



Investment Research

Buy

Recommendation unchanged

Share price: EUR 13.37

closing price as of 07/08/2014

Target price: EUR 19.00

Target Price unchanged

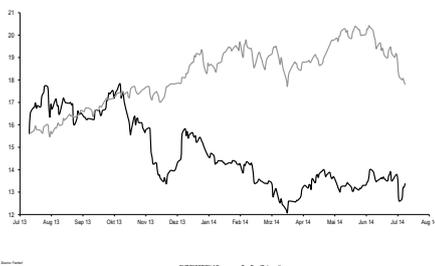
Reuters/Bloomberg

EUUG.DE/EUC.GY

Daily avg. no. trad. sh. 12 mth	3,492
Daily avg. trad. vol. 12 mth (m)	7.97
Price high 12 mth (EUR)	17.84
Price low 12 mth (EUR)	12.09
Abs. perf. 1 mth	-4.0%
Abs. perf. 3 mth	0.4%
Abs. perf. 12 mth	-13.4%

Market capitalisation (EURm)	96
Current N° of shares (m)	7
Free float	100%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	329	344	365
EBITDA (m)	14	21	29
EBITDA margin	4.4%	6.1%	8.0%
EBIT (m)	6	12	20
EBIT margin	1.7%	3.5%	5.5%
Net Profit (adj.)(m)	3	7	12
ROCE	-2.7%	4.8%	6.5%
Net debt/(cash) (m)	66	69	65
Net Debt Equity	0.5	0.5	0.5
Net Debt/EBITDA	4.6	3.3	2.2
Int. cover(EBITDA/Fin.int)	3.8	5.1	8.2
EV/Sales	0.5	0.5	0.5
EV/EBITDA	12.5	8.5	5.9
EV/EBITDA (adj.)	9.1	7.7	5.9
EV/EBIT	32.7	14.7	8.6
P/E (adj.)	34.8	14.1	8.3
P/BV	0.8	0.8	0.7
OpFCF yield	12.7%	-2.5%	5.9%
Dividend yield	0.0%	1.5%	3.4%
EPS (adj.)	0.41	0.95	1.61
BVPS	17.03	17.79	19.19
DPS	0.00	0.20	0.45



For company description please see summary table footnote

EUCA well on track to achieve the full year outlook Confirm 'Buy' / PT EUR 19

The facts: Euromicron (EUCA) released a **group top line of EUR 82.1m in the second quarter. This was about 2% better than our estimate of EUR 80.7m and actually up a good 8.4% yoy.** Clearly, this should be partly attributable to acquired entities in 2013, but EUCA should have exhibited organic growth.

We note that the demand situation is stabilizing, but seasonal patterns cannot be ignored. EUCA achieved an order intake in 2Q14 of EUR 65.4m, down from the strong 1Q14 level of EUR 98.7m, but in line with the average of 2Q12 and 2Q13. Nevertheless, the 1H14 order intake came to EUR 164.1m and thus, the book-to-bill was slightly above 1x. **The order backlog was said to be EUR 128.4m.**

Despite further one-off costs for integration in the quarter (EUR 1.5m in 1H14) and re-organization expenses (EUR 1.1m in 1H14) **the 2Q14 EBIT came in at EUR 3.2m, exceeding our forecast by EUR 800k.** The respective margin came to 3.9% (minus 290bp yoy, but better by 90bp relative to our forecast).

EUCA released a net result of EUR 1.5m which was about EUR 700k ahead of our projection. The EPS was released at EUR 0.20, EUR 0.08 better than expected.

2Q14 review

EUR m	2Q14a	2Q14e	delta	2Q13	yoy	FY14e	FY13	yoy
Order backlog	128.4	135.7	-5.4%	127.0	1.1%	137.5	126.5	8.7%
Sales	80.7	80.7	0.0%	75.7	6.6%	344.0	329.4	4.4%
EBIT	2.4	2.4	-0.3%	5.1	-53.1%	12.3	5.5	123.8%
EBIT margin	3.0%	3.0%	0bp	6.7%	-380bp	3.6%	1.7%	190bp
Net result	0.9	0.8	5.5%	2.8	n/a	5.5	-0.9	n/a
EPS	0.12	0.12	-1.7%	0.42	n/a	0.77	-0.12	n/a

Source: company data, equinet estimates

Management confirmed the outlook for sales of EUR 340-360m and for the EBITDA margin of 6-8%. So far, management sees no influences on EUCA's business to date as regards the political crisis in the world.

As announced, the company has **concluded the integration phase basically in 1H14, final measures will be concluded this year in any case.** Management will furthermore optimize structures and resources in the second half of this year. At the same time, EUCA will focus on improving its competence center and shared-service units and management will be scrutinizing expanding its offerings into cloud related applications.

Clearly, EUCA continues targeting EUR 500m annualized revenues and intends to acquire a larger entity in 2015 and 2016 (**Agenda 500**). Management focus on M&A targets in the product business to achieve this goal.

Our analysis: We rate **2Q14 a solid quarter** and EUCA remains on a good track to achieve the guidance. We feel confirmed to have expected a more evenly development of the quarters from 1Q14-3Q14 which should end-up in a stronger 4Q14. The order backlog of nearly EUR 130m provides still more than 1.5x quarter's visibility.

Conclusion & Action: *Relative to our expectations, we assess the reporting solid. With an EV/EBITDA'15e of 5.9x we continue to rate the investment attractive. Consequently, we confirm our 'Buy'/PT EUR 19 rating on unchanged estimates.*

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



Discounted Cash Flow model

EUR m	Phase I					Phase II					Phase III
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Sales	344.0	365.0	383.2	400.5	415.5	428.0	440.8	454.0	467.6	481.7	491.3
Sales growth	n/m	6.1%	5.0%	4.5%	3.8%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
EBIT	12.3	19.6	22.7	25.4	27.5	24.8	25.8	26.8	27.8	28.8	29.5
EBIT margin	3.6%	5.4%	5.9%	6.3%	6.6%	5.8%	5.9%	5.9%	5.9%	6.0%	6.0%
Normative tax rate EBIT	(3.6)	(5.8)	(6.7)	(7.5)	(8.1)	(7.3)	(7.6)	(7.9)	(8.2)	(8.5)	(8.7)
Tax rate	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%
NOPAT	8.7	13.8	16.0	17.9	19.4	17.5	18.2	18.9	19.6	20.3	20.8
Depreciation	10.4	10.0	9.9	9.9	10.0	9.9	9.9	9.9	10.0	10.2	10.3
in % of Sales	3.0%	2.7%	2.6%	2.5%	2.4%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%
Capex	(8.6)	(9.1)	(9.6)	(10.0)	(10.4)	(9.6)	(9.9)	(10.2)	(10.5)	(10.8)	(10.4)
in % of Sales	2.5%	2.5%	2.5%	2.5%	2.5%	2.3%	2.3%	2.3%	2.3%	2.3%	2.1%
Provision delta	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
in % of Sales	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Change in working capita	(9.3)	(4.7)	(4.1)	(3.9)	(3.4)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(0.2)
in % of Sales	-2.7%	-13%	-11%	-10%	-0.8%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	0.0%
Other current assets del	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	(0.0)
in % of Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow	1.6	10.4	12.6	14.3	16.0	15.2	15.5	15.9	16.3	16.8	20.6
FCF growth	nm	nm	217%	13.3%	11.7%	-5.1%	2.4%	2.5%	2.6%	2.7%	22.9%
Present Value FCF	1.6	9.2	10.2	10.6	10.8	9.4	8.8	8.2	7.7	7.3	121.8

PV Phase I	42.3	MCap	95.9	Targ. equity ratio	83.4%
PV Phase II	41.4	Risk premium	4.00%	Beta	1.37
PV Phase III	121.8	Risk free rate	4.50%	WACC	9.32%

Total present value	205.4				
+ capital increase/share buy back	0.0				
+ associates & other financial assets	0.9				
- market value of minorities	3.5				
+ cash and liquid assets	41.0				
- interest bearing debt**	110.5				
Implied Mcap	133.4				
Number of shares	7.2				
Implied value per share	18.59				

Sensitivity Analysis	Growth rate Phase III				
	1.0%	1.5%	2.0%	2.5%	3.0%
8.85%	18.34	19.46	20.75	22.23	23.97
9.08%	17.42	18.45	19.63	20.99	22.57
9.32%	16.55	17.51	18.59	19.84	21.28
9.55%	15.73	16.62	17.62	18.76	20.08
9.78%	14.96	15.78	16.71	17.76	18.97

*) relative to sales and not total output; **) including pension provisions

Source: equinet

Euromicron AG: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Sales	305	330	329	344	365	383
Cost of Sales & Operating Costs	-275	-301	-309	-321	-336	-351
Non Recurrent Expenses/Income	0.0	-4.5	-5.5	-2.0	0.0	0.0
EBITDA	30.8	25.0	14.4	20.9	29.1	32.1
EBITDA (adj.)*	30.8	29.5	19.9	22.9	29.1	32.1
Depreciation	-2.9	-3.2	-3.5	-3.7	-3.9	-4.0
EBITA	27.9	21.8	10.9	17.2	25.3	28.1
EBITA (adj.)*	27.9	26.3	16.4	19.2	25.3	28.1
Amortisations and Write Downs of which PPA amortisation	0.0 -1.7	0.0 -2.0	0.0 -2.0	0.0 -1.5	0.0 -1.2	0.0 -1.2
EBIT	24.2	17.1	5.5	12.0	20.2	23.1
EBIT (adj.)*	25.9	23.6	13.0	15.5	21.4	24.3
Net Financial Interest	-5.3	-4.3	-3.8	-4.1	-3.6	-3.0
Other Financials	-1.0	-0.5	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	17.9	12.2	1.7	7.9	16.7	20.0
Tax	-5.0	-3.4	-2.5	-2.3	-4.9	-5.9
<i>Tax rate</i>	<i>27.7%</i>	<i>27.8%</i>	<i>n.m.</i>	<i>29.5%</i>	<i>29.5%</i>	<i>29.5%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.7	-0.3	-0.1	-0.2	-0.2	-0.3
Net Profit (reported)	12.2	8.6	-0.9	5.4	11.5	13.9
Net Profit (adj.)	12.2	11.7	3.0	6.8	11.5	13.9
CASH FLOW (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	21.7	18.1	9.8	15.5	19.6	23.9
Change in Net Working Capital	-28.3	-1.1	9.7	-9.3	-4.7	-4.1
Cash Flow from Operations	-6.7	17.0	19.5	6.2	14.8	19.8
Capex	-8.2	-10.8	-6.4	-8.6	-9.1	-9.6
Net Financial Investments	-27.7	-3.2	-10.6	0.0	0.0	0.0
Free Cash Flow	-42.6	3.0	2.5	-2.4	5.7	10.2
Dividends	-5.3	-6.0	-2.0	0.0	-1.4	-3.2
Other (incl. Capital Increase & share buy backs)	38.7	-15.0	10.9	-0.2	-0.2	-0.1
Change in Net Debt	-9.2	-18.0	11.5	-2.6	4.1	6.8
NOPLAT	18.7	17.0	-5.8	10.9	15.1	17.1
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Tangible Assets	15.1	16.3	14.5	15.1	15.8	16.5
Net Intangible Assets (incl. Goodwill)	122	127	137	136	136	136
Net Financial Assets & Other	0.9	0.9	1.1	1.1	1.1	1.1
Total Fixed Assets	138	145	153	153	153	153
Inventories	25.1	27.5	28.0	29.2	31.0	32.6
Trade receivables	88.1	96.8	98.4	103	109	115
Other current assets	5.6	9.4	8.7	9.1	9.5	9.9
Cash (-)	-8.5	-5.6	-41.0	-17.1	-16.9	-9.2
Total Current Assets	127	139	176	159	167	167
Total Assets	266	284	329	311	320	320
Shareholders Equity	120	119	122	128	138	148
Minority	0.5	0.5	0.4	0.6	0.8	1.1
Total Equity	120	119	123	128	139	149
Long term interest bearing debt	35.5	45.6	40.1	18.8	14.5	0.0
Provisions	10.4	11.9	13.7	14.9	14.0	15.0
Other long term liabilities	1.5	6.2	4.6	4.6	4.6	4.6
Total Long Term Liabilities	47.3	63.8	58.4	38.3	33.0	19.5
Short term interest bearing debt	32.7	37.8	67.2	67.2	67.2	67.2
Trade payables	31.6	42.9	54.6	51.6	54.7	57.5
Other current liabilities	33.9	20.4	26.0	25.9	26.1	26.3
Total Current Liabilities	98.3	101	148	145	148	151
Total Liabilities and Shareholders' Equity	266	284	329	311	320	320
Net Capital Employed	192	215	207	217	222	227
Net Working Capital	76.8	77.9	68.2	77.4	82.1	86.2
GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>49.9%</i>	<i>8.1%</i>	<i>-0.2%</i>	<i>4.4%</i>	<i>6.1%</i>	<i>5.0%</i>
EBITDA (adj.)* growth	24.5%	-4.1%	-32.6%	14.8%	27.5%	10.3%
<i>EBITA (adj.)* growth</i>	<i>23.6%</i>	<i>-5.6%</i>	<i>-37.8%</i>	<i>17.1%</i>	<i>31.9%</i>	<i>11.1%</i>
<i>EBIT (adj.)* growth</i>	<i>28.8%</i>	<i>-9.0%</i>	<i>-44.8%</i>	<i>19.2%</i>	<i>38.2%</i>	<i>13.3%</i>



Euromicron AG: Summary tables

	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
GROWTH & MARGINS						
Net Profit growth	6.7%	-4.2%	-74.7%	130.6%	68.9%	20.2%
EPS adj. growth	-2.0%	-24.5%	-76.5%	130.6%	68.9%	20.2%
DPS adj. growth	4.5%	-73.9%	n.m.	n.m.	125.0%	22.2%
EBITDA (adj)* margin	10.1%	8.9%	6.0%	6.6%	8.0%	8.4%
EBITA (adj)* margin	9.1%	8.0%	5.0%	5.6%	6.9%	7.3%
EBIT (adj)* margin	8.5%	7.1%	3.9%	4.5%	5.9%	6.3%
RATIOS						
Net Debt/Equity	0.5	0.7	0.5	0.5	0.5	0.4
Net Debt/EBITDA	1.9	3.1	4.6	3.3	2.2	1.8
Interest cover (EBITDA/Fin.interest)	5.8	5.8	3.8	5.1	8.2	10.6
Capex/D&A	125.6%	136.4%	71.7%	97.1%	102.4%	105.9%
Capex/Sales	2.7%	3.3%	1.9%	2.5%	2.5%	2.5%
NWC/Sales	25.2%	23.6%	20.7%	22.5%	22.5%	22.5%
ROE (average)	11.7%	9.8%	2.5%	5.5%	8.7%	9.7%
ROCE (adj.)	8.7%	7.7%	-2.7%	4.8%	6.5%	7.2%
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
ROCE (adj.)/WACC	0.9	0.8	-0.3	0.5	0.7	0.8
PER SHARE DATA (EUR)***						
Average diluted number of shares	5.2	6.7	7.2	7.2	7.2	7.2
EPS (reported)	2.33	1.29	-0.12	0.76	1.61	1.93
EPS (adj.)	2.33	1.76	0.41	0.95	1.61	1.93
BVPS	22.81	17.79	17.03	17.79	19.19	20.67
DPS	1.15	0.30	0.00	0.20	0.45	0.55
VALUATION						
EV/Sales	0.5	0.6	0.5	0.5	0.5	0.4
EV/EBITDA	5.2	8.4	12.5	8.5	5.9	5.2
EV/EBITDA (adj.)*	5.2	7.2	9.1	7.7	5.9	5.2
EV/EBITA	5.7	9.7	16.6	10.3	6.8	5.9
EV/EBITA (adj.)*	5.7	8.0	11.0	9.2	6.8	5.9
EV/EBIT	6.6	12.4	32.7	14.7	8.6	7.2
EV/EBIT (adj.)*	6.2	9.0	13.9	11.4	8.1	6.9
P/E (adj.)	6.8	10.3	34.8	14.1	8.3	6.9
P/BV	0.7	1.0	0.8	0.8	0.7	0.6
Total Yield Ratio	7.2%	1.7%	0.0%	1.5%	3.4%	4.1%
EV/CE	0.7	1.0	0.8	0.8	0.7	0.7
OpFCF yield	-17.8%	5.1%	12.7%	-2.5%	5.9%	10.6%
OpFCF/EV	-9.3%	2.9%	7.3%	-1.4%	3.3%	6.1%
Payout ratio	49.4%	23.3%	0.0%	26.4%	28.0%	28.5%
Dividend yield (gross)	7.2%	1.7%	0.0%	1.5%	3.4%	4.1%
EV AND MKT CAP (EURm)						
Price** (EUR)	15.93	18.14	14.35	13.37	13.37	13.37
Outstanding number of shares for main stock	5.2	6.7	7.2	7.2	7.2	7.2
Total Market Cap	84	121	103	96	96	96
Net Debt	60	78	66	69	65	58
<i>o/w Cash & Marketable Securities (-)</i>	<i>-8</i>	<i>-6</i>	<i>-41</i>	<i>-17</i>	<i>-17</i>	<i>-9</i>
<i>o/w Gross Debt (+)</i>	<i>68</i>	<i>83</i>	<i>107</i>	<i>86</i>	<i>82</i>	<i>67</i>
Other EV components	17	13	11	12	12	13
Enterprise Value (EV adj.)	160	211	180	177	173	167

Source: Company, Equinet Bank estimates.

Notes

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

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

Sector: Electronic & Electrical Equipment/Electrical Components & Equipment

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



Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2GENERGY	Schäfer	34.00	Buy	2/3/5	Jenoptik	van der Horst	15.00	Buy	
4SC	Miemietz	3.60	Buy	7	Joyou AG	Lieder	21.90	Buy	2
Aareal Bank	Häßler	36.00	Accumulate		K+S AG	Schäfer	30.00	Accumulate	
Adler Modemaerkte	Faust	12.70	Buy	3	Kontron	Pehl	6.00	Buy	
Adpepper	Lieder / Pehl	1.70	Buy	2/3	KronesAG	Schmidt	83.00	Accumulate	
adidas	Faust	90.00	Buy		KTGAgrar	Schäfer	16.00	Accumulate	2/3/5
Advanced Vision Technology	Schmidt	7.00	Buy		KUKA	Schmidt	36.00	Reduce	
AgrariusAG	Schäfer	1.25	Buy	5/7	LANXESS	Demidova	54.00	Hold	
Aixtron	Pehl	8.50	Sell	2/3	Leoni	Schuldt	74.00	Buy	
Allianz	Häßler	140.00	Accumulate		Linde	Demidova	160.00	Hold	
Analytik Jena	Demidova	14.00	Hold	7	Logwin	Rothenbacher	1.60	Buy	2/3
BASF	Demidova	95.00	Accumulate		Lufthansa	Rothenbacher	15.00	Hold	
BAUERAG	Schmidt	18.00	Hold		MAN	Schuldt	85.00	Hold	
Bayar	Miemietz	96.00	Hold		MAXAutomationAG	Schmidt	6.00	Buy	2/3
BayWa	Schäfer	42.00	Buy	5	Medion	Faust	13.00	Hold	
BB Biotech	Miemietz	164.00	Buy	7	Merck	Miemietz	66.50	Accumulate	
Beiersdorf	Demidova	64.00	Sell		Metro	Faust	43.00	Buy	
Berentzen	Faust	5.00	Hold	2/3	MIFA	Faust	Suspended	Suspended	2/3/4/5
BILFINGER SE	Faust	60.00	Hold		MLP	Häßler	6.30	Accumulate	2/3
Biotest	Miemietz	93.50	Hold	2/3/4/5	MTU	Pehl	71.00	Hold	2
BMW	Schuldt	110.00	Buy		Munich Re	Häßler	150.00	Hold	
Celesio	Lieder	23.50	Hold		Nanogate AG	Demidova	42.00	Accumulate	2/3
Cenit	Pehl	13.50	Buy	2/3	PATRIZIA AG	Häßler	9.10	Accumulate	
comdirect	Häßler	9.50	Accumulate		Pfiffer Vacuum	Pehl	73.00	Hold	
Commerzbank	Häßler	13.00	Hold		Porsche	Schuldt	64.00	Hold	
Continental	Schuldt	158.00	Hold		Postbank	Häßler	32.00	Accumulate	
CYOTOOLS AG	Miemietz	58.00	Accumulate	2/3	PSI	Schäfer	13.00	Hold	2/3
Daimler AG	Schuldt	62.00	Reduce		Puma	Faust	210.00	Hold	
Daldrup & Soehne	Schäfer	15.00	Accumulate	2/3/5	Rheinmetall	Pehl	55.00	Accumulate	
Deutsche Bank	Häßler	28.00	Hold		Rhoen-Klinikum	Lieder	26.20	Accumulate	
Deutsche Biogas	Schäfer	6.00	Buy	2/3/5	RIB Software	Rothenbacher	17.00	Buy	2/3/4/5
Deutsche Boerse	Häßler	50.00	Hold		RWE	Schäfer	25.00	Hold	
Deutsche EuroShop	Rothenbacher	36.00	Hold		SAF-HOLLAND	Schuldt	13.60	Buy	7
Deutsche Forfait	Häßler	5.60	Rating Suspended	2/3/4/5	Seven PrinciplesAG	Pehl	6.00	Buy	2/3/5
Deutsche Post	Rothenbacher	24.00	Hold		SIEGFRIED HOLDINGAG	Miemietz	202.00	Buy	7
Deutsche Telekom	Pehl	13.00	Hold		Singulus Technologies	Pehl	2.30	Hold	5
Deutz AG	Schmidt	5.40	Hold		SLM Solutions	Pehl	24.00	Buy	5
DMGMORISEIKIAG	Schmidt	30.00	Buy		SMTSCHARFAG	Schmidt	18.00	Hold	2/3
Douglas Holding	Faust	38.00	Hold		SuessMicroTec	Pehl	8.00	Hold	2/3
Draegerwerk	Lieder	76.00	Hold		SURTECO	Lieder	29.00	Hold	2/3
Drillisch	Pehl	27.50	Hold		Symrise AG	Demidova	36.00	Hold	
E.ON	Schäfer	14.00	Hold		SYZGYAG	Lieder / Pehl	6.60	Accumulate	2/3
EringKlinger	Schuldt	24.00	Reduce		Talanx Group	Häßler	28.00	Hold	
EpigenomicsAG	Miemietz	Suspended	Rating Suspended	2/3/5	TUI	Rothenbacher	16.00	Buy	
Euromicron AG	Pehl	19.00	Buy	2/3	United Internet	Pehl	35.00	Accumulate	
Evonik	Demidova	34.00	Accumulate		Uzin Utz	Lieder	27.00	Buy	2/3
Fielmann	Lieder	94.00	Hold		VBH Holding	Faust	2.80	Hold	2/3
Fraport	Rothenbacher	59.00	Buy		VIB Vermoegen	Rothenbacher	14.00	Accumulate	
Freenet	Pehl	22.50	Accumulate	2	Volkswagen	Schuldt	235.00	Buy	
Fresenius	Lieder	117.00	Hold		Vossloh	Schmidt	78.00	Buy	
Fresenius Medical Care	Lieder	58.00	Buy		Wacker Chemie	Demidova	71.00	Sell	
Fuchs Petrolub	Demidova	28.00	Reduce		Willex	Miemietz	1.38	Buy	2/3
GEA Group	Schmidt	32.00	Hold		Wincor Nixdorf	Pehl	43.00	Accumulate	2
Gerrheimer AG	Lieder	45.00	Hold						
GERRYWEBER	Faust	40.00	Accumulate						
Gesco	Schmidt	74.00	Hold	2/3					
GFT Technologies	Schuldt	11.20	Buy	2/3					
Gigaset	Pehl	Under review	Rating Suspended	2/3/4/5					
GRAND CITY PROPERTIES	Häßler	10.80	Accumulate						
Grenkeleasing AG	Häßler	84.00	Accumulate						
Hannover Re	Häßler	65.00	Hold						
Heidelberger Druck	Schmidt	3.40	Buy						
Henkel	Demidova	82.00	Hold						
HHLA	Rothenbacher	16.00	Reduce						
Hochtief	Faust	69.00	Hold						
Hugo Boss	Faust	88.00	Reduce						
i:FAOAG	Rothenbacher	18.00	Buy	2/3					

Source: equinet Recommendations



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- Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.
- Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.
- Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

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

Share prices

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

Sources

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Marie-Curie-Str. 24-28, 60439 Frankfurt am Main.



Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
09. Apr 14	Buy	19.00	12.70
12. Nov 13	Buy	24.00	16.27
07. Sep 12	Buy	30.00	19.90
29. Mrz 12	Buy	31.50	22.16
15. Aug 11	Buy	30.26	18.36

Source: Factset & ESN, price data adjusted for stock splits.
 This chart shows Equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Adrian Pehl, CFA (since 28/04/2010)





ESN Recommendation System

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

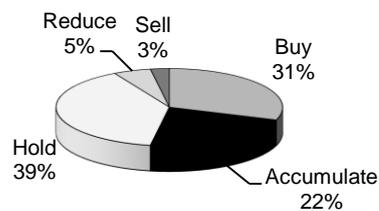
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
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Equinet Bank Ratings Breakdown

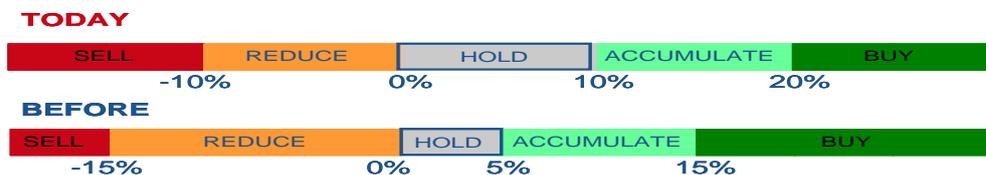


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Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

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- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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