57 %
Ratio of investment					-4.42 %
Net investment securitization	no capital appendix published				-261.94
Ratio of tax deductables					2.54 %
Ratio of increase					-1.74 %
Ratio of turn-around materials etc.	6.33	4.10	5.83	5.50	5.03
Ratio of turn-around materials (days)	57	88	62	65	72
Ratio of reserves	25.13 %	17.67 %	16.12 %	21.03 %	8.35 %
Ratio of turn-around outstanding accounts	7.27	6.38	6.40	5.76	6.70
Turn-around accounts payable (days)	50	56	56	62	54

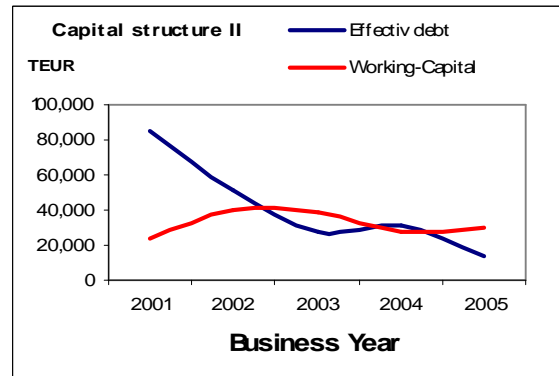
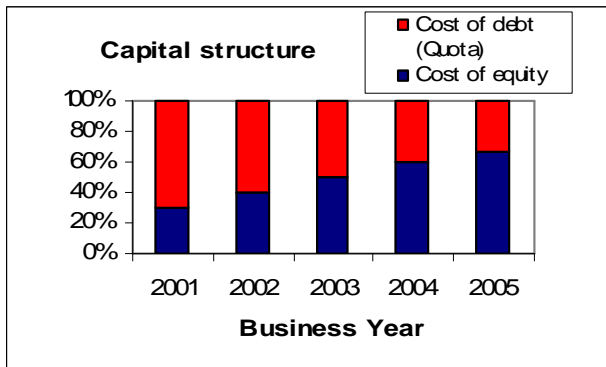
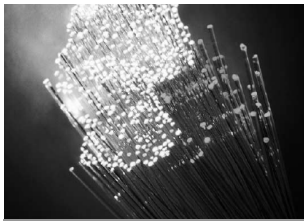
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6.2 Financial analysis

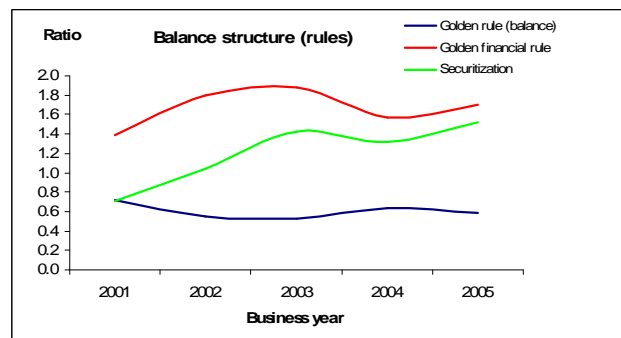
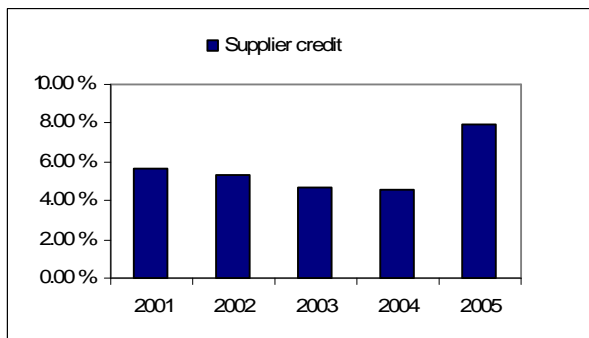
We applied a structural financial analysis. The aim is to identify the structure of capital and timely exchange.

The ratio of corporate capital and corporate debt remains relatively steady within the timeframe. The company has proved relatively high quota of own capital. Other capital means are rather low as debt from banks so that at least a median term credit rating is excellent. Moreover, the capital quota is above the sector average in ITK (Information Technologie Kommunikation).

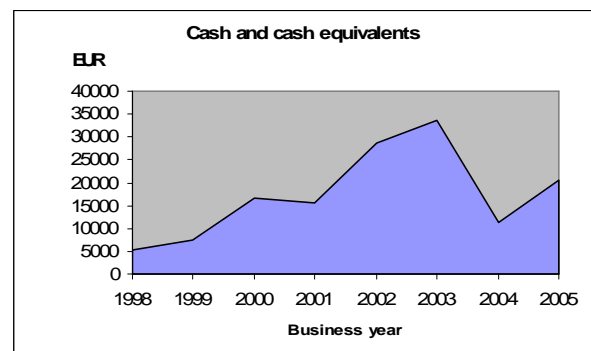
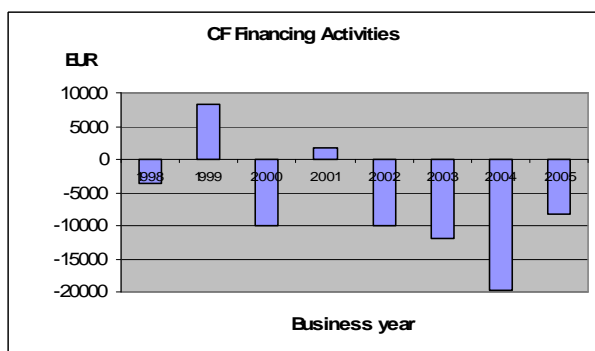
The company's debt is securitized with short-term available means from stocks and liquid means as cash. Securitization shows a key value for effective remaining debt. As seen below, development of effective remaining debt is positive.

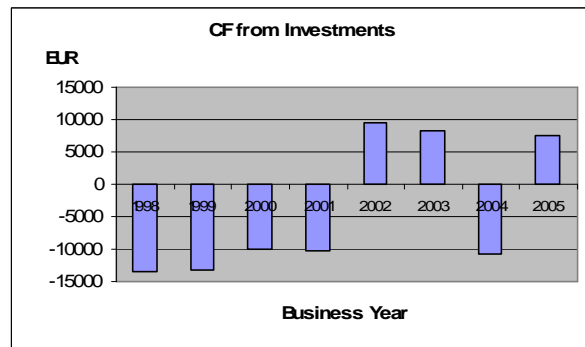
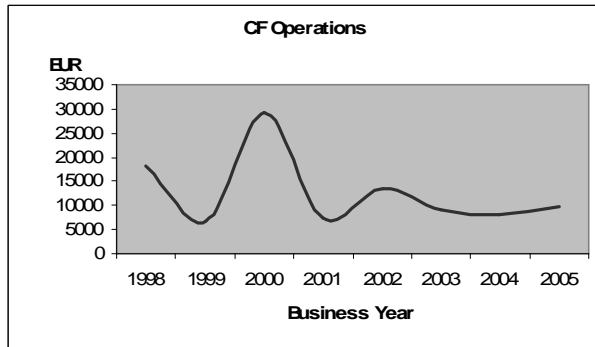
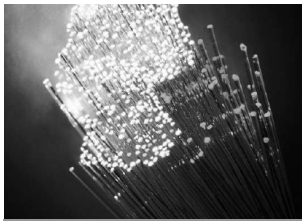


The structure of debt is predominately characterized by outstanding accounts to suppliers. Supplier debt provides analytical insight into the company's willingness to pay and its liquid cash situation. Considering the company's solid capital structure, the increase of outstanding supplier debt is insignificant. Further proving this point is that the company meets the principle of prioritizing competing due dates.



The company has enough cash on hand for a further expansion. Regarding the disinvestment strategy in the past year it was possible for the company to do new investments in 2006. The following charts clarify the cash-flow situation of the company.





Financial analysis	2001	2002	2003	2004	2005
Capital ratio	29.99 %	39.19 %	50.68 %	60.12 %	65.96 %
Debt factor	70.01 %	60.81 %	49.32 %	39.88 %	34.04 %
Effective debt	84,683	50,785	27,593	31,632	13,843
Dynamic debt factor	7.2	6.3	3.2	24.3	3.3
Finance capital	55.35 %	53.00 %	61.72 %	74.87 %	73.23 %
Overall result	9.20	10.99	13.49	13.91	14.27
Supply credit	5.69 %	5.37 %	4.66 %	4.60 %	7.98 %
Golden financial rule (short-term)	1.40	1.94	1.97	1.92	2.15
Golden financial rule (long-term)	0.72	0.56	0.53	0.64	0.59
Golden report rules (balance)	1.39	1.80	1.89	1.57	1.70
Securitization	0.71	1.04	1.42	1.31	1.52
Liquidity 3rd grade	1.31	1.78	1.84	1.75	2.01
Working-Capital	23,553	39,382	39,224	28,102	30,516

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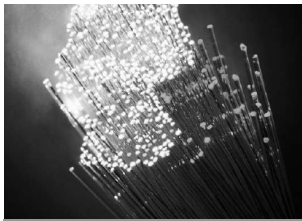
6.3 Analysis of returns

Our analysis of returns extends to the split results and valuation of future based returns (sustainable profits).

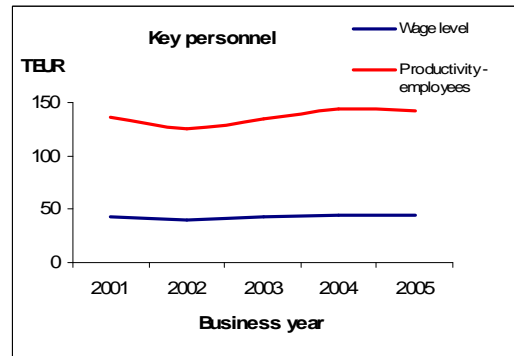
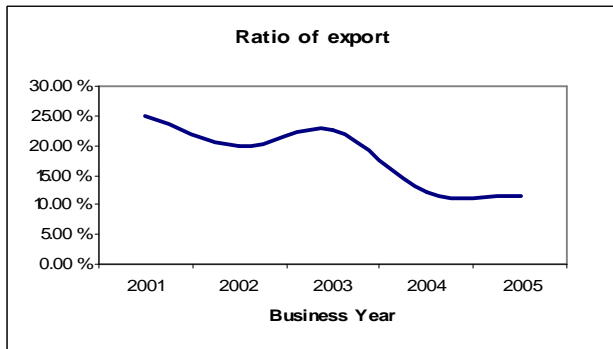
The profit analysis includes division of profits and valuation of profits to be made.

Extraordinary results were not adjusted as discussed above. Results reported by the company, therefore match the results of the balance analysis for the most part.

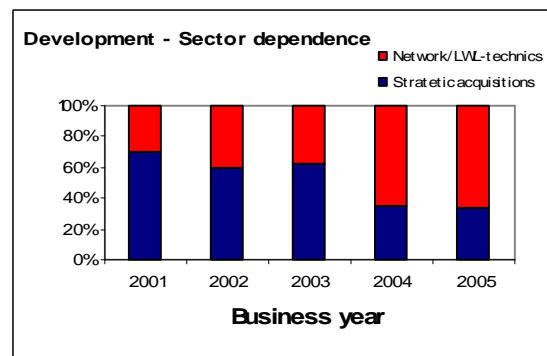
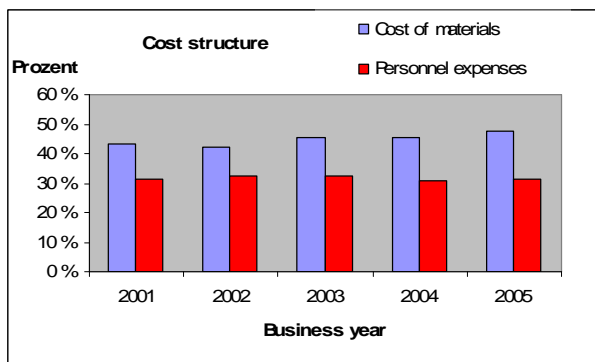
The export quota is further sinking. The strategic adjustment for the expansion of the foreign business shows so far no effect. The productivity of the coworkers is further settled on a high



level. Competitive disadvantages, which could result from the wage level, are not evident therefore.

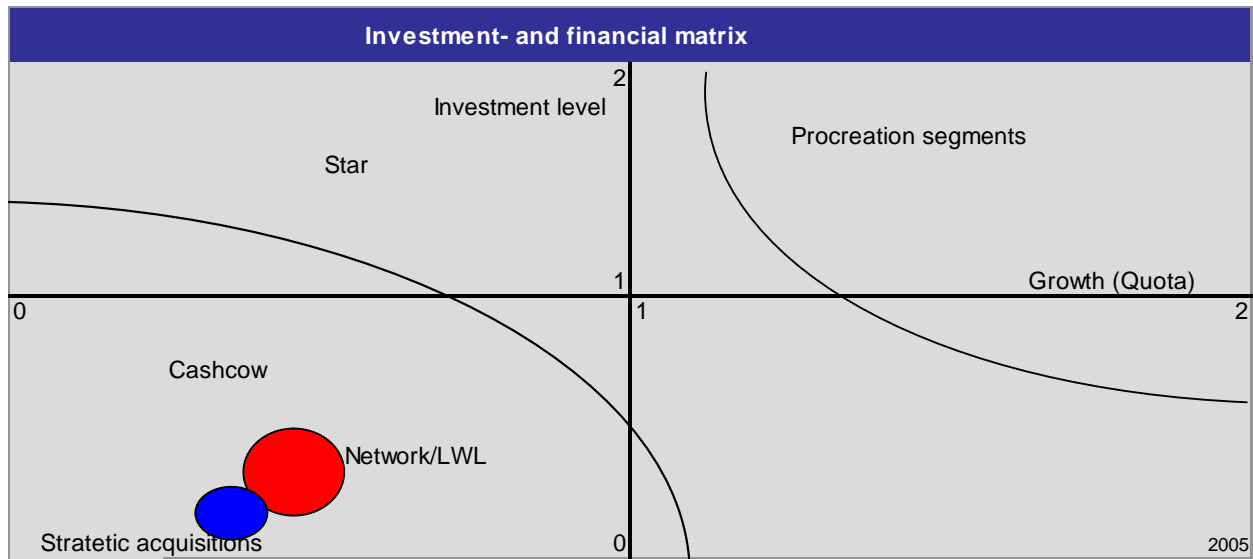
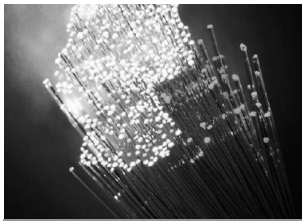


With the skillful creation of value strategy, which covers all subranges of the IT-Netzwerktechnologie, is to be generated the Euromicron AG succeeded high of cash-flow with relatively small investment demand. It is strongly positioned thereby from view of the company portfolio, whereby the structure of new generation forces in the Portfolio may not be neglected. The portion of the development expenditures tunes us confidently that also in the future lasting successes can be obtained.



Ratio	Growth (Quota)	Investment (Quota)
Portfolio-Position		
Procreation business	>> 1	>> 1
Star-business	> 1	1
Cash-business	< 1	<< 1

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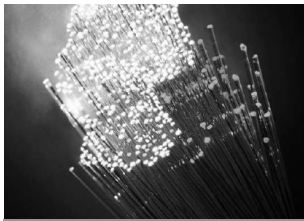
Summary of relevant figures and ratios

Analysis of profitability	2001	2002	2003	2004	2005
<i>Cost structures</i>					
Material expenses (Quota)	43.32 %	42.13 %	45.31 %	45.23 %	47.71 %
Personnel expenses (Quota)	31.14 %	32.16 %	32.18 %	30.74 %	31.48 %
Wages (IEUR)	42.60	40.16	43.42	44.20	44.63
Productivity employees (IEUR)	136.83	124.87	134.95	143.82	141.75
Export dependence	24.88 %	19.73 %	22.46 %	12.24 %	11.55 %
<i>Sales profitability (Segments)</i>					
Strategic acquisitions	8.90 %	8.21 %	6.29 %	9.61 %	10.63 %
Network/LWL-technics	14.01 %	9.49 %	10.45 %	9.09 %	5.11 %
Tax expenses (Quota)	-3.42 %	-1.35 %	-0.98 %	-4.20 %	-1.62 %
<i>Sector dependence</i>					
Strategic acquisitions	69.48 %	59.90 %	61.68 %	34.72 %	33.22 %
Netzwerk/LWL- Technik	30.50 %	40.07 %	38.28 %	65.26 %	66.75 %

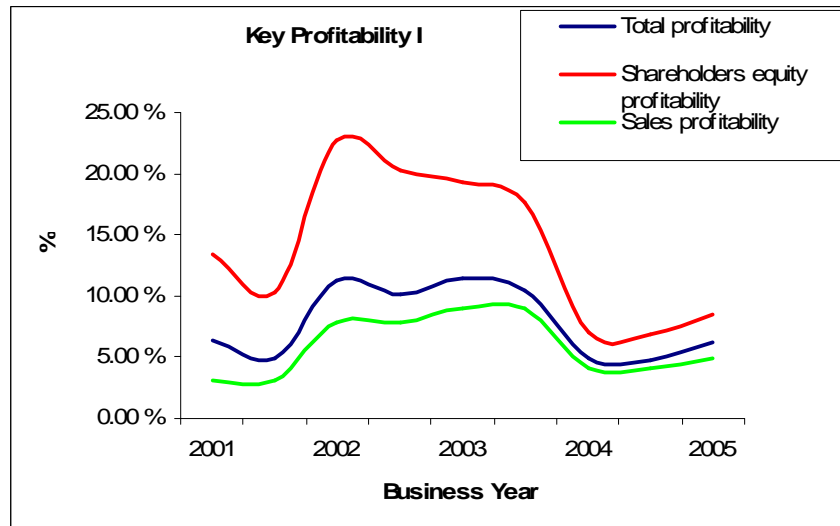
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6.4 Profitability analysis

Applying a rentability analysis, we examine the potential for returns of the company. Rentability indexes have developed positively in 2005, meanwhile no excess gains are to be reported. Excess gains can be achieved when overall capital rentability remains above the cost of capital.



As far the development of company key values within the last three years is concerned, there is continuity and it seems advisable to distribute part of the returns to shareholders. In doing so additional investors can thus be won for the company. Additionally, more capital can be added this way.



Analysis Profitability	2001	2002	2003	2004	2005
Total capital profitability	6.35 %	11.34 %	11.39 %	4.88 %	6.24 %
Shareholder equity profitability	13.39 %	22.75 %	19.20 %	6.98 %	8.49 %
Sales profitability	3.11 %	7.92 %	8.97 %	4.12 %	4.95 %
Dividend profitability	3.65 %	0.00 %	3.85 %	4.56 %	3.36 %

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7. Foundation of financial planning – Planned profit-and-losses; planned budgeted balance sheet

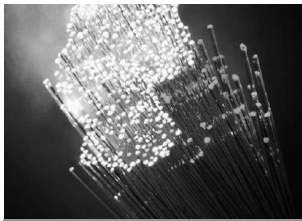
Budgeted - Profit & Loss Accounting: euromicron AG

Position/Year	1998		1999		2000		2001		2002		2003		2004		2005		2006e		2007e		2008e		2009e	
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%
Sales revenues	138,327	100.0	144,690	100.0	168,740	100.0	184,587	100.0	147,225	100.0	134,543	100.0	110,024	100.0	114,105	100.0	116,000	100.0	145,900	100.0	157,572	100.0	170,178	100.0
Change of inventories / Cost of sales	-94,040	-68.0	-95,932	-66.3	-118,076	-70.0	-127,501	-69.1	-104,574	-71.0	-95,667	-71.1	-3,377	-3.1	-3,405	-3.0	-3,480	-3.0	-4,795	-5.0	-8,954	-6.0	-8,860	-5.5
Other income									6,732	4.6	7,908	5.9	3,677	3.3	5,405	4.7	5,800	5.0	7,295	5.0	7,879	5.0	8,509	5.0
Cost of materials / Research & Dev.	-3,175	-2.3	-3,108	-2.1	-3,430	-2.0	-3,651	-2.0	-2,916	-2.0	-2,791	-2.1	-49,941	-45.4	-54,443	-47.7	-53,360	-46.0	-68,573	-47.0	-70,907	-45.0	-78,282	-46.0
Personnel expenses / Distrib. costs	-16,478	-11.9	-17,884	-12.4	-20,208	-12.0	-21,259	-11.5	-17,863	-12.1	-17,251	-12.8	-33,933	-30.8	-35,925	-31.5	-36,700	-31.6	-44,000	-30.2	-47,000	-30.0	-51,000	-31.0
Depreciation / Cost of administrations	-9,454	-6.8	-10,194	-7.0	-12,930	-7.7	-13,393	-7.3	-11,551	-7.8	-11,174	-8.3	-2,150	-2.0	-2,133	-1.9	-2,320	-2.0	-4,377	-3.0	-4,727	-3.0	-5,105	-3.0
Other operating expenses	-2,011	-1.5	-1,714	-1.2	-6,549	-3.9	-2,802	-1.5					-14,158	-12.9	-15,304	-13.4	-13,000	-11.2	-15,350	-10.5	-15,500	-9.8	-15,600	-9.2
EBIT before costs of the Holding																								
Holding costs																								
Extraordinary expenditures																								
EBIT after costs of the Holding	13,170	9.5	15,858	11.0	7,547	4.5	15,981	8.7	17,053	11.6	15,568	11.6	10,142	9.2	8,300	7.3	7,740	6.7	13,500	9.3	15,162	9.6	17,040	10.0
Financial result	-3,493	-2.5	-3,392	-2.3	-2,705	-1.6	-3,334	-1.8	-3,170	-2.2	-2,059	-1.5	-736	-0.7	-637	-0.6	-850	-0.7	-756	-0.5	-778	-0.5	-812	-0.5
Income of associates	0	0.0	0	0.0	-10,346	-6.1	15	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EBT (and before minorities)	9,677	7.0	12,466	8.6	-5,504	-3.3	12,662	6.9	13,883	9.4	13,509	10.0	9,406	8.5	7,663	6.7	6,890	5.9	12,744	8.7	14,384	9.1	16,228	9.5
Tax	-4,538	-3.3	-5,491	-3.8	855	0.5	-6,308	-3.4	-1,991	-1.4	-1,319	-1.0	-4,626	-4.2	-1,843	-1.6	-2,412	-2.1	-4,460	-3.1	-5,034	-3.2	-3,246	-1.9
Earnings before minorities	5,139	3.7	6,975	4.8	-4,649	-2.8	6,354	3.4	11,892	8.1	12,190	9.1	4,780	4.3	5,820	5.1	4,479	3.9	8,284	5.7	9,349	5.9	12,982	7.6
Minorities	-521	-0.4	-384	-0.3	-472	-0.3	-612	-0.3	-239	-0.2	-117	-0.1	-251	-0.2	-173	-0.2	-200	-0.2	-220	-0.2	-240	-0.2	-250	-0.1
Net earnings	4,618	3.3	6,591	4.6	-5,121	-3.0	5,742	3.1	11,653	7.9	12,073	9.0	4,529	4.1	5,647	4.9	4,279	3.7	8,064	5.5	9,109	5.8	12,732	7.5

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Balance sheet : euromicron AG

Position/Year	1998		1999		2000		2001		2002		2003		2004		2005		Sep 06		2006e		2007e		2008e		2009e	
	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%	TEUR	%
Assets																										
Non-current assets																										
Goodwill	32,698	27.6	34,979	21.8	31,810	23.2	33,376	23.3	31,407	24.0	31,994	25.8	41,142	38.1	37,841	37.5	47,410	47.2	43,000	42.7	41,950	38.5	40,556	35.8	42,000	34.4
Fixed assets	22,860	19.3	23,289	14.5	23,432	17.1	24,764	17.3	15,913	12.2	10,024	8.1	5,639	5.2	3,331	3.3	4,696	4.7	4,600	4.6	4,400	4.0	4,800	4.2	5,200	4.3
Financial assets	3,904	3.3	7,263	4.5	1,289	0.9	1,464	1.0	397	0.3	209	0.2	497	0.5	243	0.2	259	0.3	400	0.4	6,420	5.9	7,430	6.6	8,500	7.0
Other receivables and oth.financial assets	920	0.8	1,098	0.7	984	0.7	1,167	0.8	644	0.5	883	0.7	1,469	1.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Latent tax	383	0.3	706	0.4	1,455	1.1	35	0.0	894	0.7	1,153	0.9	605	0.6	2,324	2.3	2,276	2.3	2,200	2.2	2,000	1.8	2,000	1.6	2,000	1.6
Current assets	60,766	51.3	67,335	42.0	58,970	43.0	60,806	42.5	49,245	37.7	44,263	35.7	49,352	45.8	43,739	43.4	54,641	54.4	50,200	49.9	54,770	50.2	54,786	48.4	57,700	47.3
Inventories	22,062	18.6	29,004	18.1	29,171	21.3	35,939	25.1	23,096	17.7	19,997	16.1	22,678	21.0	15,837	15.7	19,757	19.7	19,800	19.7	16,000	14.7	19,000	16.8	18,000	14.8
Trade accounts receivables	16,214	13.7	33,480	20.9	22,885	16.7	25,399	17.8	23,076	17.7	21,016	16.9	19,100	17.7	17,031	16.9	15,604	15.5	15,500	15.4	15,000	13.8	14,500	12.8	15,000	12.3
Other accounts receivables (assoc. Comp.)	0	0.0	14,864	9.3	686	0.5	400	0.3	143	0.1	167	0.1	1,351	1.3	0	0.0	178	0.2	150	0.1	180	0.2	200	0.2	250	0.2
Rest receivables & other financial assets	14,211	12.0	8,486	5.3	9,077	6.6	5,025	3.5	6,458	4.9	5,022	4.0	3,994	3.7	3,711	3.7	3,607	3.6	3,800	3.8	3,850	3.5	3,650	3.2	3,750	3.1
Cash & cash equivalents	5,296	4.5	7,313	4.6	16,468	12.0	15,421	10.8	28,724	22.0	33,598	27.1	11,377	10.5	20,466	20.3	6,639	6.6	11,167	11.1	19,202	17.6	21,062	18.6	27,310	22.4
Total assets	118,548	100.0	160,482	100.0	137,257	100.0	142,990	100.0	130,742	100.0	124,063	100.0	107,852	100.0	100,784	100.0	100,426	100.0	100,617	100.0	109,002	100.0	113,198	100.0	122,010	100.0
Shareholders equity & liabilities																										
Capital stock	11,913	10.0	11,913	7.4	11,914	8.7	11,914	8.3	11,914	9.1	11,914	9.6	11,914	11.0	11,914	11.8	11,914	11.9	11,914	11.8	11,914	10.9	11,914	10.5	11,914	9.8
Additional paid-in capital	61,975	52.3	61,782	38.5	61,781	45.0	61,781	43.2	61,781	47.3	61,781	49.8	61,781	57.3	61,781	61.3	61,781	61.5	61,781	61.4	61,781	56.7	61,781	54.6	61,781	50.6
Own shares (reserves)	-33,436	-28.2	-33,556	-20.9	-32,921	-24.0	-38,042	-26.6	-34,830	-26.5	-22,977	-18.5	-13,234	-12.3	-13,101	-13.0	-10,250	-10.2	-10,250	-10.2	-10,250	-9.4	-10,250	-9.1	-10,250	-8.4
Other reserves (accum. other results)	4,618	3.9	6,591	4.1	-5,121	-3.7	5,931	4.1	11,893	9.1	11,821	9.5	4,008	3.7	5,847	5.8	1,991	2.0	4,279	4.3	8,064	7.4	9,109	8.0	12,732	10.4
Minorities	1,309	1.1	1,394	0.9	1,414	1.0	1,402	1.0	275	0.2	333	0.3	374	0.3	234	0.2	193	0.2	193	0.2	193	0.2	193	0.2	193	0.2
Long-term liabilities	46,379	39.1	48,124	30.0	37,067	27.0	42,886	30.0	51,233	39.2	62,872	50.7	64,843	60.1	66,475	66.0	65,629	65.4	67,917	67.5	71,702	65.8	72,747	64.3	76,370	62.6
Provisions	3,974	3.4	4,575	2.9	4,550	3.3	4,348	3.0	3,062	2.3	2,990	2.4	2,052	1.9	670	0.7	808	0.8	1,200	1.2	1,200	1.1	1,350	1.2	1,450	1.2
Liabilities	25,199	21.3	56,373	35.1	40,925	29.8	37,125	26.0	34,332	26.3	17,625	14.2	10,559	9.8	5,276	5.2	539	0.5	1,200	1.2	1,500	1.4	3,000	2.7	4,500	3.7
Latent tax																										
Short-term liabilities	29,173	24.6	60,948	38.0	45,475	33.1	41,473	29.0	37,394	28.6	20,615	16.6	12,611	11.7	7,780	7.7	2,639	2.6	3,800	3.8	4,300	3.9	6,150	5.4	7,950	6.5
Provisions	9,158	7.7	11,646	7.3	12,741	9.3	11,717	8.2	8,997	6.9	6,721	5.4	7,967	7.4	2,618	2.6	1,986	2.0	4,500	4.5	5,000	4.6	5,100	4.5	5,500	4.5
Liabilities (trade accounts)	2,283	1.9	5,957	3.7																						



8 Company rating

8.1 Discounted Cashflow Methode

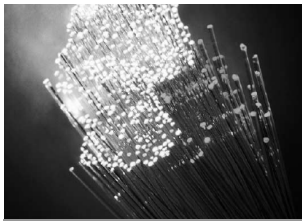
Our chosen discounted-cashflow-model in an entity approach assesses the company's overall results.

The odd due date was considered in adding interest to the operative free cashflow until the rating due date. Due date was 01th March 2007. The ordinary operative result was the basis for the calculated free cashflow.

For an analysis of the working capital potentially non-essential cash and stock deductions were not made. Foundation for the rating model is a two-phase model. Firstly, there is a detailed planning phase that lasts from 2006 until 2009. Secondly, there is a subsequent residual value phase that we added in at 3% growth per year.

Operating Free-cashflows												
Figures in TEUR	1998	1999	2000	2001	2002	Ist 2003	2004	2005	Plan			
									2006e	2007e	2008e	2009e
EBIT	13,170	15,858	7,547	15,981	17,053	15,568	10,142	8,300	7,740	13,500	15,162	17,040
- adjusted taxes (38,5 %)	-5,070	-6,105	-2,906	-6,153	-6,565	-5,994	-3,905	-3,196	-2,980	-5,198	-5,837	-6,560
=NOPLAT	8,100	9,753	4,641	9,828	10,488	9,574	6,237	5,105	4,760	8,303	9,324	10,479
+ Depreciation	-	-	-	-	-	-	2150.0	2133.0	2320.0	4377.0	4727.2	5105.3
Provisions	13,132	16,221	17291.0	16065.0	12059.0	9711.0	10019.0	3288.0	5700.0	6200.0	6450.0	6950.0
+ Increase (-decrease) w working capital	-	3,089	1,070	-1,226	-4,006	-2,348	308	-6,731	2,412	500	250	500
=(operating) gross cashflow	8,100	12,842	5,711	8,602	6,482	7,226	8,695	507	9,492	13,180	14,302	16,085
- Investments	-	-	-	-	-	-8228.0	-10739.0	-7547.0	-12000.0	-3500.0	-11500.0	-11500.0
Working capital	14787	41737	23572.0	23553.0	39382.0	39224.0	28102.0	30516.0	21516.5	21232.1	24111.5	26620.6
- Increase (+ decrease) of Working capital	-	26950	-18165	-19	15829	-158	-11122	2414	-9000	-284	2879	2509
= Operating free cashflow (oFCF)	8,100	-14,109	-12,454	8,583	22,311	5,722	-75	3,230	5,413	9,395	14,629	7,094

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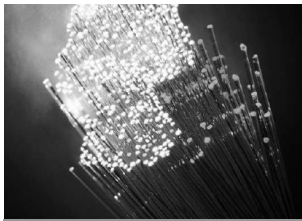
8.2 Valued cost of capital (WACC)

The discount interest ratio was calculated with a weighted approach to the cost of capital. The current capital structure mostly meets the forecast capital structure and shows no significant changes in our estimate.

Adjustments of debt to current interest were not made. Risk free interest is a dependent to the average of 30-year bonds (source: Bourse Stuttgart). The market risk prime in our model is based on well-known studies. Market risk primes in university research range depending on the market, time and method between 6 and 8%.

Our applied beta value for calculating company specific risk is independent of stock price development and a relative referential value or price - instead the beta value is calculated using key financial values (fundamental beta). Our scoring model uses the RWS-scoring approach (interest, growth, security) of University of Kiel.

WACC: DCF - Entity approach			
Cost of equity		Cost of debt	
I) Interest rate			
Risk-free rate	4.04	Interest rate	8.04
		+ Risk premium	1.00
	<u>4.04</u>	= Cost of debt before tax	9.04
II) General market risk			
Beta	1.25	- Company tax	-3.48
* Risk premium	8.00	= Cost of debt after tax	5.56
= individual risk premium	10.00	- half of personnel tax	0.97
- half of personnel tax	1.75		<u>4.59</u>
	<u>8.25</u>		
III) Company specific risk			
individual risk premium	1.00		
- half of personnel tax	0.18		
	<u>0.83</u>		
Sum of I+II+III	<u>13.12</u>		
Cost of equity (Quota)	<u>65.00</u>	Cost of debt (Quota)	<u>35.00</u>
Gewichteter Kapitalkostensatz (WACC)	<u>10.13</u>		
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8.3 Fair Value – Sensitivity analysis

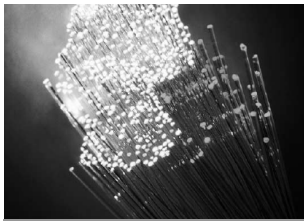
Our calculated fair value of the stock is EUR 27.60. It ranges 25.4% higher than the current price (EUR 22.00). The following graph shows the modification and action parameters of the terminal value. It also proves sensitivity of our derived fair value in varying scenarios. Our rating is in a range of EUR 18.66 to EUR 46.70.

Determination of fair value						
		2006e	2007e	2008e	2009e	TV
Discount rate	10.13					
Multiplier		0.227	0.824	0.749	0.680	14.865
operative free cashflow s		5,413	9,395	14,629	7,094	7,094
Present value of cashflow s		1228.6	7746.2	10952.4	4822.4	105452.9
Present value of cashflow s	24,750	No. of shares:		4,660		
Present value of terminal value	105,453	Fair Value:		26.25		
Sum of cashflow s	130,203					
Third parties	2,135					
Not necessary operative assets	0					
Entity Value	132,338					
- Liabilities	10,000					
Equity Value per 01. March.2007	122,338					

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Sensitivity Analysis									
Grow th	8.13	8.63	9.13	9.63	10.13	10.63	11.13	11.63	12.13
2.00%	30.76	28.39	26.37	24.64	23.14	21.82	20.65	19.60	18.66
2.50%	33.53	30.69	28.32	26.31	24.58	23.08	21.76	20.59	19.54
3.00%	36.93	33.46	30.63	28.26	26.25	24.52	23.02	21.70	20.53
3.50%	41.19	36.86	33.40	30.56	28.19	26.18	24.46	22.96	21.64
4.00%	46.70	41.12	36.80	33.33	30.50	28.13	26.12	24.40	22.90

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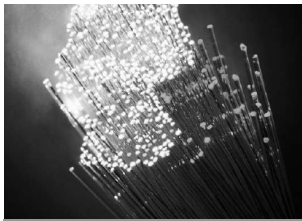
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BUY	On a basis of our prognoses the stock should have a performance of at least 20% in the following 12 months.	
ACCUMULATE	On a basis of our prognoses the stock should have a performance of between 10% and 20% in the following 12 months.	
HOLD	On a basis of our prognoses the stock should have a performance of between minus 10% and plus 10% in the following 12 months.	
REDUCE	On a basis of our prognoses the stock should have an underperformance of between minus 10% and minus 20%.	
SELL	On a basis of our prognoses the stock should have an underperformance of at least minus 20%	

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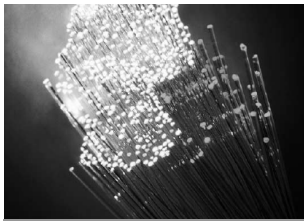
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