

The background of the entire page is a complex, abstract geometric pattern. It consists of numerous overlapping triangles and lines that create a sense of depth and movement. The lines are thin and black, set against a white background. The pattern is composed of many small, repeating units that together form a larger, intricate design.

# Interim Report

Q3/2013

euromicron Aktiengesellschaft

euromicron

# Key income figures

for the euromicron Group at September 30, 2013

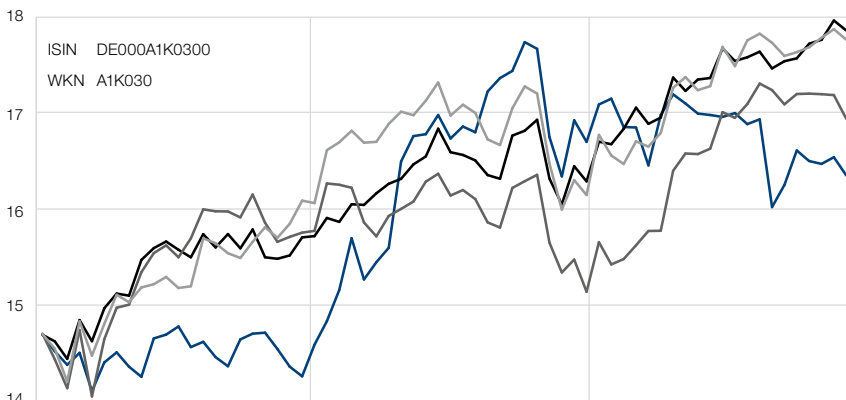
	<b>2013</b> € thou.	<b>2012</b> € thou.
Consolidated EBIT	11,665	12,105
Operating EBIT	16,562	16,503
EBIT return as a ratio of sales (in %)	5.0%	5.3%
EBITDA	18,044	18,212
Income before taxes	8,713	9,199
Consolidated net income for euromicron AG shareholders	5,925	6,250
Earnings per share in € (undiluted)	0.89	0.94

(unaudited acc. to IFRS)

## Share performance

of the euromicron Group from January 1 to September 30, 2013

in €



■ euromicron (XETRA)  
■ TDXP index

■ TecDAX (perf.) (Deutsche Börse index) (relative)  
■ MDAX index

Dear shareholders,

We posted strong orders and maintained our operating income at a good level in the third quarter of 2013 in a volatile investment market that is highly price-sensitive.

Frankfurt/Main, November 2013

The Executive Board

# Foreword

The effects of the recession in Europe meant that the market continued to be changeable in an investment environment that was highly price-sensitive in the first nine months of 2013. The order trend at our Group was differentiated, but good, and our operating income remained strong. Our order books are still high, which gives us cause for optimism that we can achieve our targets for the year, even though customers' investment behavior is becoming increasingly difficult to plan and so fulfilling the high level of orders is a challenge.

The measures planned as part of our "Agenda 500" integration program were consolidated and intensified further in the course of the third quarter in order to put our company on a new foundation and give it the necessary structures, qualifications and processes.

Given the fact that investment is still restrained, especially on the part of major wide area network operators, our Group generated respectable consolidated sales of €233.3 million in the first nine months of 2013, 3% more than the previous year's strong figure of €226.5 million.

On the back of a still strong operating EBIT and to prepare for the next stage of growth, we have expanded the upper-level controlling units, which are to help coordinate the individual activities of the Group companies, optimize processes and identify synergy and cost-cutting potentials. Our EBITDA margin at September 30, 2013, was 7.7%, slightly below the target corridor of 8% to 11% planned for the year as a whole. EBITDA was €18.0 million (previous year: €18.2 million). Earnings before interest and taxes (EBIT) were around €11.7 million (previous year: €12.1 million).

Despite the structural measures, initial positive effects of the Agenda 500 can be seen in our operating income. In particular, the cost-cutting effects identified at the level of our Group units contributed to operating income at our associated companies at a level of €16.6 million and so slightly above the previous year's figure of €16.5 million.

The net profit for the period for euromicron AG shareholders at September 30, 2013, was €5.9 million following €6.3 million in the previous year. Undiluted earnings per share were €0.89, almost equaling the good level of the previous year (€0.94).

New orders were at the very good level of €249.2 million, some 11% up on the previous year (€224.9 million). Orders books were around €141.1 million, about 12% above the previous year's figure of €125.9 million.

The new orders and order books, as well as our business performance, which is stable as a whole and in line with the market, are a solid foundation for further implementation of the Agenda 500 as planned as part of our corporate strategy. We intend to continue on the path we have taken on the basis of that.

# Interim Management Report

of the euromicron Group from January 1 to September 30, 2013

## General economic conditions

In the view of the leading economic institutes, the world economy is on a slight upturn, which should result in further growth in the final quarter of 2013. Despite the fact that uncertainties linger, such as due to the high level of volatility on financial markets, the latest forecast of the International Monetary Fund (IMF) assumes that the world economy will grow by 2.9% in 2013 and by around 3.8% in 2014.

According to the forecasts of the IMF's experts, there are signs that the recession in the Euro area is coming to an end. This is mainly due to boosts to growth from Germany and France, as well as declining rates of reduction in growth in the other countries in the Euro area.

This trend is also confirmed by the latest fall baselines of the German Institute for Economic Research (DIW). The economic researchers expect moderate average growth in gross domestic product by 0.4% in 2013. Growth in 2014 is predicted to be much higher at 1.7%.

The growth drivers are still increasing private consumer spending, as well as moderate increases in investment by industry.

The German Association for Information Technology, Telecommunications and New Media (BITKOM) still assumes that the overall ICT market will perform positively in 2013 as whole, mainly due to rising growth rates for software and mobile end-user devices.

We at euromicron still observe cautious investment behavior in our relevant market and on the part of our customers. We do not expect any turnaround for the rest of 2013.

## **euromicron's share**

In line with the overall market, euromicron's share performed relatively calmly at the start of the third quarter of 2013. Its price hovered around €14.50 in the course of July, peaking at €14.85 and closing the month at €14.58.

In August, euromicron's share performed exceptionally positively due to publication of the solid figures for the first six months, climbing from €14.57 on the first day of trading to €17.74 at one point. The share closed the month at €16.70, a rise of 14.50%.

Re-inclusion of euromicron's share in the Prime Standard index and the associated re-grouping by large index funds meant it performed unevenly in September and closed the month at €16.35. Following these temporary adjustments, the share continued its upward trend and is now (November 1, 2013) at €17.53.

On the back of the positive effects from the successfully accomplished integration and cost-cutting measures in the first half of the year, analysts continued to rate our share as a clear "buy" with an upside target of €26.50.

## Sales

euromicron's consolidated sales at September 30, 2013, were €233.3 million, around 3% up on the good figure of €226.5 million for the same period of the previous year. As in previous years, it looks like 2013 will have the customary seasonal character, where our company usually provides most of its value-added services and bills for a large part of its projects in the final quarter. This seasonal course of business leads us to expect above-proportionate sales in the final quarter of 2013 compared with the previous quarters.



Our home market of Germany remains the focus of our commercial activity. We generate sales of €206.9 million there, or some 89% of the total figure. We were thus able to increase sales in Germany by around 3% compared with the previous year (€201.4 million).

We are represented in other European countries with our own locations in Italy, Austria, Luxembourg, France and Poland. Other foreign business is mainly tapped by product export and individual project business, with this being controlled from Germany. We have a presence in some non-European countries in the shape of project offices, for example in Beijing, so as to cater for market requirements there. Our foreign sales were €26.4 million, a 5.0% rise over the previous year's figure of €25.1 million, and are mainly attributable to intensifying cooperation with customers in the United Arab Emirates, Turkey and Russia. For example, our subsidiary Microsens was able to win a follow-up order as part of construction of the new terminal at Dubai International Airport, while our subsidiary Procom supplies rugged intercom systems to steelworks in Russia.

In this spirit, we intend to keep on seizing opportunities outside Europe we can exploit using our know-how, although further systematic penetration of the domestic market remains our Group's strategy, since we see great potential in this area in the coming years as well.

# Sales development – consolidated by regions

of the euromicron Group at September 30, 2013

## Regions

	2013 € thou.	2012 € thou.
Germany	206,912	201,371
Euro zone	20,140	20,827
Rest of World	6,228	4,291
<b>Consolidated net sales</b>	<b>233,280</b>	<b>226,489</b>

(unaudited acc. to IFRS)

## Income

Consolidated earnings before interest and taxes (EBIT) at September 30 were €11.7 million (previous year: €12.1 million), giving an EBIT return of 5.0%. Relative to the same quarter of the previous year, EBIT was constant in the third quarter of 2013 at €2.5 million.

EBITDA at September 30, 2013, was €18.0 million (previous year: €18.2), likewise at a stable level. The EBITDA margin is currently around 7.7%, still slightly below the target corridor of 8% to 11% planned for the year as a whole. This is due in particular to expenses from establishment of the upper-level controlling units, which will help us achieve further synergy and cost-cutting potentials as part of our Group's integration and structuring phase. These controlling units are already making an initial positive contribution: The operating income of the associated companies was €16.6 million, slightly surpassing the previous year's figure of €16.5 million despite greater investment in integration and business development.

The cost of materials fell sharply to €119.2 million (previous year: €122.8 million) even with a higher total operating performance. The ratio of cost of materials to total operating performance was around 50.2% (previous year: 52.3%).

Personnel costs were €70.9 million, an increase over the previous year's €65.6 million. This is due in particular to the increase in the headcount, which rose from 1,605 to 1,769 employees, or by 10.2%, at September 30, 2013, mainly as a result of changes to the consolidated companies. However, personnel costs rose below-proportionately by 8.1%, mainly due to initial effects from the cost-cutting program which improved our earnings.

Amortization of dormant reserves and of higher capitalized development costs as part of further development of our products and services and development of new ones resulted in an increase in the Group's total amortization and depreciation from €6.1 million in the previous year to €6.4 million at September 30, 2013.

Other operating expenses were €30.7 million, slightly over the figure of €29.3 million for the same period of the previous year, and correspond to the increase in sales. Permanent flexibilization and optimization of cost structures and initial effects from the Group-wide cost-cutting program have overall compensated for the extra costs of our consolidation activities. Vehicle and travel expenses, rent/room costs and legal and consulting costs are still the largest items within the other operating expenses.

Interest expenses were €3.0 million, at a similar level of the previous year (€3.2 million), and are mainly due to up-front financing of project business, as well as financing of the euromicron Group's growth and of integration.

The tax ratio was around 30.1% and so within the expected range.

The net profit for the period after minority interests as of September 30, 2013, was €5.9 million, slightly below the previous year (€6.3 million). Undiluted earnings per share were €0.89 versus €0.94 in the same period for the previous year.

## **New orders and order books**

At September 30, 2013, our company received new orders of €249.2 million, a sharp rise of some 11% over the figure for the previous year (€224.9 million). We expect new orders to continue trending positively in the final quarter of 2013. We have driven ahead with constantly developing our products and product innovations as part of our manufacturing operations. In our system business, integrated solutions, certification and the benefits we generate for customers are helping to increase demand.

Order books were €141.0 million, likewise well over the level of the previous year (€125.9 million). We are not currently aware of any risks from significant project delays. Postponements for call-off orders have intensified, in particular relating to the capital spending arena, which is changeable, particularly price-sensitive and increasingly difficult to plan.

# New orders/order books

## consolidated at September 30, 2013

euromicron Group

	<b>2013</b> € thou.	<b>2012</b> € thou.
Consolidated new orders	249,193	224,900
Consolidated order books	141,126	125,930

(unaudited acc. to IFRS)

## Net assets

The euromicron Group's total assets at September 30, 2013, were around €299.4 million, up by around €15.5 million from December 31, 2012 (€283.9 million).

Noncurrent assets accounted for around 48% of total assets and so were at around the comparable level of the previous year. Current assets increased by €18.3 million to €155.7 million. As in previous years, inventories and the gross amount due from customers for contract work rose in total by around €23.8 million for seasonal reasons as a result of the solid order situation. However, trade accounts receivable fell by around €1.2 million.

The item "Cash and cash equivalents" is solid at €5.7 million despite the high degree of work in progress and up-front financing of projects.

The ratio of equity and long-term outside capital to noncurrent assets is 121%.

Equity at September 30, 2013, was €122.9 million, €3.8 million above the level at December 31, 2012. As a result, we achieved a strong equity ratio of 41%.

Long-term debt was around 17.2% of total assets and essentially contains the long-term components of the Group's outside financing. Current liabilities rose by €17.8 million to €125.0 million at September 30, 2013, and are some 42% of total assets compared with around 38% at December 31, 2012.

## Financial position

Our Group's net debt (long-term and short-term) at September 30, 2013, was €94.8 million (previous year: €88.5 million). This increase is attributable in particular to higher up-front financing of projects as a result of the increase in the volume of business and, measured in terms of growth, is at a similar level.

At September 30, 2013, the Group still had sufficient free credit lines of around €30 million from its partner banks to cover its cash needs resulting from the increasing business volume and to finance the company's further development and successful continuation of the "Agenda 500" integration program. Thanks to its good relations and longstanding partnerships with leading banks, the Group also has a solid liquidity reserve in 2013 for its current and strategic development.

euromicron AG will continue to fund the euromicron Group and its associated companies directly or through its cash pool model.

## Employees

In the first nine months of 2013, we successfully continued our Group-wide qualification program, strengthened investments in building and expanding the workforce and worked to adjust the company's personnel capacities.

With the Sales Trainee Program, we are continuing our successful approach of training young people as euromicron sales experts for the third time now. As part of the dual system, the trainees undergo practical training at one of our subsidiaries, which is complemented by intensive training modules, knowledge transfer meetings and networking events. In this way, we prepare our sales trainees in a 12-month period of training for their responsible post as a sales executive at euromicron.

On the recruitment market, we continue to invest actively in finding new employees to address our growing needs for qualified staff with the relevant controlling and management skills as part of our Group's integration and structuring phase. Growing awareness of our company helps keep the costs of hiring qualified employees down to a reasonable proportion.

As a growing company, we offer applicants as well as our employees exciting and demanding tasks, as well as forward-looking opportunities for development and attractive jobs.

1,769 persons were employed by the euromicron Group as of September 30 of fiscal 2013. Personnel costs totaled €70.9 million (previous year: €65.6 million).

# Income statement

of the euromicron Group from January 1 to September 30, 2013

	Three-month report		Nine-month report	
	July 1, 2013 – Sept. 30, 2013 € thou.	July 1, 2012 – Sept. 30, 2012 € thou.	Jan. 1, 2013 – Sept. 30, 2013 € thou.	Jan. 1, 2012 – Sept. 30, 2012 € thou.
<b>Sales</b>	<b>80,195</b>	<b>73,686</b>	<b>233,280</b>	<b>226,489</b>
Inventory changes	178	221	1,534	7,290
Own work capitalized	459	194	2,432	773
Other operating income	437	697	1,543	1,390
Cost of materials	-41,594	-38,978	-119,152	-122,765
Personnel costs	-24,697	-22,271	-70,938	-65,643
Amortization and depreciation	-2,174	-2,082	-6,379	-6,107
Other operating expenses	-10,354	-9,020	-30,655	-29,322
<b>Earnings before interest and taxes (EBIT)</b>	<b>2,450</b>	<b>2,447</b>	<b>11,665</b>	<b>12,105</b>
Interest income	6	184	43	260
Interest expenses	-1,094	-1,270	-2,995	-3,166
<b>Income before income taxes</b>	<b>1,362</b>	<b>1,361</b>	<b>8,713</b>	<b>9,199</b>
Income taxes	-425	-365	-2,622	-2,687
<b>Consolidated net income for the period</b>	<b>937</b>	<b>996</b>	<b>6,091</b>	<b>6,512</b>
Thereof for euromicron AG shareholders	881	807	5,925	6,250
Thereof for non-controlling interests	56	189	166	262
<b>(Un)diluted earnings per share in (€)</b>	<b>0.13</b>	<b>0.12</b>	<b>0.89</b>	<b>0.94</b>

(unaudited acc. to IFRS)



# Reconciliation of the quarterly results with the statement of comprehensive income

of the euromicron Group at September 30, 2013

	Jan. 1, 2013 – Sept. 30, 2013 € thou.	Jan. 1, 2012 – Sept. 30, 2012 € thou.
<b>Consolidated net income before minority interests</b>	<b>6,091</b>	<b>6,512</b>
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	–1,848*
<b>Other profit/loss</b>	<b>0</b>	<b>–1,848</b>
<b>Total profit/loss</b>	<b>6,091</b>	<b>4,664</b>
Thereof for euromicron AG shareholders	5,925	4,402
Thereof for non-controlling interests	166	262

\* Adjustment of the previous year's figures in acc. with IAS 8.19 b) due to early application of IAS 19 in the version dated June 16, 2011 (unaudited acc. to IFRS)

# Consolidated balance sheet

## Assets

euromicron Group

### Assets

	Sept. 30, 2013 € thou.	Dec. 31, 2012 € thou.
<b>Noncurrent assets</b>		
Goodwill	106,436	106,369
Intangible assets	20,465	21,031
Property, plant and equipment	14,229	16,255
Other financial assets	789	718
Other assets	122	197
Deferred tax assets	1,665	1,933
	<b>143,706</b>	<b>146,503</b>
<b>Current assets</b>		
Inventories	28,643	27,500
Trade accounts receivable	39,558	40,806
Gross amount due from customers for contract work	78,609	55,960
Claims for income tax refunds	72	4,107
Other financial assets	214	228
Other assets	2,861	3,360
Cash and cash equivalents	5,717	5,414
	<b>155,674</b>	<b>137,375</b>
<b>Total assets</b>	<b>299,380</b>	<b>283,878</b>

(unaudited acc. to IFRS)

# Consolidated balance sheet

## Equity and liabilities

euromicron Group

### Equity and liabilities

	Sept. 30, 2013 € thou.	Dec. 31, 2012 € thou.
<b>Equity</b>		
Subscribed capital	17,037	17,037
Capital reserves	88,771	88,771
Consolidated retained earnings	16,637	12,711
Stockholders' equity	122,445	118,519
Non-controlling interests	417	525
<b>Total equity</b>	<b>122,862</b>	<b>119,044</b>
<b>Long-term debt</b>		
Provisions for pensions	1,055	983
Other provisions	1,498	1,157
Liabilities to banks	33,954	37,590
Liabilities from finance lease	1,862	2,158
Other financial liabilities	4,695	8,025
Deferred tax liabilities	8,482	7,736
	<b>51,546</b>	<b>57,649</b>
<b>Current liabilities</b>		
Other provisions	2,059	2,062
Trade accounts payable	38,282	42,867
Liabilities from current income taxes	418	1,850
Liabilities to banks	57,642	30,995
Liabilities from finance lease	470	599
Other tax liabilities	2,221	6,130
Personnel obligations	8,196	9,833
Other financial liabilities	6,371	6,779
Other liabilities	9,313	6,070
	<b>124,972</b>	<b>107,185</b>
<b>Total equity and liabilities</b>	<b>299,380</b>	<b>283,878</b>

(unaudited acc. to IFRS)

# Statement of changes in equity

of the euromicron Group from January 1, 2012, to September 30, 2013

	Subscribed capital	Capital reserves
	€ thou.	€ thou.
<b>January 1, 2012</b>	<b>17,037</b>	<b>88,771</b>
<b>Consolidated net income for 2012</b>	<b>0</b>	<b>0</b>
<b>Other profit/loss</b>		
Gain/loss on the valuation of securities	0	0
Revaluation effects from pensions	0	0
	<b>0</b>	<b>0</b>
<b>Total profit/loss</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners</b>		
Dividend for 2011	0	0
Profit share of non-controlling shareholders	0	0
Transfer of profit shares for minority interests in outside capital	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0
	<b>0</b>	<b>0</b>
<b>December 31, 2012</b>	<b>17,037</b>	<b>88,771</b>
<b>Net profit for Q3/2013</b>	<b>0</b>	<b>0</b>
<b>Other profit/loss</b>		
Gain/loss on the valuation of securities	0	0
Revaluation effects from pensions	0	0
	<b>0</b>	<b>0</b>
<b>Total profit/loss</b>	<b>0</b>	<b>0</b>
<b>Transactions with owners</b>		
Dividend for 2012	0	0
Profit share of non-controlling shareholders	0	0
Transfer of profit shares for minority interests in outside capital	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0
	<b>0</b>	<b>0</b>
<b>September 30, 2013</b>	<b>17,037</b>	<b>88,771</b>

(unaudited acc. to IFRS)

Consolidated retained earnings	Gain/loss from the valuation of securities	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
<b>14,037</b>	<b>-286</b>	<b>119,559</b>	<b>483</b>	<b>120,042</b>
<b>8,828</b>	<b>0</b>	<b>8,828</b>	<b>0</b>	<b>8,828</b>
0	286	286	0	286
-2,231	0	-2,231	0	-2,231
<b>-2,231</b>	<b>286</b>	<b>-1,945</b>	<b>0</b>	<b>-1,945</b>
<b>6,597</b>	<b>286</b>	<b>6,883</b>	<b>0</b>	<b>6,883</b>
-7,663	0	-7,663	0	-7,663
-142	0	-142	142	0
-118	0	-118	0	-118
0	0	0	-100	-100
<b>-7,923</b>	<b>0</b>	<b>-7,923</b>	<b>42</b>	<b>-7,881</b>
<b>12,711</b>	<b>0</b>	<b>118,519</b>	<b>525</b>	<b>119,044</b>
<b>6,091</b>	<b>0</b>	<b>6,091</b>	<b>0</b>	<b>6,091</b>
0	0	0	0	0
0	0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6,091</b>	<b>0</b>	<b>6,091</b>	<b>0</b>	<b>6,091</b>
-1,999	0	0	0	-1,999
-142	0	-142	142	0
-24	0	-24	0	-24
0	0	0	-250	-250
<b>-2,165</b>	<b>0</b>	<b>-2,165</b>	<b>-108</b>	<b>-2,273</b>
<b>16,637</b>	<b>0</b>	<b>122,445</b>	<b>417</b>	<b>122,862</b>

# Statement of cash flows

euromicron Group

	Jan. 1, 2013– Sept. 30, 2013	Jan. 1, 2012– Sept. 30, 2012
	€ thou.	€ thou.
Income before income taxes	8,713	9,199
Net interest income/loss and other financial expenses	2,952	2,906
Depreciation and amortization of noncurrent assets	6,379	6,107
Disposal of assets, net	–78	–93
Allowances for inventories and doubtful accounts	119	–403
Change in accrued liabilities	389	–599
<b>Cash flow</b>	<b>18,474</b>	<b>17,117</b>
Changes in short- and long-term assets and liabilities:		
– Inventories	–1,116	–8,596
– Trade accounts receivables and gross amount due from customers for contract work	–21,490	–12,273
– Trade accounts payable and liabilities from finance lease	–5,023	–1,274
– Other operating assets	336	–622
– Other operating liabilities	–383	–8,183
– Income tax paid	–2,840	–1,806
– Income tax received	4,046	2,226
– Interest paid	–2,995	–3,035
– Interest received	44	146
<b>Net cash provided by/used in operating activities</b>	<b>–10,947</b>	<b>–16,300</b>
Proceeds from retirement/disposal of		
– Property, plant and equipment	684	247
Payments due to acquisition of		
– Intangible assets	–3,057	–627
– Property, plant and equipment	–1,329	–4,976
– Financial assets	0	–116
– Consolidated companies	–2,453	–534
<b>Net cash provided by/used in investing activities</b>	<b>–6,155</b>	<b>–6,006</b>
Dividends paid	–1,999	–7,663
Proceeds from raising of financial loans	27,910	70,570
Cash repayments of financial loans	–8,233	–40,503
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–273	–234
<b>Net cash provided by/used in financing activities</b>	<b>17,405</b>	<b>22,170</b>
Net change in cash and cash equivalents	303	–136
Cash and cash equivalents at start of period	5,414	7,300
<b>Cash and cash equivalents at end of period</b>	<b>5,717</b>	<b>7,163</b>

(unaudited acc. to IFRS)

# Segment reporting

## at September 30, 2013

euromicron Group

### Sales by report segments

	2013 € thou.	2012 € thou.
Sales for the North segment	84,352	79,202
Sales for the South segment	91,389	97,807
Sales for the WAN services segment	68,726	59,863
Total for the segments	244,467	236,872
Central services and Group consolidations	- 11,187	- 10,383
<b>Consolidated sales for the Group</b>	<b>233,280</b>	<b>226,489</b>

### EBIT by report segments

	2013 € thou.	2012 € thou.
EBIT for the North segment	11,983	10,565
EBIT for the South segment	36	2,584
EBIT for the WAN services segment	4,543	3,354
Central services and Group consolidations	- 4,897	- 4,398
<b>Consolidated EBIT for the Group</b>	<b>11,665</b>	<b>12,105</b>

### Amortization/depreciation by report segments

	2013 € thou.	2012 € thou.
North, consolidated	- 2,549	- 2,669
South, consolidated	- 2,170	- 1,641
WAN services, consolidated	- 1,440	- 1,699
Central services and Group consolidations	- 220	- 98
<b>Consolidated depreciation/amortization for the Group</b>	<b>- 6,379</b>	<b>- 6,107</b>

(unaudited acc. to IFRS)



## Risk report

The reports from the risk management system at December 31, 2012, have been continuously examined and updated as part of the quarterly report at September 30, 2013. At September 30, 2013, there were no significant changes in the analysis of risks and their structure or evaluation at the euromicron Group compared with as stated and described in detail in the management report in the 2012 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and in particular does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's financial position, net assets and results of operations.



## Market & technology

The technological change in the ICT market continued in the second half of 2013. Under buzzwords such as “big data”, “mobile”, “social” or “Industry 4.0”, more and more new applications and software-based business models are arising and currently driving market growth.

According to EITO (European Information Technology Observatory), the area of software and applications will record the largest growth in the ICT market in 2013 (4.6%). To create the conditions needed for that, such as for cloud technology, extensive investments in ICT network infrastructure are necessary, but are well below expectations, especially among large operators of wide area networks, such as power utilities, transport network companies and carriers.

As an expert for network infrastructures, euromicron has a business model that is geared to the long term and is diversified on a broad technological base. Our Group’s know-how makes us able to plan, install and maintain the right network infrastructure for any customer – whether in the LAN, MAN or WAN arena – and integrate all applications and products based on the network in it.

At Vechta Prison, for example, euromicron implemented an IP network structure that enables connection of a full-coverage DECT telephony solution and a combined DECT/low frequency-based solution for the location transmitters of a personal emergency signaling system to the servers and to the central management system for alerting and locating. A total of 95 DECT base stations, 179 location transmitters and 275 personal emergency signaling devices were installed and connected. Between six and twelve euromicron employees were constantly involved in the project at a given time.

To be able to accomplish complex projects like this one successfully, we permanently strive to make sure our Group can provide the technological know-how required for that and that we hold all the relevant vendor certification. One of euromicron's strengths is its ability to adapt flexibly to changes in market conditions, as is currently the case as part of the paradigm shift to IP technology in the ICT industry. On the basis of this, we feel certain that we can successfully accompany our customers as they migrate to the IP world.

## Outlook

We do not see any significant changes in our economic environment in the final quarter of 2013. Investments in expansion of vectoring and LTE have started, and in particular euromicron's production companies can feel that in the shape of our products being called off from the existing master agreements. However, they have not overall achieved the anticipated dynamism. In addition, large customers are postponing their capital spending decisions to subsequent years as far as possible, despite their basic need to invest. We are feeling that in particular in the wide area networks field, where the traditionally lengthy investment cycles of large energy grid and transport network operators are being extended further into the future as a result of current certainties as regards network expansion.

On the back of this restrained and volatile capital spending, we expect that sales for fiscal 2013 will tend to be at the lower end of the forecast range of €350 to €365 million. On the earnings side, and given the information known at present, our goal is to post an EBITDA margin of 8% to 11% for the year as whole, even though customers' investment behavior is increasingly difficult to plan and so achieving high order books is a challenge.

To safeguard our company's solid quality of earnings in future, it is all the more important for us to establish and provide structures, processes and qualifications in our Group to address the changing requirements of the market as part of our integration phase. For example, installation and integration of an IP telecommunications system in a network now demands completely different skills and technological know-how from our employees than was the case a few years ago.

To address these changes in market requirements and our growth strategy, we continue to invest in the quality of our products and solutions, the qualification of our employees, and establishment and expansion of the necessary Competence Centers and service structures and processes. On the other hand, we aim to exploit the opportunities offered by current market trends and the associated reorganization of the competitive landscape to buy in qualified teams, technologies and patents, integrate them in our Group and so round out our competences.

At the same time, our Group's cost structures will be subjected to permanent and more in-depth monitoring so that synergy effects can be leveraged and cost-cutting potential identified. We intend to generate further substantial savings over the integration phase up to the end of 2014.

Thanks to our steady earnings strength and stable liquidity base, we have the necessary financial resources to implement the planned integration measures and so achieve growth to an annualized sales volume of €500 million in 2015, coupled with sustainable profitability. Major changes to our corporate goals and strategies are not planned.

# Notes

## Preamble

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The interim report as of September 30, 2013, was prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and with the requirements of standard no. 16 "Interim Financial Reporting" of the DRSC (Deutsche Rechnungslegungs Standards Committee e.V.). The previous year's figures were determined using the same principles.

Unless otherwise stated, the figures in this interim report are presented in thousands of euros (€ thou.).

The results in the interim financial statements as of September 30, 2013, do not necessarily permit forecasts for the further course of business.

## Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the consolidated financial statements as of September 30, 2013, as for preparing the consolidated financial statements at December 31, 2012, unless changes are explicitly specified.

A detailed description of these methods is published in the 2012 Annual Report and is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2012, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

The purchase price allocation of the companies/divisions acquired in the current fiscal year is still provisional at September 30, 2013, since definitive examinations in relation to assets, liabilities and legal matters must still be made. The calculated difference is carried as provisional goodwill.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim report; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim report.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 90 to 94 of the 2012 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2013 (the amendment to IAS 19 "Employee Benefits" has already been applied voluntarily since the key date of December 31, 2012):

- ▶ Amendment to IAS 1 “Presentation of Financial Statements – Presentation of Individual Items of the Other Profit/Loss”
- ▶ Amendment to IAS 12 “Income Taxes – Deferred Tax: Recovery of Underlying Assets”
- ▶ Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Government Loans”
- ▶ Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”
- ▶ Amendment to IFRS 7 “Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities”
- ▶ IFRS 13 “Fair Value Measurement”
- ▶ IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”
- ▶ AIP “Collection of amendments to various standards 2011”

Application of the new and/or amended standards and interpretations has no significant impact on the Group’s financial position, net assets and results of operations or cash flow.



## Consolidated companies

Apart from euromicron AG, the consolidated financial statements at September 30, 2013, include 25 companies, in which euromicron AG has the majority of voting rights directly or indirectly.

## Treasury shares

At September 30, 2013, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

## Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at September 30, 2013 (€417 thousand) relate exclusively to Qubix S.p.A., Padua (10%).

## Segment information

Business segments are identified using internal organizational and reporting structures, which at the euromicron Group are essentially based on regions.



euromicron reports in the operating segments euromicron North, euromicron South and WAN services, as well as Central services and Group consolidations. The interim report presents the details regularly reported to the main decision-maker. Further items from the balance sheet and income statement are not reported regularly and so are not disclosed (IFRS 8.32).

The applied accounting principles and methods are identical for all segments. The information shown for the individual segments contains segment-related consolidations.

## **Business transactions with related parties**

Apart from the compensation for the Executive Board and Supervisory Board, there are no significant relations with related persons. There are also no business transactions between consolidated companies of the euromicron Group and non-consolidated or associated companies of the euromicron Group.

## **Contingencies**

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the annual financial statements at December 31, 2012.

# Declaration by the legal representatives

We declare to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Frankfurt/Main, November 8, 2013

The Executive Board

Dr. Willibald Späth

Thomas Hoffmann

# Financial Calendar 2013/2014

November 12, 2013	German Equity Capital Forum, Frankfurt/Main
March 31, 2014	Publication of the 2013 Annual Report and Analysts' Conference
May 9, 2014	Publication of the business figures for the 1st quarter of 2014
May 14, 2014	General Meeting
August 8, 2014	Publication of the business figures for the 2nd quarter of 2014
November 7, 2014	Publication of the business figures for the 3rd quarter of 2014

This quarterly report is available in German and English.

Both versions can also be downloaded from the Internet at

**[www.euromicron.de](http://www.euromicron.de)**.

In cases of doubt, the German version is authoritative.

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## Disclaimer on predictive statements

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.



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