

Recommendation:

BUY (BUY)

Risk:

MEDIUM (MEDIUM)

Price Target:

EUR 15.50 (15.50)

11 November 2014

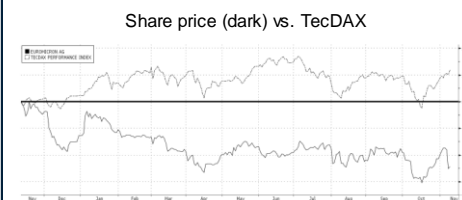
3Q in line with our expectations

...but the market reaction reflected disappointment

- In 3Q, euromicron increased **sales** from EUR 80.2m in the previous year to **EUR 84.4m (+5.2%)**. This was within the range of our expectations.
- EBITDA** amounted to EUR 4.7m in 3Q 2014 (3Q 2013: EUR 4.6m) and to EUR 15.2m in 9M 2014 (9M 2013: EUR 18.0m), respectively. The EBITDA margin accounted for 5.6% in 3Q 2014 (3Q 2013: 5.8%) and for 6.2% in 9M 2014 (9M 2013: 7.7%). In 9M, the margin was thus within the announced guidance corridor for the whole year of 6% to 8%. Our margin estimate for FY14 is 6.4% of sales. **EBIT** came in at EUR 2.2m in 3Q 2014 which was slightly beneath the 3Q 2013 EBIT of EUR 2.5m due to higher depreciations. In 9M 2014, EBIT amounted to EUR 7.7m (incl. integration and structure costs of approximately EUR 3.6m) which was clearly below the prior year's level of EUR 11.7m. Regarding the margin and profit development, **euromicron was still in line with our full year estimates. These estimates, however, are rather close to the lower end of the guidance range which was confirmed again by euromicron.** More figures for 3Q and 9M 2014 can be found in the table on page 2.
- The **order intake** reached EUR 86.4m in 3Q 2014 which was below the prior year's level of EUR 94.4m. In 9M 2014, however, it was EUR 250.5m and thus still above the level in 9M 2013 (EUR 249.2m). The **order backlog** stood at EUR 130.4m at the end of the quarter (PY: EUR 141.1m). We leave our sales and earnings estimates for FY 2014 unchanged. Some risks (possible loss of sales) could arise for euromicron from the embargo against Russia. Currently, we do not assume the possible impact from this will jeopardise our forecasts.
- In October 2014, euromicron successfully placed a **promissory note bond** with a nominal value of EUR 20.0m. The targeted financing structure is thereby almost achieved again, consisting of 50% predictable mid and long term financing and 50% short term financing for the operational business.
- The share price slumped on the occasion of the quarterly report. At the current share price level, we confirm our **BUY recommendation with an unchanged price target of EUR 15.50.**

| Y/E 31 Dec, EUR m | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|-------------------|-------|-------|-------|-------|-------|-------|
| Sales revenues | 305.3 | 330.0 | 329.4 | 344.0 | 369.8 | 392.0 |
| EBITDA | 30.7 | 25.0 | 14.4 | 21.9 | 27.8 | 33.4 |
| EBIT | 24.2 | 17.1 | 5.5 | 11.5 | 16.7 | 22.0 |
| Net result | 12.2 | 8.6 | -0.9 | 5.0 | 8.8 | 12.8 |
| EPS | 2.32 | 1.29 | -0.12 | 0.69 | 1.22 | 1.78 |
| DPS | 1.15 | 0.30 | 0.00 | 0.25 | 0.50 | 0.75 |
| EBITDA margin | 10.1% | 7.6% | 4.4% | 6.4% | 7.5% | 8.5% |
| EBIT margin | 7.9% | 5.2% | 1.7% | 3.3% | 4.5% | 5.6% |
| EV/EBIT | 7.2 | 10.1 | 31.5 | 15.1 | 10.4 | 7.9 |
| P/E | 5.4 | 9.7 | n.m. | 17.9 | 10.2 | 7.0 |

Source: CBS Research AG, euromicron AG



Source: CBS Research AG, Bloomberg, euromicron AG

| Change | 2014E | | 2015E | | 2016E | |
|--------|-------|-------|-------|-------|-------|-------|
| | new | old | new | old | new | old |
| Sales | - | 344.0 | - | 369.8 | - | 392.0 |
| EBITDA | - | 21.9 | - | 27.8 | - | 33.4 |
| EPS | - | 0.69 | - | 1.22 | - | 1.78 |

Internet: www.euromicron.de

Sector: Technologie

WKN: A1K030

ISIN: DE000A1K0300

Reuters: EUCG.DE

Bloomberg: EUCA GY

Share data:

| | |
|--|--------------|
| Share price (EUR, latest closing price): | 12.43 |
| Number of shares (m): | 7.2 |
| Market capitalisation (EUR m): | 89.2 |
| Enterprise value (EUR m):* | 173.3 |
| Ø daily trading volume (6 m., no. of shares) | 11,284 |

*incl. pension liabilities + estimated market value of minority interest

Short company profile:

euromicron AG is an all-round solution provider for communication, transmission, data and security networks who can also rely on its competence as a developer and producer of fiber optic components. euromicron's network infrastructures integrate voice, video and data transport wirelessly, via copper cable and by means of fiber optic technologies. On the basis of these network infrastructures, euromicron builds applications, such as security, control, healthcare or surveillance systems.

Performance data:

| | |
|-----------------------------------|--------|
| High 52 weeks (EUR): | 16.89 |
| Low 52 weeks (EUR): | 11.16 |
| Absolute performance (12 months): | -4.0% |
| Relative performance vs. TecDAX: | |
| 1 month | -4.3% |
| 3 months | -8.5% |
| 6 months | -11.5% |
| 12 months | -32.4% |

Shareholders:

| | |
|--------------------------------------|-------|
| Institutional investors: | 10.5% |
| Non-identified investors (nominees): | 25.8% |
| Private investors: | 63.8% |

Financial calendar:

| | |
|----------------------|------------------|
| German Equity Forum: | 26 November 2014 |
| Annual Report 2014: | 27 March 2015 |

Author:

Martin Decot (Analyst)

Close Brothers Seydler Research AG

Phone: +49 (0) 69-977 84 56 0

Email: research@cbseydlerresearch.ag

www.cbseydlerresearch.ag

Appendix

Quarterly figures (YOY comparison)

| | IFRS | EURm | 3Q 2014 | 3Q 2013 | +/- | 9M 2014 | 9M 2013 | +/- |
|--|------|------|---------|---------|--------|---------|---------|--------|
| Sales | | | 84.4 | 80.2 | 5.2% | 246.6 | 233.3 | 5.7% |
| - of which Germany | | | 69.5 | 69.8 | -0.4% | 209.0 | 206.9 | 1.0% |
| Germany's share in total sales | | | 82.4% | 87.0% | | 84.7% | 88.7% | |
| Total output | | | 86.1 | 80.8 | 6.5% | 252.4 | 237.2 | 6.4% |
| Gross profit | | | 40.3 | 39.2 | 2.8% | 121.7 | 118.1 | 3.1% |
| as % of total output | | | 46.9% | 48.5% | | 48.2% | 49.8% | |
| EBITDA | | | 4.7 | 4.6 | 1.6% | 15.2 | 18.0 | -15.7% |
| as % of sales | | | 5.6% | 5.8% | | 6.2% | 7.7% | |
| EBIT | | | 2.2 | 2.5 | -9.3% | 7.7 | 11.7 | -33.7% |
| as % of total output | | | 2.6% | 3.1% | | 3.1% | 5.0% | |
| Operating EBIT before one-off effects | | | 3.6 | 4.5 | -20.3% | 12.6 | 16.6 | -23.8% |
| as % of total output | | | 4.3% | 5.6% | | 5.1% | 7.1% | |
| EBT | | | 1.3 | 1.4 | -4.4% | 5.0 | 8.7 | -42.6% |
| as % of total output | | | 1.5% | 1.7% | | 2.0% | 3.7% | |
| Net income attributable to shareholders | | | 0.9 | 0.9 | -3.4% | 3.3 | 5.9 | -44.2% |
| as % of total output | | | 1.0% | 1.1% | | 1.3% | 2.5% | |
| Earnings per share (EUR) | | | 0.12 | 0.13 | -7.7% | 0.46 | 0.89 | -48.3% |
| Cash flow from operating activities | | | -5.5 | -17.0 | n/m | -41.8 | -10.9 | n/m |
| - ditto, adjusted for effects from factoring | | | -10.8 | -35.1 | n/m | -11.9 | -15.3 | n/m |
| Free cash flow | | | -5.5 | -16.5 | | -51.8 | -14.1 | |
| Order intake | | | 86.4 | 94.4 | -8.5% | 250.5 | 249.2 | 0.5% |
| Order backlog at end of period | | | 130.4 | 141.1 | -7.6% | | | |

Source: euromicron AG CBS Research AG

Profit and loss account

| | IFRS | EURm | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|--|------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | | | 203.6 | 305.3 | 330.0 | 329.4 | 344.0 | 369.8 | 392.0 |
| YoY growth | | | 13.4% | 49.9% | 8.1% | -0.2% | 4.4% | 7.5% | 6.0% |
| Inventory changes | | | 1.2 | -7.4 | -5.9 | -0.7 | 0.0 | 0.0 | 0.0 |
| Other own work capitalised | | | 1.5 | 1.9 | 5.6 | 3.1 | 3.7 | 3.5 | 3.5 |
| Total output | | | 206.4 | 299.8 | 329.8 | 331.8 | 347.7 | 373.3 | 395.5 |
| Cost of materials | | | -107.3 | -159.6 | -171.0 | -176.4 | -177.7 | -189.6 | -199.3 |
| as % of total output | | | -52.0% | -53.2% | -51.9% | -53.2% | -51.1% | -50.8% | -50.4% |
| Gross profit | | | 99.1 | 140.2 | 158.8 | 155.4 | 170.0 | 183.7 | 196.2 |
| as % of total output | | | 48.0% | 46.8% | 48.1% | 46.8% | 48.9% | 49.2% | 49.6% |
| Personnel expenses | | | -54.2 | -76.9 | -93.6 | -99.2 | -105.4 | -111.2 | -117.1 |
| as % of total output | | | -26.3% | -25.7% | -28.4% | -29.9% | -30.3% | -29.8% | -29.6% |
| Other operating income | | | 4.5 | 2.7 | 2.8 | 1.9 | 2.9 | 2.8 | 2.9 |
| as % of total output | | | 2.2% | 0.9% | 0.8% | 0.6% | 0.8% | 0.8% | 0.7% |
| Other expenses | | | -24.6 | -35.3 | -43.0 | -43.7 | -45.7 | -47.4 | -48.6 |
| as % of total output | | | -11.9% | -11.8% | -13.0% | -13.2% | -13.2% | -12.7% | -12.3% |
| EBITDA | | | 24.7 | 30.7 | 25.0 | 14.4 | 21.9 | 27.8 | 33.4 |
| as % of total output | | | 12.0% | 10.2% | 7.6% | 4.3% | 6.3% | 7.5% | 8.4% |
| as % of sales | | | 12.1% | 10.1% | 7.6% | 4.4% | 6.4% | 7.5% | 8.5% |
| Depreciation and amortisation | | | -4.6 | -6.6 | -7.9 | -8.9 | -10.4 | -11.2 | -11.4 |
| as % of total output | | | -2.2% | -2.2% | -2.4% | -2.7% | -3.0% | -3.0% | -2.9% |
| EBIT | | | 20.1 | 24.2 | 17.1 | 5.5 | 11.5 | 16.7 | 22.0 |
| as % of total output | | | 9.8% | 8.1% | 5.2% | 1.7% | 3.3% | 4.5% | 5.6% |
| Net financial result | | | -2.9 | -6.4 | -4.9 | -3.8 | -4.2 | -3.9 | -3.5 |
| EBT (Earnings before income taxes) | | | 17.2 | 17.8 | 12.2 | 1.7 | 7.3 | 12.7 | 18.4 |
| as % of total output | | | 8.3% | 5.9% | 3.7% | 0.5% | 2.1% | 3.4% | 4.7% |
| Income taxes | | | -5.1 | -4.9 | -3.4 | -2.5 | -2.1 | -3.7 | -5.4 |
| as % of EBT | | | -29.5% | -27.7% | -27.8% | -144.9% | -29.1% | -29.0% | -29.0% |
| Net income of the group | | | 12.1 | 12.9 | 8.8 | -0.8 | 5.2 | 9.0 | 13.1 |
| as % of total output | | | 5.9% | 4.3% | 2.7% | -0.2% | 1.5% | 2.4% | 3.3% |
| Minority interest | | | 0.7 | 0.7 | 0.3 | 0.1 | 0.2 | 0.3 | 0.3 |
| Net income attributable to shareholders | | | 11.5 | 12.2 | 8.6 | -0.9 | 5.0 | 8.8 | 12.8 |
| Average number of shares outstanding (m) | | | 4.8 | 5.2 | 6.7 | 7.2 | 7.2 | 7.2 | 7.2 |
| Basic earnings per share (EUR) | | | 2.38 | 2.32 | 1.29 | -0.12 | 0.69 | 1.22 | 1.78 |

Source: CBS Research AG, euromicron AG

Balance sheet

| | IFRS | EURm | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---|------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | | | |
| Noncurrent assets | | | 109.6 | 138.4 | 146.5 | 155.1 | 152.8 | 150.3 | 148.3 |
| as % of total assets | | | 55.9% | 52.2% | 51.6% | 47.2% | 47.8% | 47.0% | 45.1% |
| Intangible assets (excluding goodwill) | | | 14.8 | 18.3 | 21.0 | 23.7 | 21.8 | 19.8 | 17.5 |
| Goodwill | | | 81.9 | 103.6 | 106.4 | 113.5 | 113.5 | 113.5 | 113.5 |
| Property, plant and equipment | | | 11.6 | 15.1 | 16.3 | 14.5 | 14.2 | 13.9 | 14.5 |
| Financial assets | | | 0.9 | 0.7 | 0.7 | 1.0 | 1.0 | 1.0 | 1.0 |
| Other receivables and other assets | | | 0.1 | 0.2 | 0.2 | 0.1 | 0.2 | 0.3 | 0.3 |
| Deferred taxes | | | 0.4 | 0.5 | 1.9 | 2.3 | 2.2 | 1.9 | 1.5 |
| Current assets | | | 86.6 | 126.8 | 137.4 | 173.8 | 166.6 | 169.7 | 180.7 |
| as % of total assets | | | 44.1% | 47.8% | 48.4% | 52.8% | 52.2% | 53.0% | 54.9% |
| Inventories | | | 17.2 | 25.1 | 27.5 | 28.0 | 29.2 | 31.4 | 33.2 |
| Gross amount due from customers for contract work | | | 15.2 | 43.8 | 56.0 | 63.8 | 64.1 | 68.9 | 73.0 |
| Trade accounts receivable | | | 39.5 | 44.3 | 40.8 | 34.6 | 35.8 | 38.5 | 40.8 |
| Other receivables and other assets | | | 6.1 | 6.3 | 7.7 | 8.6 | 9.0 | 9.7 | 10.3 |
| Cash and cash equivalents | | | 8.6 | 7.3 | 5.4 | 38.8 | 28.4 | 21.2 | 23.4 |
| Total assets | | | 196.2 | 265.2 | 283.9 | 328.9 | 319.4 | 320.0 | 329.0 |
| Shareholders' equity and liabilities | | | | | | | | | |
| Shareholders' equity | | | 89.3 | 120.0 | 119.0 | 122.6 | 127.8 | 135.1 | 144.9 |
| as % of total equity and liabilities | | | 45.5% | 45.3% | 41.9% | 37.3% | 40.0% | 42.2% | 44.0% |
| Capital stock | | | 13.1 | 17.0 | 17.0 | 17.0 | 18.3 | 18.3 | 18.3 |
| Own shares at acquisition cost | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contribution made to carry out the adopted capital increase | | | 0.0 | 0.0 | 0.0 | 6.8 | 0.0 | 0.0 | 0.0 |
| Additional paid-in capital | | | 68.5 | 88.8 | 88.8 | 88.8 | 94.3 | 94.3 | 94.3 |
| Gain/loss on the valuation of securities | | | -0.4 | -0.3 | 0.0 | 0.2 | 0.2 | 0.2 | 0.2 |
| Accumulated retained earnings | | | 7.6 | 14.0 | 12.7 | 9.4 | 14.4 | 21.5 | 30.9 |
| Equity attributable to minority interest | | | 0.4 | 0.5 | 0.5 | 0.4 | 0.6 | 0.8 | 1.1 |
| Noncurrent liabilities | | | 25.5 | 46.0 | 57.6 | 53.4 | 68.5 | 66.3 | 64.0 |
| as % of total equity and liabilities | | | 13.0% | 17.3% | 20.3% | 16.2% | 21.4% | 20.7% | 19.5% |
| Long-term provisions | | | 0.8 | 1.2 | 2.1 | 2.7 | 2.9 | 3.2 | 3.3 |
| Financial liabilities incl. leasing liabilities | | | 5.2 | 26.1 | 39.7 | 34.5 | 55.0 | 55.1 | 55.1 |
| Other financial liabilities incl. industrial loan | | | 10.8 | 10.8 | 8.0 | 7.3 | 1.6 | -0.9 | -3.4 |
| Other liabilities | | | 2.1 | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 | 0.2 |
| Deferred tax liabilities | | | 6.6 | 7.9 | 7.7 | 8.7 | 8.7 | 8.7 | 8.7 |
| Current liabilities | | | 81.5 | 99.1 | 107.2 | 152.9 | 123.1 | 118.6 | 120.1 |
| as % of total equity and liabilities | | | 41.5% | 37.4% | 37.8% | 46.5% | 38.6% | 37.0% | 36.5% |
| Other provisions | | | 0.1 | 1.2 | 2.1 | 2.3 | 2.4 | 2.5 | 2.6 |
| Trade accounts payable | | | 22.4 | 31.6 | 42.9 | 54.6 | 56.0 | 57.2 | 58.4 |
| Financial liabilities incl. leasing liabilities | | | 45.5 | 30.1 | 31.6 | 30.9 | 20.2 | 12.7 | 10.2 |
| Other short-term liabilities | | | 13.6 | 36.2 | 30.7 | 65.0 | 44.5 | 46.2 | 48.8 |
| Total equity and liabilities | | | 196.2 | 265.2 | 283.9 | 328.9 | 319.4 | 320.0 | 329.0 |

Source: CBS Research AG, euromicron AG

Cash flow statement

| | IFRS | EURm | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|--|------|------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Net income after minority interest | | | 20.1 | 24.2 | 17.1 | 5.5 | 11.5 | 16.7 | 22.0 |
| Depreciation and amortisation | | | 4.6 | 6.6 | 7.9 | 8.9 | 10.4 | 11.2 | 11.4 |
| Change in accrued liabilities | | | -1.0 | 1.1 | -1.0 | -0.1 | 0.3 | 0.3 | 0.3 |
| Other non-cash income and expenses | | | 1.2 | -0.9 | 0.4 | 1.1 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in inventories, trade receivables, trade payables and other assets and liabilities | | | -10.9 | -25.4 | -11.8 | 27.6 | -7.4 | -8.2 | -6.3 |
| Cash taxes paid/received | | | -2.9 | -1.7 | -2.2 | 0.0 | -6.3 | -2.2 | -3.2 |
| Interest paid/received | | | -2.7 | -3.5 | -3.4 | -3.5 | -4.2 | -3.9 | -3.5 |
| Cash flow from operating activities | | | 8.5 | 0.5 | 7.0 | 39.4 | 4.3 | 13.9 | 20.6 |
| Net cash outflows from the purchase and disposal of PP&E and intangible assets | | | -4.5 | -8.0 | -10.7 | -5.6 | -8.2 | -9.0 | -9.7 |
| Net cash outflows from the purchase and sale of consolidated companies | | | -1.3 | -12.4 | -2.6 | 0.5 | -8.0 | 0.0 | 0.0 |
| Net cash outflows for financial asset | | | -0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | | | -6.0 | -20.4 | -13.3 | -5.1 | -16.2 | -9.0 | -9.7 |
| Cash inflow from capital stock increases | | | 7.5 | 24.2 | 0.0 | 6.7 | 0.0 | 0.0 | 0.0 |
| Dividends paid | | | -4.5 | -5.6 | -7.7 | -2.0 | 0.0 | -1.7 | -3.3 |
| Net borrowings/retirements of financial debt including issuance of promissory note bond | | | -8.3 | 0.7 | 12.2 | -5.4 | 1.8 | -10.0 | -5.0 |
| Distributions to/withdrawals by minority interests and profit shares of minority inerests | | | -0.6 | -0.6 | -0.1 | -0.2 | -0.4 | -0.5 | -0.5 |
| Own shares | | | 3.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | | | -2.6 | 18.7 | 4.4 | -0.9 | 1.5 | -12.1 | -8.8 |
| Total change in cash and cash equivalents | | | -0.1 | -1.3 | -1.9 | 33.4 | -10.4 | -7.2 | 2.1 |
| Cash and cash equivalents at the start of the period | | | 8.6 | 8.6 | 7.3 | 5.4 | 38.8 | 28.4 | 21.2 |
| Cash and cash equivalents at the end of the period | | | 8.6 | 7.3 | 5.4 | 38.8 | 28.4 | 21.2 | 23.4 |

Source: CBS Research AG, euromicron AG

Research



Schillerstrasse 27 - 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

| | | | |
|---------------------------------------|--|------------------------------|--|
| Roger Peeters Member of the Board | +49 (0)69 - 977 8456- 12 Roger.Peeters@cbseydlerresearch.ag | | |
| Martin Decot (Equities) | +49 (0)69 - 977 8456- 13 Martin.Decot@cbseydlerresearch.ag | Igor Kim (Equities) | +49 (0)69 - 977 8456- 15 Igor.Kim@cbseydlerresearch.ag |
| Gennadij Kremer (Corporate Credit) | +49 (0)69 - 977 8456- 23 Gennadij.Kremer@cbseydlerresearch.ag | Daniel Kukalj (Equities) | +49 (0)69 - 977 8456- 21 Daniel.Kukalj@cbseydlerresearch.ag |
| Carsten Kunold (Equities) | +49 (0)69 - 977 8456- 28 Carsten.Kunold@cbseydlerresearch.ag | Manuel Martin (Equities) | +49 (0)69 - 977 8456- 16 Manuel.Martin@cbseydlerresearch.ag |
| Felix Parmantier (Equities) | +49 (0)69 - 977 8456- 22 Felix.Parmantier@cbseydlerresearch.ag | Roland Pfänder (Equities) | +49 (0)69 - 977 8456- 26 Roland.Pfaender@cbseydlerresearch.ag |
| Dr. Oliver Pucker (Equities) | +49 (0)69 - 977 8456- 27 Oliver.Pucker@cbseydlerresearch.ag | Michele Sassano (Support) | +49 (0)69 - 977 8456- 17 Michele.Sassano@cbseydlerresearch.ag |
| Marcus Silbe (Equities) | +49 (0)69 - 977 8456- 14 Marcus.Silbe@cbseydlerresearch.ag | Simone Steymann (Support) | +49 (0)69 - 977 8456- 25 Simone.Steymann@cbseydlerresearch.ag |
| Veysel Taze (Equities) | +49 (0)69 - 977 8456- 18 Veysel.Taze@cbseydlerresearch.ag | Ivo Višić (Equities) | +49 (0)69 - 977 8456- 19 Ivo.Visic@cbseydlerresearch.ag |
| Sergey Weinberg (Corporate Credit) | +49 (0)69 - 977 8456- 20 Sergey.Weinberg@cbseydlerresearch.ag | | |

Institutional Sales



Schillerstrasse 27 – 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

| | | | |
|---|--|--|--|
| Karl Filbert (Head of Sales) | +49 (0)69 -9 20 54-104 Karl.Filbert@cbseydler.com | Klaus Korzilius (Benelux, Scandinavia) | +49 (0)69 -9 20 54-114 Klaus.Korzilius@cbseydler.com |
| Sebastian Holl (Head of Sales Trading) | +49 (0)69 -9 20 54-119 Sebastian.Holl@cbseydler.com | Carsten Pfersdorf (Head of Sales Execution) | +49 (0)69 -9 20 54-168 Carsten.Pfersdorf@cbseydler.com |
| Bruno de Lencquesaing (Benelux, France) | +49 (0)69 -9 20 54-116 Bruno.deLencquesaing@cbseydler.com | Dr. James Jackson (UK, Ireland) | +49 (0)69 -9 20 54-113 James.Jackson@cbseydler.com |
| Claudia Jurewecz (Germany, Austria, Switzerland) | +49 (0)69 -9 20 54-106 Claudia.Jurewecz@cbseydler.com | Markus Laifle (Sales Execution) | +49 (0)69 -9 20 54-120 Markus.Laifle@cbseydler.com |
| Angela Leser (Germany, Austria, Switzerland) | +49 (0)69 -9 20 54-111 Angela.Leser@cbseydler.com | Enikő-Sofia Matyas (Germany, France) | +49 (0)69 -9 20 54-115 Enikoe-Sofia.Matyas@cbseydler.com |
| Carsten Schlegel (Sales Trading) | +49 (0)69 -9 20 54-137 Carsten.Schlegel@cbseydler.com | Christopher Seedorf (Switzerland) | +49 (0)69 -9 20 54-110 Christopher.Seedorf@cbseydler.com |
| Bas-Jan Walhof (Benelux, Scandinavia) | +49 (0)69 -9 20 54-105 Bas-Jan.Walhof@cbseydler.com | | |

Disclaimer and statement according to § 34b German Securities Trading Act (“Wertpapierhandelsgesetz”) in combination with the provisions on financial analysis (“Finanzanalyseverordnung” FinAnV)

This report has been prepared independently of the company analysed by Close Brothers Seydler Research AG and/ or its cooperation partners and the analyst(s) mentioned on the front page (hereafter all are jointly and/or individually called the ‘author’). None of Close Brothers Seydler Research AG, Close Brothers Seydler Bank AG or its cooperation partners, the Company or its shareholders has independently verified any of the information given in this document.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a security analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis.

Close Brothers Seydler Research AG is a majority owned subsidiary of Close Brothers Seydler Bank AG (hereafter ‘CBS’). However, Close Brothers Seydler Research AG (hereafter ‘CBSR’) provides its research work independent from CBS. CBS is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). CBS or CBSR may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. CBS holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. CBS was a participant in the management of a (co)consortium in a selling agent function for the issuance of financial instruments, which themselves or their issuer is the subject of this financial analysis within the last twelve months.
- c. CBS has provided investment banking and/or consulting services during the last 12 months for the company analysed for which compensation has been or will be paid for.
- d. CBS acts as designated sponsor for the company's securities on the basis of an existing designated sponsorship contract. The services include the provision of bid and ask offers. Due to the designated sponsoring service agreement CBS may regularly possess shares of the company and receives a compensation and/ or provision for its services.
- e. The designated sponsor service agreement includes a contractually agreed provision for research services.
- f. CBSR and the analysed company have a contractual agreement about the preparation of research reports. CBSR receives a compensation in return.
- g. CBS has a significant financial interest in relation to the company that is subject of this analysis.

In this report, the following conflicts of interests are given at the time, when the report has been published: d, f

CBS and/or its employees or clients may take positions in, and may make purchases and/ or sales as principal or agent in the securities or related financial instruments discussed in this analysis. CBS may provide investment banking, consulting, and/ or other services to and/ or serve as directors of the companies referred to in this analysis. No part of the authors compensation was, is or will be directly or indirectly related to the recommendations or views expressed.

Recommendation System:

CBSR uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

Recommendation history over the last 12 months for the company analysed in this report:

| Date | Recommendation | Price at change date | Price target |
|------------------|----------------|----------------------|--------------|
| 11 November 2014 | BUY | EUR 12.43 | EUR 15.50 |
| 8 August 2014 | BUY | EUR 13.37 | EUR 15.50 |
| 9 May 2014 | BUY | EUR 13.12 | EUR 15.50 |
| 1 April 2014 | BUY | EUR 13.37 | EUR 16.00 |

| | | | |
|------------------|-----|-----------|-----------|
| 17 March 2014 | BUY | EUR 13.40 | EUR 16.00 |
| 3 January 2014 | BUY | EUR 14.51 | EUR 19.00 |
| 20 December 2013 | BUY | EUR 13.31 | EUR 18.00 |
| 10 December 2013 | BUY | EUR 14.31 | EUR 19.00 |
| 11 November 2013 | BUY | EUR 17.03 | EUR 23.00 |

Risk-scaling System:

CBSR uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

The opinions and forecasts contained in this report are those of the author alone. Material sources of information for preparing this report are publications in domestic and foreign media such as information services (including but not limited to Reuters, VWD, Bloomberg, DPA-AFX), business press (including but not limited to Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times), professional publications, published statistics, rating agencies as well as publications of the analysed issuers. Furthermore, discussions were held with the management for the purpose of preparing the analysis. Potentially parts of the analysis have been provided to the issuer prior to going to press; no significant changes were made afterwards, however. Any information in this report is based on data considered to be reliable, but no representations or guarantees are made by the author with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Possible errors or incompleteness of the information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. The views presented on the covered company accurately reflect the personal views of the author. All employees of the author's company who are involved with the preparation and/or the offering of financial analyzes are subject to internal compliance regulations.

The report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report. Any reference to past performance should not be taken as indication of future performance. The author does not accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report. The report is confidential and it is submitted to selected recipients only. The report is prepared for professional investors only and it is not intended for private investors. Consequently, it should not be distributed to any such persons. Also, the report may be communicated electronically before physical copies are available. It may not be reproduced (in whole or in part) to any other investment firm or any other individual person without the prior written approval from the author. The author is not registered in the United Kingdom nor with any U.S. regulatory body.

It has not been determined in advance whether and in what intervals this report will be updated. Unless otherwise stated current prices refer to the closing price of the previous trading day. Any reference to past performance should not be taken as indication of future performance. The author maintains the right to change his opinions without notice, i.e. the opinions given reflect the author's judgment on the date of this report.

This analysis is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor.

By accepting this report the recipient accepts that the above restrictions are binding. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt am Main (Germany).

This report should be made available in the United States solely to investors that are (i) "major US institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or

(ii) investors that are not "US Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in transactions intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to US Persons at this time and may be resold to US Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or pursuant to an exemption from registration.

This publication is for distribution in or from the United Kingdom only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.

Responsible Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)

Graurheindorferstraße 108

53117 Bonn

and

Marie-Curie-Str. 24-28

60439 Frankfurt

 Close Brothers Seydler
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

www.cbseydlerresearch.ag

Tel.: 0049 - (0)69 - 97 78 45 60