

August 23, 2012

Europe | Germany | Technology

DR. KALLIWODA  
RESEARCH GmbH

## Update

## BUY

Target price: EUR 30

## Overview

Industry:	Technology
Country:	Germany
ISIN:	DE000A1K0300
Reuters:	EUC.DE
Bloomberg:	EUCAGR
Website:	www.euromicron.net

Last price	19.89
	<b>High</b> <b>Low</b>
Price 52 weeks:	23.50    15.75
Market cap (EURm)	132.54
Number of shares (m)	6.66

## Shareholder structure

Universal-Investment GmbH	4.92%
Free float	95.08%

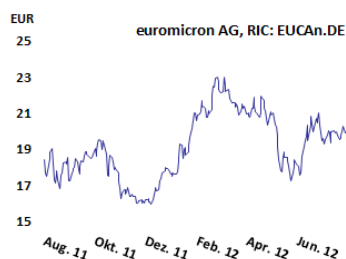
## Performance

4 weeks	-3.24%
13 weeks	-0.49%
26 weeks	6.00%
52 weeks	14.95%
YTD	26.98%

## Dividend

	in EUR	in %
2008	0.77	3.87%
2009	0.96	4.83%
2010	1.06	5.31%
2011	1.15	5.78%

## 52-Week Chart



## Analyst Coverage

Dr. Norbert Kalliwoda  
Email: nk@kalliwoda.com  
Phone: +49 69 97 20 58 53  
www.kalliwoda.com

## euromicron AG

## Margins in H1 influenced by recent acquisitions

- Euromicron is in alignment with its announced profitability growth strategy, although they did not match that profitability growth of its top line in H1/12. While sales grew by 19.1% to €152.8m, EBIT and net income advanced only by 11.9% and 12.1% respectively. The reason was a higher share of total costs, which could stem from acquisitions in 2011 (mainly telent GmbH, ACE Advanced Communication Engineering GmbH and TeraMile GmbH). Between January and June 2012, order intake and backlog remained below the previous year due to the increase of project volume and the shift of valuecreation to H2/12 and telent, which has been consolidated only since 7 June 2011.
- In H1/12, the main growth driver was the segment euromicron WAN services, which in contrast to last year included full six months of telent's revenues. While the segment euromicron Nord, grew by 4% y-o-y to €53m, revenues of euromicron Süd decreased by 3.1% y-o-y to €70.5m due to weak demand in countries such as Italy.
- Despite higher net income and D&A expenses y-o-y, the operating cash flow went down from €-16.4m in H1/11 to €-23.6m. The reason was a significant increase of other operating assets and simultaneous decrease of other operating liabilities. Together with a much lower cash outflow from investing y-o-y of €4.5m and cash inflow from financing of 24.6m, the cash position decreased since 1 January 2012 by 3.6m to €3.7m. As the net debt equaled €98m and shareholder's equity €117.5m, euromicron's net gearing amounted to 83.4% as of 30 June 2012.
- After lower profit margins y-o-y in H1/12, we have slightly lowered our PT for euromicron from previously €30.56 to €30; however, we still recommend to Buy the stock. We like euromicron because it operates in a promising market, covers the entire value chain of its products and pays an attractive dividend (D/Y 5.8%). Due to telent management expect the seasonality of results to strengthen further in the coming years.

## Key Figures

EURm	2008	2009	2010	2011	2012E	2013E
Net sales	164.63	187.33	203.64	305.31	331.87	359.08
EBITDA	18.85	21.10	24.73	30.78	34.06	38.60
EBIT	16.00	18.04	20.13	24.22	26.93	30.88
Net income	8.07	10.74	11.46	12.23	14.00	16.71
EPS	1.78	2.39	2.38	2.33	2.10	2.51
BVPS	16.04	17.58	18.45	22.81	18.89	20.14
RoE	11.10%	14.16%	13.66%	11.73%	11.40%	12.85%
EBIT margin	9.72 %	9.63 %	9.88 %	7.93 %	8.11 %	8.60 %
P/E	11.17	8.32	8.36	8.54	9.47	7.93
P/BVPS	1.24	1.13	1.08	0.87	1.05	0.99

## Content

<b>1</b>	<b>Company profile</b> .....	<b>3</b>
<b>2</b>	<b>Valuation</b> .....	<b>4</b>
<b>3</b>	<b>H1 2012 financial results</b> .....	<b>5</b>
<b>4</b>	<b>Outlook</b> .....	<b>8</b>
<b>5</b>	<b>Profit and loss statements</b> .....	<b>9</b>
<b>6</b>	<b>Balance sheets</b> .....	<b>10</b>
<b>7</b>	<b>Cash flow statements</b> .....	<b>11</b>
<b>8</b>	<b>Financial ratios</b> .....	<b>11</b>

## 1 Company profile

euromicron AG is a manufacturer and provider of network solutions and optical fibre technology. Moreover, the company is a full-service provider of communication and security solutions for different industries and requirements. euromicron covers the entire value chain. Along with planning, implementation and maintenance of communication and security solutions, which are usually based on IP networks, the company also offers development, production and distribution of network components as well as consulting and purchasing. The organization is divided into three segments and four marketing areas.

### euromicron AG – Company structure

Holding	Management Holding		
	Finance, Personnel, Purchasing, IT, Public & Investor Relations		
	North	South	WAN services
Components	Highest quality in manufacturing, which is conducted according to customer requirements		
	<ul style="list-style-type: none"> <li>Active / Passive Optical Network Components</li> <li>Test and Working Station Systems</li> </ul>		<ul style="list-style-type: none"> <li>Maintenance</li> <li>Managed Services</li> </ul>
	LWL Sachsenkabel GmbH (D) MICROSENS GmbH Co. KG & Beteiligungen GmbH (D, F, PL)	ELABO GmbH (D) EUROMICRON Werkzeuge GmbH (D)	
Networks	Integrated, one-stop approach for client-specific, cross-system project and system solutions for convergent networks		
	<ul style="list-style-type: none"> <li>Voice/Unified Communication</li> <li>Video/Monitoring</li> <li>Intelligent Networks</li> </ul>		<ul style="list-style-type: none"> <li>Security</li> <li>PMR Solutions</li> </ul>
	euromicron systems GmbH (D) SSM euromicron GmbH (D)	euromicron solutions GmbH (D, P) Avalan GmbH (D) euromicron austria GmbH (A) euromicron NBG Fiber Optics (A)	
Distribution	Long-term relationships with international manufacturers of active and passive network components allow for qualified and independent solutions at best-possible terms just-in-time		
	<ul style="list-style-type: none"> <li>Consulting</li> <li>Training (Certificates, Seminars)</li> </ul>		<ul style="list-style-type: none"> <li>Analysis</li> <li>Service</li> </ul>
	SKM Skyline GmbH (D) Qubix S.p.A. networking solutions & distribuion GmbH (I)		
Service	Strategic and cross-segment control and operating tasks, which do not directly belong to the core business e.g.		
	<ul style="list-style-type: none"> <li>Administration of Property and Buildings</li> </ul>		<ul style="list-style-type: none"> <li>Financing of Specific Shareholdings</li> </ul>
	euromicron international services GmbH (D)		

## 2 Valuation

In order to value euromicron, we have used our DCF model, which derives a 12-months price target for the stock of €30. Compared to the current market level, this corresponds to an upside of 50.8%.

### *DCF model*

#### WACC assumptions

##### Growth assumptions

Long-term growth rate	2.0%
Assimilation phase (from 2015)	5 years
Sales growth at the beginning	5.0%
Margin development (p.a)	-1 BP

##### Equity

Risk-free rate	2.3%
Market risk premium	6.0%
Beta	1.30

##### Equity costs

**10.1%**

##### Debt costs

Debt costs (before tax)	6.0%
Tax rate on interest	30.0%

##### Debt costs (after tax)

**4.2%**

Equity ratio	70
Debt ratio	30
Gearing	42.9%

##### WACC

**8.3%**

## Discounted Cash Flow Model (Basis 08/2012)

in EURm	Phase 1								
	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
<b>Net sales</b>	<b>331.87</b>	<b>359.08</b>	<b>377.39</b>	<b>396.26</b>	<b>414.10</b>	<b>430.66</b>	<b>444.44</b>	<b>456.44</b>	<b>465.57</b>
(y-o-y change)	8.7%	8.2%	5.1%	5.0%	4.5%	4.0%	3.2%	2.7%	2.0%
<b>EBIT</b>	<b>26.93</b>	<b>30.88</b>	<b>33.89</b>	<b>36.38</b>	<b>37.57</b>	<b>38.62</b>	<b>39.38</b>	<b>39.96</b>	<b>40.38</b>
(EBIT margin)	8.0%	8.5%	8.9%	9.1%	9.0%	8.9%	8.8%	8.7%	8.6%
<b>NOPLAT</b>	<b>18.85</b>	<b>21.61</b>	<b>23.73</b>	<b>25.46</b>	<b>26.30</b>	<b>27.03</b>	<b>27.57</b>	<b>27.97</b>	<b>28.26</b>
+ Depreciation	7.13	7.72	8.11	8.52	8.90	9.26	9.55	9.81	10.01
= Net operating cash flow	25.98	29.33	31.84	33.98	35.20	36.29	37.12	37.79	38.27
- Total investments (Capex and WC)	-18.52	-19.45	-18.31	-18.79	-19.00	-19.13	-18.95	-18.90	-18.60
Capital expenditure	-14.13	-14.72	-15.11	-15.52	-15.90	-16.26	-16.55	-16.81	-17.01
Working capital	-4.38	-4.73	-3.19	-3.27	-3.10	-2.88	-2.40	-2.08	-1.59
= Free cash flow (FCF)	7.47	9.88	13.53	15.19	16.21	17.16	18.17	18.89	19.67
<b>PV of FCFs</b>	<b>7.24</b>	<b>8.85</b>	<b>11.18</b>	<b>11.59</b>	<b>11.41</b>	<b>11.15</b>	<b>10.90</b>	<b>10.46</b>	<b>10.06</b>

PV of FCFs in explicit period	92.85
PV of FCFs in terminal period	190.13
<b>Enterprise value (EV)</b>	<b>282.98</b>
+ Net cash / - net debt	-97.96
+ Investments / - Minorities	-0.46
<b>Shareholder value</b>	<b>184.56</b>
<b>Number of shares outstanding (m)</b>	<b>6.66</b>
WACC	8.3%
Equity costs	10.1%
Debt costs before tax	6.0%
Tax rate	30.0%
Debt costs after tax	4.2%
Equity share	70.0%
Debt share	30.0%
<b>Fair value per share in € (today)</b>	<b>27.70</b>
<b>Fair value per share in € (in 12 months)</b>	<b>30.00</b>

Sensitivity analysis		Terminal EBIT margin						
		5.6%	6.6%	7.6%	8.6%	9.6%	10.6%	11.6%
WACC	5.3%	44.04	54.54	65.04	75.54	86.04	96.54	107.04
	6.3%	30.89	38.35	45.81	53.27	60.73	68.19	75.65
	7.3%	22.61	28.22	33.82	39.42	45.03	50.63	56.23
	8.3%	16.91	21.27	25.64	30.00	34.37	38.73	43.10
	9.3%	12.72	16.21	19.70	23.19	26.68	30.17	33.66
	10.3%	9.51	12.36	15.21	18.05	20.90	23.74	26.59

Source: Dr. Kalliwoda Research GmbH

### 3 H1 2012 financial results

#### Revenues

In H1/12, euromicron generated total sales of €1528m (+19.1% y-o-y), thereof 88.7% in Germany. However, due to seasonality effects and telent GmbH (bought via Asset Deal in June 2011; consolidated since 7 June 2011), which has a different fiscal year than euromicron, the order backlog (€122.7m vs. €146.9m) and intake (€148m vs. €156.1m) went down compared to H1/11. telent GmbH, which has yearly sales of c. €90m and EBIT of c. €6m, is an independent system integrator and technology service company for communication networks with a focus on IP technology, network and asset management as well as PMR solutions.

In H1/12, the main sales driver was the new segment euromicron WAN services, where sales grew from €9.2m in H1/11 to €36.8m as telent was accounted for over the whole Jan-Jun period. While euromicron Nord performed well (+4% to €53m), revenues of euromicron Süd were hit by the Euro debt crisis and its impact on customer demand in countries such as Italy (-3.1% to €70.5m).

euromicrons especially telent's results exhibit a very strong seasonality as in H1 it usually conducts the project design and planning, while in H2 the projects are implemented and invoiced. Euromicron's management expect that due to the new subsidiary the second half of the year will become even more important for the entire Group.

**H1/12 vs. previous year**

H1/2012 vs previous year			
in EURm	H1 2012	H1 2011	change (%)
Net sales	152.80	128.30	19.1%
EBITDA	13.68	11.01	24.2%
EBITDA margin	9.0%	8.6%	
EBIT	9.66	8.63	11.9%
EBIT margin	6.3%	6.7%	
Net income	5.44	4.85	12.1%
Net margin	3.6%	3.8%	

Source: Company data, Dr. Kalliwoda Research GmbH

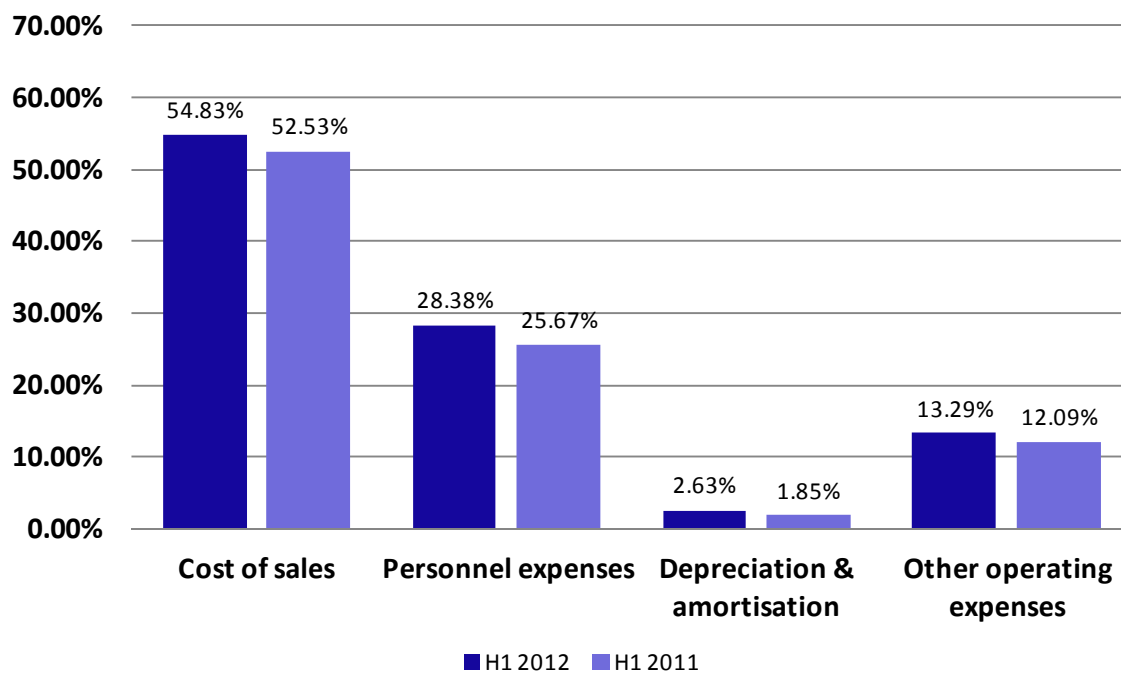
**Sales and EBIT margins according to segments**

Sales and EBIT margins according to segments H1/12 vs. H1/11					
	H1 2012	H1 2011		H1 2012	H1 2011
euromicron Nord			euromicron WAN services		
Sales €m	53.03	50.98	Sales €m	36.81	9.18
share in total sales	34.7%	39.7%	share in total sales	24.1%	7.2%
EBIT margin	15.1%	14.4%	EBIT margin	2.9%	7.8%
euromicron Süd			Group (after consolidation)		
Sales €m	70.54	72.77	Total sales	152.80	128.30
share in total sales	46.2%	56.7%	change y-o-y	19.1%	
EBIT margin	4.8%	5.2%			

Source: Company data, Dr. Kalliwoda Research GmbH

## Profitability

### Share in sales H1/12 vs. H1/11



Source: Company data, Dr. Kalliwoda Research GmbH

Despite strong sales development, EBIT and net margin were below H1/11. Due to business expansion and integration of new companies (mainly telent GmbH) especially the share of cost of sales and personnel expenses increased. Interest expenses were higher y-o-y (€1.8m vs. €1.3m) as euromicron increased the share of long-term financial debt.

### Balance Sheet and Cash Flow

At the end of June 2012, the most important positions on euromicron's balance sheet were (1) equity of €117.5m (2) goodwill of €104.2m and (3) trade receivables of €96.4m. As of 30 June 2012, the company had interest-bearing debt of €102.9m (short-term financial debt equal to €44m; long-term financial debt of €58.1m; pension provisions of €70k) and liquid funds (cash plus short-term financial assets) of €4.9m. Thus, the net debt position amounted to €98m.

Despite higher net income and depreciation and amortisation expenses y-o-y (€4m vs. €2.4m in H1/11), the operating cash flow amounted to €-23.6m (H1/11: €-16.4m). The reason was a significant increase of other operating assets and simultaneous decrease of other operating liabilities. While the cash outflow from investing, which in H1/11 was affected by the acquisition of telent GmbH, went down from €15.2m to €4.5m, the cash flow from financing reached €24.6m (H1/11: €31.2m). In total, the cash position in H1/12 decreased by €3.6m to €3.7m.

## 4 Outlook

As euromicron's business exhibits a strong seasonality, we expect much better sales and orders in H2/12. Also, we believe that in the next quarters the company will report higher margins due to further optimization of costs and integration of new subsidiaries. Nevertheless, due to the Euro debt crisis and its negative impact on demand, especially in the southern part of Europe, our 2012 forecasts remain at the lower end of euromicron's own guidance (sales of €330-345m, EBIT margin 8-11%).

In our view, euromicron has excellent future prospects due to ongoing investments into telecommunication and network infrastructure, which are necessary because of e.g. increasing popularity of online video or the introduction of LTE (broadband mobile data transmission technology). We like the fact that the company covers the entire value chain in its segment including manufacturing, integration, consulting and maintenance. euromicron seeks to expand into promising niche markets and products by investments in/acquisitions of teams, technologies or small specialized companies. In order to bundle its know-how in certain particularly interesting areas, euromicron aims to create so-called Competence Centers e.g. "yoU ARe Modular" in H1/12.

### Our forecasts 2012E-14E

Our forecasts 2012E - 2014E			
in EURm	2012E	2013E	2014E
Net sales	331.87	359.08	377.39
EBITDA	34.06	38.60	42.01
EBITDA margin	10.3%	10.7%	11.1%
EBIT	26.93	30.88	33.89
EBIT margin	8.1%	8.6%	9.0%
Net income	14.00	16.71	18.81
Net margin	4.2%	4.7%	5.0%

Source: Dr. Kalliwoda Research GmbH

### Sales estimates according to segments 2012E-14E

Sales estimates according to segments 2012E-2014E			
in EURm	2012E	2013E	2014E
euromicron Nord	126.28	135.92	142.10
change y-o-y	8.1%	7.6%	4.5%
share in total sales	38.1%	37.9%	37.7%
euromicron Süd	149.28	161.16	169.00
change y-o-y	8.5%	8.0%	4.9%
share in total sales	45.0%	44.9%	44.8%
euromicron WAN services	72.90	79.96	85.17
change y-o-y	9.1%	9.7%	6.5%
share in total sales	22.0%	22.3%	22.6%
Consolidation	-16.59	-17.95	-18.87
Total sales	331.87	359.08	377.39

Source: Dr. Kalliwoda Research GmbH



## 5 Profit and loss statements

Profit and loss statement - euromicron AG						
	Fiscal year					
in EURm	2008	2009	2010	2011	2012E	2013E
<b>Sales split</b>						
<i>euromicron Nord</i>	80.01	92.53	103.66	116.79	126.28	135.92
<i>euromicron Süd</i>	90.59	102.48	108.99	137.63	149.28	161.16
<i>WAN Services</i>	0.00	0.00	0.00	66.85	72.90	79.96
<i>Consolidation</i>	-5.97	-7.68	-9.01	-15.96	-16.59	-17.95
<b>Net sales</b>	<b>164.63</b>	<b>187.33</b>	<b>203.64</b>	<b>305.31</b>	<b>331.87</b>	<b>359.08</b>
<i>Internally produced and capitalised assets</i>	0.36	1.70	1.52	1.95	1.90	1.90
<i>Change in inventories</i>	-1.43	-6.88	1.21	-7.44	2.84	2.28
<b>Total Output</b>	<b>163.56</b>	<b>182.15</b>	<b>206.38</b>	<b>299.81</b>	<b>336.61</b>	<b>363.26</b>
<i>Cost of goods sold</i>	-83.52	-92.47	-107.32	-159.62	-179.21	-193.40
<b>Gross profit</b>	<b>80.04</b>	<b>89.69</b>	<b>99.06</b>	<b>140.19</b>	<b>157.40</b>	<b>169.86</b>
<i>Other operating income</i>	2.62	2.10	4.48	2.72	6.73	7.27
<i>Personnel costs</i>	-43.01	-48.14	-54.25	-76.88	-85.64	-91.69
<i>Depreciation &amp; Amortization</i>	-2.85	-3.06	-4.60	-6.56	-7.13	-7.72
<i>Other operating expenses</i>	-20.80	-22.55	-24.56	-35.26	-44.43	-46.84
<b>EBIT</b>	<b>16.00</b>	<b>18.04</b>	<b>20.13</b>	<b>24.22</b>	<b>26.93</b>	<b>30.88</b>
<i>Net financial results</i>	-3.96	-2.83	-2.91	-6.36	-5.80	-5.65
<b>EBT</b>	<b>12.04</b>	<b>15.21</b>	<b>17.22</b>	<b>17.85</b>	<b>21.13</b>	<b>25.23</b>
<i>Income taxes</i>	-3.31	-3.76	-5.09	-4.95	-6.34	-7.57
<i>Minority interests</i>	-0.67	-0.70	-0.67	-0.67	-0.79	-0.95
<b>Net income / loss</b>	<b>8.07</b>	<b>10.74</b>	<b>11.46</b>	<b>12.23</b>	<b>14.00</b>	<b>16.71</b>
<i>EPS</i>	1.78	2.39	2.38	2.33	2.10	2.51
<i>DPS</i>	0.77	0.96	1.06	1.15	1.18	1.25
<b>Change y-o-y</b>						
<i>Net sales</i>	n.a	13.79%	8.71%	49.92%	8.70%	8.20%
<i>Total Output</i>	n.a	11.37%	13.30%	45.27%	12.27%	7.92%
<i>Cost of goods sold</i>	n.a	10.72%	16.06%	48.74%	12.27%	7.92%
<i>Gross profit</i>	n.a	12.05%	10.45%	41.53%	12.27%	7.92%
<i>Other operating income</i>	n.a	-19.75%	113.04%	-39.14%	147.14%	7.92%
<i>Personnel costs</i>	n.a	11.92%	12.70%	41.71%	11.40%	7.07%
<i>Depreciation &amp; Amortization</i>	n.a	7.48%	50.36%	42.64%	8.70%	8.20%
<i>Other operating expenses</i>	n.a	8.41%	8.90%	43.57%	26.00%	5.42%
<i>EBIT</i>	n.a	12.73%	11.58%	20.33%	11.20%	14.66%
<i>Net financial results</i>	n.a	-28.52%	2.61%	119.00%	-8.86%	-2.59%
<i>EBT</i>	n.a	26.31%	13.25%	3.68%	18.35%	19.40%
<i>Income taxes</i>	n.a	13.71%	35.39%	-2.65%	27.97%	19.40%
<i>Net income / loss</i>	n.a	33.18%	6.68%	6.69%	14.46%	19.40%
<i>EPS</i>	n.a	34.27%	-0.42%	-2.10%	-9.85%	19.40%
<i>DPS</i>	n.a	24.97%	9.99%	8.80%	2.61%	6.27%
<b>Share in total sales</b>						
<i>Net sales</i>	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<i>Total Output</i>	80.32 %	89.45 %	101.34 %	147.22 %	165.29 %	178.38 %
<i>Cost of goods sold</i>	-41.01 %	-45.41 %	-52.70 %	-52.28 %	-54.00 %	-53.86 %
<i>Gross profit</i>	39.31 %	44.04 %	48.64 %	45.92 %	47.43 %	47.30 %
<i>Other operating income</i>	1.29 %	1.03 %	2.20 %	0.89 %	2.03 %	2.02 %
<i>Personnel costs</i>	-21.12 %	-23.64 %	-26.64 %	-25.18 %	-25.80 %	-25.54 %
<i>Depreciation &amp; Amortization</i>	-1.40 %	-1.50 %	-2.26 %	-2.15 %	-2.15 %	-2.15 %
<i>Other operating expenses</i>	-10.22 %	-11.08 %	-12.06 %	-11.55 %	-13.39 %	-13.04 %
<i>EBIT</i>	7.86 %	8.86 %	9.88 %	7.93 %	8.11 %	8.60 %
<i>Net financial results</i>	-1.95 %	-1.39 %	-1.43 %	-2.08 %	-1.75 %	-1.57 %
<i>EBT</i>	5.91 %	7.47 %	8.46 %	5.85 %	6.37 %	7.03 %
<i>Income taxes</i>	-1.62 %	-1.85 %	-2.50 %	-1.62 %	-1.91 %	-2.11 %
<i>Net income / loss</i>	3.96 %	5.28 %	5.63 %	4.01 %	4.22 %	4.65 %

Dr. Kalliwoda | Research © 2012

## 6 Balance sheets

Balance sheet - euromicron AG						
in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
<b>Assets</b>						
Cash and cash equivalents	11.25	9.77	8.57	7.30	0.57	0.85
Inventories	14.35	13.24	17.19	25.08	28.16	30.39
Trade accounts and notes receivables	45.13	51.20	54.72	88.07	95.73	103.58
Other current assets	5.13	4.49	4.81	5.17	5.62	6.08
Other financial assets	0.00	0.00	1.33	1.16	1.26	1.36
<b>Current assets</b>	<b>75.85</b>	<b>78.69</b>	<b>86.63</b>	<b>126.78</b>	<b>131.33</b>	<b>142.26</b>
Property, plant and equipment	8.97	10.91	11.56	15.13	17.63	20.13
Other intangible assets	7.29	9.58	14.81	18.26	22.76	27.26
Goodwill	78.82	84.04	81.88	104.21	104.21	104.21
Financial assets	0.04	1.08	0.89	0.73	0.79	0.85
Other assets	0.11	0.19	0.10	0.18	0.19	0.21
Deferred tax assets	1.04	1.41	0.37	0.47	0.00	0.00
<b>Non-current assets</b>	<b>96.26</b>	<b>107.21</b>	<b>109.60</b>	<b>138.97</b>	<b>145.58</b>	<b>152.66</b>
<b>Total assets</b>	<b>172.12</b>	<b>185.91</b>	<b>196.23</b>	<b>265.75</b>	<b>276.91</b>	<b>294.92</b>
<b>Liabilities</b>						
Trade payables	13.62	20.52	22.37	31.62	35.50	38.31
Tax liabilities	2.75	2.61	4.71	9.70	10.55	11.41
Personnel liabilities	1.21	1.11	3.86	10.04	10.91	11.80
Other short-term liabilities	3.75	4.93	2.47	13.88	15.08	16.32
Short-term bank debt	45.05	49.81	45.29	29.76	30.26	29.26
Finance lease	0.07	0.20	0.19	0.30	0.34	0.38
Other financial liabilities	0.00	0.00	2.53	2.97	2.77	2.57
Provisions	3.52	1.47	0.07	1.22	1.33	1.44
<b>Current liabilities</b>	<b>69.97</b>	<b>80.64</b>	<b>81.48</b>	<b>99.48</b>	<b>106.73</b>	<b>111.49</b>
Long-term bank debt	13.43	8.16	4.40	24.67	30.47	34.97
Leasing debt	0.04	0.54	0.82	1.46	1.71	1.96
Other financial debt	10.00	10.00	10.77	10.79	10.83	10.87
Pension provisions	0.00	0.00	0.66	0.73	0.79	0.86
Provisions	0.45	1.01	0.14	0.48	0.52	0.57
Other liabilities	0.14	0.10	2.08	0.00	0.00	0.00
Deferred tax liabilities	4.30	5.19	6.62	7.94	0.00	0.00
<b>Long-term liabilities</b>	<b>28.35</b>	<b>25.00</b>	<b>25.49</b>	<b>46.07</b>	<b>44.33</b>	<b>49.22</b>
<b>Total liabilities</b>	<b>98.31</b>	<b>105.64</b>	<b>106.97</b>	<b>145.55</b>	<b>151.06</b>	<b>160.71</b>
<b>Shareholders equity</b>	<b>72.70</b>	<b>79.02</b>	<b>88.83</b>	<b>119.71</b>	<b>125.85</b>	<b>134.20</b>
Minority interests	1.10	1.25	0.43	0.48	0.00	0.00
<b>Total equity and liabilities</b>	<b>172.12</b>	<b>185.91</b>	<b>196.23</b>	<b>265.75</b>	<b>276.91</b>	<b>294.92</b>

Dr. Kalliwoda | Research © 2012

## 7 Cash flow statements

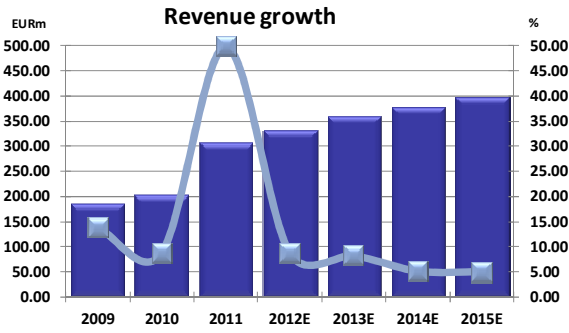
Cash flow statement - euromicron AG						
in EURm	Fiscal year					
	2008	2009	2010	2011	2012E	2013E
Net income / loss	8.07	10.74	11.46	12.23	14.00	16.71
Depreciation & Amortization	2.85	3.06	4.60	6.56	7.13	7.72
Change of working capital	-7.46	3.34	-10.91	-26.58	-4.38	-4.73
Others	1.08	-2.92	3.33	8.26	-7.31	0.15
<b>Net operating cash flow</b>	<b>4.53</b>	<b>14.23</b>	<b>8.48</b>	<b>0.47</b>	<b>9.43</b>	<b>19.85</b>
<b>Cash flow from investment</b>	<b>-13.30</b>	<b>-9.87</b>	<b>-5.98</b>	<b>-20.40</b>	<b>-14.13</b>	<b>-14.72</b>
Free cash flow	-8.77	4.35	2.50	-19.92	-4.70	5.13
<b>Cash flow from financing</b>	<b>7.82</b>	<b>-5.89</b>	<b>-2.56</b>	<b>18.65</b>	<b>-2.03</b>	<b>-4.84</b>
Change of cash	-0.95	-1.54	-0.06	-1.27	-6.73	0.29
Cash at the beginning of the period	11.11	10.17	8.63	8.57	7.30	0.57
Cash at the end of the period	10.17	8.63	8.57	7.30	0.57	0.85

Dr. Kalliwoda | Research © 2012

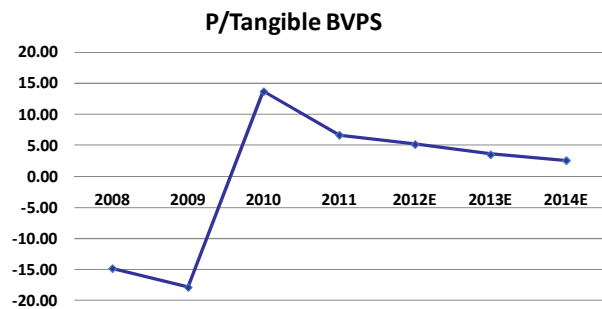
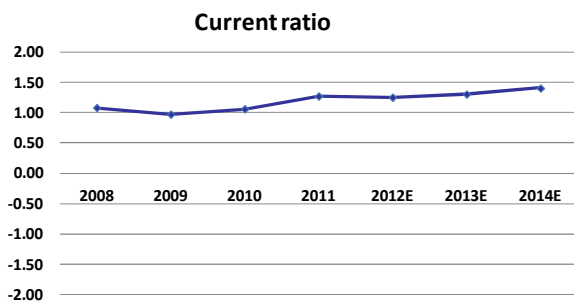
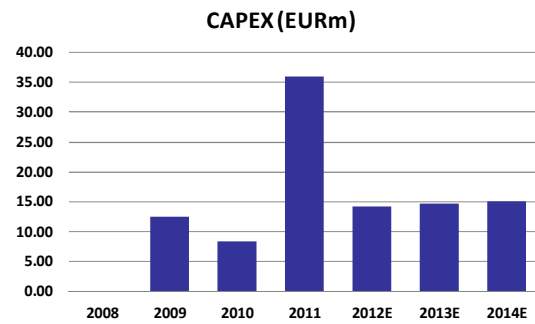
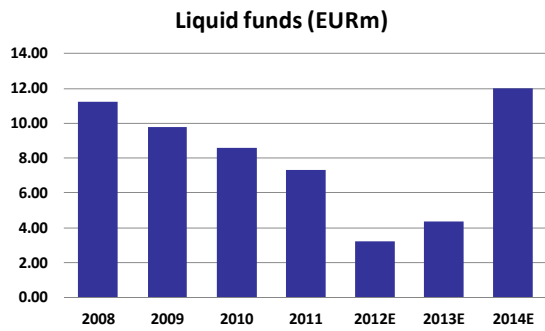
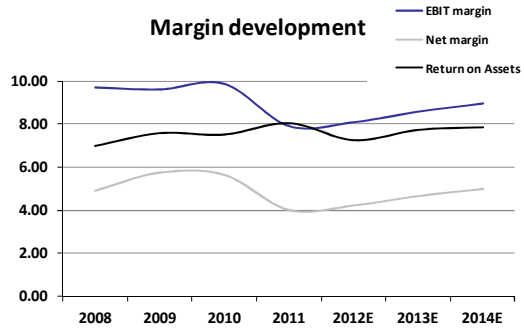
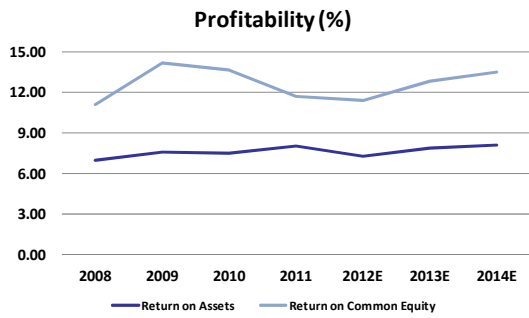
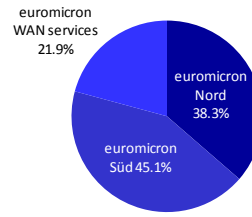
## 8 Financial ratios

Fiscal year	2008	2009	2010	2011	2012E	2013E	2014E	2015E
Gross margin	48.94%	49.24%	48.00%	46.76%	46.76%	46.76%	46.76%	46.76%
EBITDA margin	11.45%	11.26%	12.14%	10.08%	10.26%	10.75%	11.13%	11.33%
EBIT margin	9.78%	9.90%	9.75%	8.08%	8.00%	8.50%	8.90%	9.10%
Net margin	4.93%	5.90%	5.55%	4.08%	4.16%	4.60%	4.94%	5.13%
Return on equity (ROE)	11.10%	14.16%	13.66%	11.73%	11.40%	12.85%	13.54%	13.80%
Return on assets (ROA)	6.99%	7.58%	7.52%	8.05%	7.30%	7.82%	8.00%	8.05%
Return on capital employed (ROCE)	11.36%	12.90%	12.36%	10.52%	11.08%	11.78%	11.94%	11.93%
Net debt (in EURm)	57.35	58.94	54.76	62.22	75.34	78.65	79.39	79.35
Net gearing	78.88%	74.59%	61.64%	51.97%	59.87%	58.60%	55.28%	51.57%
Equity ratio	42.24%	42.50%	45.27%	45.05%	45.45%	45.51%	45.89%	46.52%
Current ratio	1.08	0.98	1.06	1.27	1.23	1.28	1.34	1.40
Quick ratio	0.81	0.76	0.79	0.97	0.91	0.95	1.01	1.06
Net interest cover	4.04	6.37	6.93	3.81	4.64	5.46	6.16	6.74
Net debt/EBITDA	3.04	2.79	2.21	2.02	2.21	2.04	1.89	1.77
Tangible BVPS	-1.35	-1.12	1.44	2.95	3.25	4.50	5.91	7.45
Capex/Sales	n.a	-6.69%	-4.08%	-11.77%	-4.26%	-4.10%	-4.00%	-3.92%
Working capital/Sales	26.29%	21.23%	21.27%	17.39%	17.32%	17.32%	17.33%	17.33%
EV/Sales	1.40	1.23	1.13	0.75	0.69	0.64	0.61	0.58
EV/EBITDA	12.23	10.93	9.32	7.49	6.77	5.97	5.49	5.13
EV/EBIT	14.41	12.78	11.45	9.52	8.56	7.47	6.80	6.34
P/Tangible BVPS	-14.75	-17.78	13.77	6.73	6.13	4.42	3.36	2.67
P/E	11.17	8.32	8.36	8.54	9.47	7.93	7.05	6.46
P/FCF	-10.92	22.01	38.33	-4.81	-20.38	18.67	10.99	9.25

Source: Company data, Dr. Kalliwoda Research GmbH



### Sales split 2011



Source: Company data, Dr. Kalliwoda Research GmbH

<b>DR. KALLIWODA</b> RESEARCH GmbH		Rüsterstraße 4a 60325 Frankfurt Tel.: 069-97 20 58 53 www.kalliwoda.com
Primary Research   Fair Value Analysis   International Roadshows		
Head: <b>Dr. Norbert Kalliwoda</b> E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm.	<u>Sectors:</u> IT, Software, Electricals & Electronics, Mechanical Engineering, Logistics, Laser, Technology, Raw Materials
<b>Dr. Peter Arendarski</b> E-Mail: pa@kalliwoda.com	Senior-Analyst, Msc & Ph.D in Finance (Poznan Univers. of Economics), CFA Level 3 Candidate	<u>Sectors:</u> Technology, Raw Materials, Banks & Insurances, Financial-Modelling (Quant., Buyside)
<b>Patrick Bellmann</b> E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beisheim School of Management, Vallendar (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Andreas Braun</b> E-Mail: rb@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Michael John</b> E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
<b>Maximilian F. Kaessens</b> E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<u>Sectors:</u> Financials, Real Estate
<b>Adrian Kowollik</b> E-Mail: ak@kalliwoda.com	Dipl.-Kfm.; Humboldt-Universität zu Berlin, CFA Candidate	<u>Sectors:</u> Media, Internet, Gaming, Technology, Eastern European stocks
<b>Dr. Thomas Krassmann</b> E-Mail: tk@kalliwoda.com	Dipl.-Geologist, M.Sc.; University of Göttingen & Rhodes University, South Africa;	<u>Sectors:</u> Raw Materials, Mining, Precious Metals, Gem stones.
<b>Maximilian F. Kaessens</b> E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<u>Sectors:</u> Financials, Real Estate
<b>Dr. Christoph Piechaczek</b> E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Hellmut Schaarschmidt;</b> E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
<b>Dr. Erik Schneider</b> E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>David Schreindorfer</b> E-Mail: ds@kalliwoda.com	MBA, Economic Investment Management; Univ. Frankfurt/ Univ. Iowa (US).	<u>Sectors:</u> IT/Logistics; Quantitative Modelling
<b>Nele Rave</b> E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>

Also view Sales and Earnings Estimates:  
**DR. KALLIWODA | RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd and Factset**

Analyst of this research:  
Dr., Norbert Kalliwoda,  
CEFA



<b>KAUFEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung von mindestens 10 % aufweisen	<b>BUY</b>
<b>AKKUMULIEREN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und 10% aufweisen	<b>ACCUMULATE</b>
<b>HALTEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und - 5% aufweisen	<b>HOLD</b>
<b>REDUZIEREN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen - 5% und - 10% aufweisen	<b>REDUCE</b>
<b>VERKAUFEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung von mindestens - 10 % aufweisen	<b>SELL</b>

### Additional Disclosure/Erklärung

DR.KALLIWODA | RESEARCH GmbH hat diese Analyse auf der Grundlage von allgemein zugänglichen Quellen, die als zuverlässig gelten, gefertigt. Wir arbeiten so exakt wie möglich. Wir können aber für die Ausgewogenheit, Genauigkeit, Richtigkeit und Vollständigkeit der Informationen und Meinungen keine Gewährleistung übernehmen.

Diese Studie ersetzt nicht die persönliche Beratung. Diese Studie gilt nicht als Aufforderung zum Kauf oder Verkauf der in dieser Studie angesprochenen Anlageinstrumente. Daher rät DR.KALLIWODA | RESEARCH GmbH, sich vor einer Wertpapierdisposition an Ihren Bankberater oder Vermögensverwalter zu wenden.

Diese Studie ist in Großbritannien nur zur Verteilung an Personen bestimmt, die in Art. 11 (3) des Financial Services Act 1986 (Investments Advertisements) (Exemptions) Order 1996 ( in der jeweils geltenden Fassung) beschrieben sind. Diese Studie darf weder direkt noch indirekt an einen anderen Kreis von Personen weitergeleitet werden. Die Verteilung dieser Studie in andere internationale Gerichtsbarkeiten kann durch Gesetz beschränkt sein und Personen, in deren Besitz diese Studie gelangt, sollten sich über gegebenenfalls vorhandene Beschränkungen informieren und diese einhalten.

DR.KALLIWODA | RESEARCH GmbH sowie Mitarbeiter können Positionen in irgendwelchen in dieser Studie erwähnten Wertpapieren oder in damit zusammenhängenden Investments halten und können diese Wertpapiere oder damit zusammenhängende Investments jeweils aufstocken oder veräußern.

### Mögliche Interessenskonflikte

Weder DR.KALLIWODA | RESEARCH GmbH noch ein mit ihr verbundenes Unternehmen

- a) hält in Wertpapieren, die Gegenstand dieser Studie sind, 1% oder mehr des Grundkapitals;
- b) war an einer Emission von Wertpapieren, die Gegenstand dieser Studie sind, beteiligt;
- c) hält an den Aktien des analysierten Unternehmens eine Netto-Verkaufsposition in Höhe von mindestens 1% des Grundkapitals;
- d) hat die analysierten Wertpapiere auf Grund eines mit dem Emittenten abgeschlossenen Vertrages an der Börse oder am Markt betreut.

Nur mit dem Unternehmen euromicron AG bestehen vertragliche Beziehungen zu DR.KALLIWODA | RESEARCH GmbH für die Erstellung von Research-Studien.

Durch die Annahme dieses Dokumentes akzeptiert der Leser/Empfänger die Verbindlichkeit dieses Disclaimers.

## DISCLAIMER

The information and opinions in this analysis were prepared by DR. KALLIWODA | RESEARCH GmbH. The information herein is believed by DR. KALLIWODA | RESEARCH GmbH to be reliable and has been obtained from public sources believed to be reliable. With the exception of information about DR. KALLIWODA | RESEARCH GmbH, DR. KALLIWODA | RESEARCH GmbH makes no representation as to the accuracy or completeness of such information.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this analysis. They do not necessarily reflect the opinions, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, except if research on the subject company is withdrawn. Prices and availability of financial instruments also are subject to change without notice. This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decision using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. 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.

This report may not be reproduced, distributed or published by any person for any purpose without DR. KALLIWODA | RESEARCH GmbH's prior written consent. Please cite source when quoting.