



Company Flash Note

Reason: Company newsflow

28 September 2018

Buy

Recommendation unchanged

Share price: EUR 6.20

closing price as of 27/09/2018

Target price: EUR 11.40

Target Price unchanged

Upside/Downside Potential 83.9%

Reuters/Bloomberg EUCG.DE/EUCA.GY

Market capitalisation (EURm) 44

Current N° of shares (m) 7

Free float 100%

Daily avg. no. trad. sh. 12 mth 7

Daily avg. trad. vol. 12 mth (m) 55.70

Price high/low 12 months 5.58 / 8.94

Abs Perfs 1/3/12 mths (%) -3.43/-8.01/-24.48

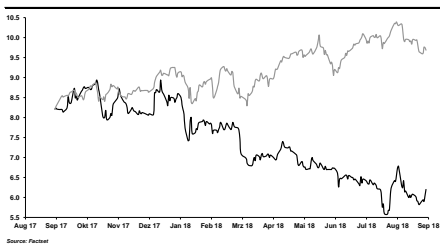
Key financials (EUR)

	12/17	12/18e	12/19e
Sales (m)	333	347	365
EBITDA (m)	10	12	17
EBITDA margin	2.9%	3.4%	4.5%
EBIT (m)	1	3	7
EBIT margin	0.3%	0.9%	2.0%
Net Profit (adj.)(m)	(1)	1	2
ROCE	1.9%	2.4%	2.7%
Net debt/(cash) (m)	86	87	85
Net Debt Equity	1.1	1.1	1.1
Net Debt/EBITDA	9.0	7.3	5.1
Int. cover(EBITDA/Fin.int)	2.0	2.5	3.9
EV/Sales	0.4	0.4	0.4
EV/EBITDA	15.4	11.3	8.0
EV/EBITDA (adj.)	10.8	8.7	8.0
EV/EBIT	nm	43.2	17.7
P/E (adj.)	nm	43.0	20.6
P/BV	0.7	0.6	0.6
OpFCF yield	-21.3%	-2.1%	6.4%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.13)	0.14	0.30
BVPS	10.86	10.66	10.96
DPS	0.00	0.00	0.00

New framework contract with DB Station&Service AG

The fact that euromicron Deutschland GmbH was awarded a new, three-year's (plus one year of prolongation possible) master agreement from DB Station&Service AG for video surveillance solutions at long-distance train stations, demonstrates again the high technological competence and reliability of euromicron. Until year end 2018e euromicron will finalise the transformation phase of its overall group transformation program. Given the volatile project business and the seasonal character of the project business, we continue in our view that the dominant part of the full-year 2018e profit will be realised in Q3 and Q4. We confirm our target price and recommendation.

- ✓ **New framework contract from DB Station&Service AG received:** euromicron Deutschland GmbH again has been selected by DB Station&Service AG in an open tender procedure for a framework contract to equip and optimize the existing video surveillance system at German long-distance train stations. The contract covers delivery, installation configuration and system integration of these systems. Contract length is about three years with the possibility to extend by one year. A contract value was not disclosed but is significant in our view. Given the contract profile, euromicron will support Deutsche Bahn's overall security concept. euromicron already equipped several long distance train stations like e.g. Bremen, Hamburg, Hanover, Cologne or Nuremberg with full-HD IP video surveillance systems.
- ✓ **Key customer Deutsche Bahn:** According to our own assessment Deutsche Bahn is the most important single customer for the euromicron group. In FY 2017 (not mentioned by name) the most important single customer generated sales of EUR 33.9m equal to 10.2% of euromicron's group sales.
- ✓ **High competence demonstrated at earlier projects:** euromicron already demonstrated to be a reliable partner for Deutsche Bahn at earlier comparable projects. This could strengthen euromicron's position when negotiating with other rail or industrial customers. For example the company in March 2018 finalised a comparable project for Deutsche Bahn for the main station in Hamburg. This project covered the installation of 190 full-HD IP cameras and a complete video management system including 30 switches and 11,000 meters of cable. Another project for the main station in Hanover was finalised in May this year. This project was realised in a very short time and covers e.g. 170 IP cameras and a complete cable infrastructure with multi-pair fiber-optics cables.
- ✓ **Key risks** comprise e.g. 1) General risks coming from the long-term project business like for example cost overruns or penalty payments. 2) Goodwill-to-equity ratio of >100% somewhat unusual high; inherent potential risk of impairments. 3) The need to hire skilled employees could become more difficult. 4) General risk of an economic downturn, in particular in the Buildings/Construction industry could lower profitability.
- ✓ **9M/Q3 report:** 08 November 2018.



Analyst(s)

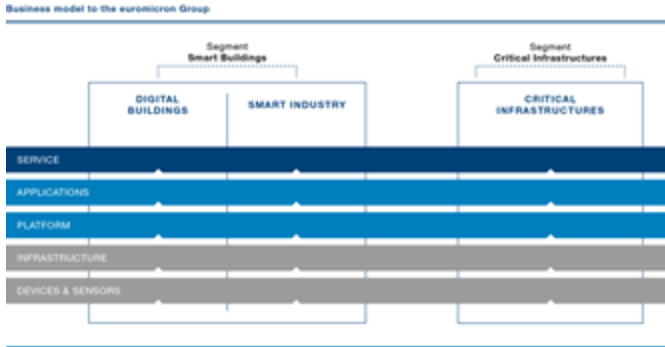
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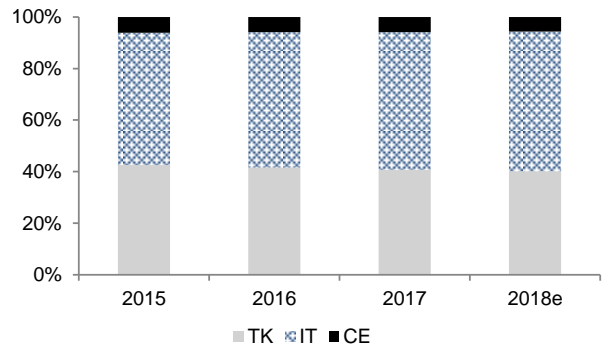
Investment Case in Charts

Exhibit 1: Offering integrated solutions



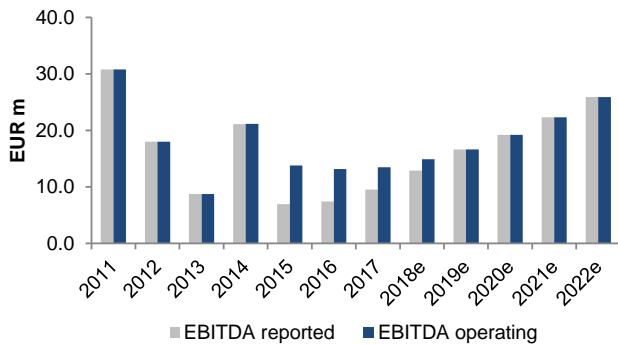
Source: Company data

Exhibit 2: German ICT-market will continue to grow 2018e



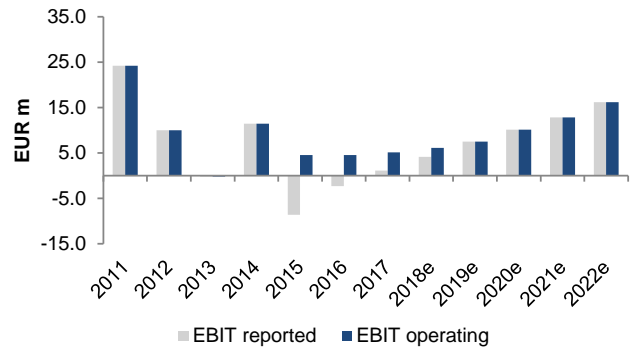
Source: Bitkom

Exhibit 3: Margin improvement on EBITDA level...



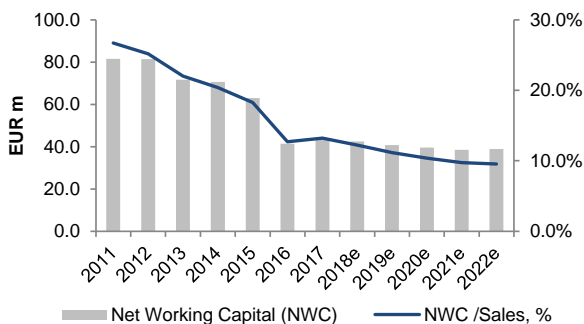
Source: Company data, equinet Research

Exhibit 4: . . .and on EBIT level too



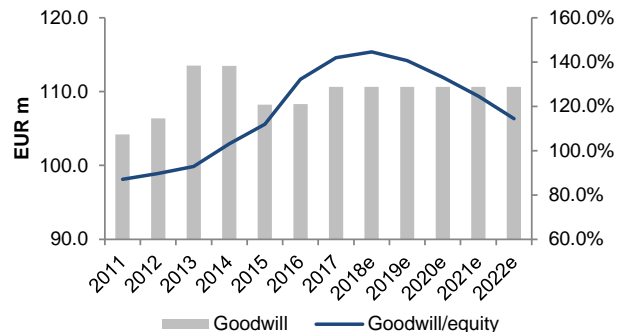
Source: Company data, equinet Research

Exhibit 5: Working capital control with high priority



Source: Company data, equinet Research

Exhibit 6: euromicron with high goodwill exposure



Source: Company data, equinet Research

euromicron AG : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Sales	346	345	325	333	347	365
Cost of Sales & Operating Costs	-323	-325	-312	-319	-332	-348
Non Recurrent Expenses/Income	0.0	-13.1	-5.8	-4.0	-3.5	0.0
EBITDA	23.5	6.9	7.4	9.5	11.9	16.6
EBITDA (adj.)*	23.5	20.1	13.2	13.5	15.4	16.6
Depreciation	-12.0	-15.6	-8.7	-8.4	-8.8	-9.1
EBITA	11.5	-8.6	-1.3	1.1	3.1	7.5
EBITA (adj)*	11.5	4.5	4.5	5.1	6.6	7.5
Amortisations and Write Downs	0.0	0.0	-1.0	0.0	0.0	0.0
<i>of which PPA amortisation</i>	<i>0.0</i>	<i>0.0</i>	<i>-1.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
EBIT	11.5	-8.6	-2.3	1.1	3.1	7.5
EBIT (adj.)*	11.5	4.5	4.5	5.1	6.6	7.5
Net Financial Interest	-3.7	-4.1	-5.4	-4.7	-4.7	-4.2
Other Financials	0.0	0.0	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)	7.8	-12.7	-7.6	-3.6	-1.6	3.2
Tax	-4.9	-0.4	-4.9	0.1	0.4	-1.0
<i>Tax rate</i>	<i>63.4%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>1.4%</i>	<i>25.0%</i>	<i>30.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.3	-0.1	-0.2	-0.3	-0.2	-0.1
Net Profit (reported)	2.6	-13.2	-12.7	-3.8	-1.4	2.2
Net Profit (adj.)	2.6	-4.1	-7.9	-1.0	1.0	2.2
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	-3.0	-3.0	-28.8	1.1	8.5	12.6
Change in Net Working Capital	1.1	7.5	21.7	-2.6	1.5	1.7
Cash Flow from Operations	-1.9	4.5	-7.1	-1.6	10.1	14.3
Capex	-6.3	-6.5	-7.2	-10.8	-11.0	-11.4
Net Financial Investments	3.4	-2.6	-0.5	-2.7	0.0	0.0
Free Cash Flow	-4.9	-4.6	-14.8	-15.0	-1.0	2.8
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Debt	-4.9	-4.6	-14.8	-15.0	-1.0	2.8
NOPLAT	8.0	3.2	3.2	3.6	4.6	5.2
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Tangible Assets	14.1	15.3	15.6	19.1	21.8	24.4
Net Intangible Assets (incl. Goodwill)	134	126	125	127	127	126
Net Financial Assets & Other	0.9	1.0	0.9	0.5	0.6	0.7
Total Fixed Assets	149	142	141	147	149	151
Inventories	29.0	30.8	28.4	31.5	31.8	31.5
Trade receivables	85.8	80.7	58.9	61.5	61.6	61.0
Other current assets	7.6	6.7	9.3	7.4	7.9	8.3
Cash (-)	-15.7	-10.7	-6.8	-5.0	-3.5	-4.8
Total Current Assets	138	129	103	105	105	106
Total Assets	287	271	245	252	254	257
Shareholders Equity	110	96.6	81.9	77.9	76.5	78.7
Minority	0.4	0.4	0.5	0.6	0.6	0.6
Total Equity	110	97.0	82.4	78.5	77.1	79.3
Long term interest bearing debt	55.8	54.8	65.5	78.6	77.5	75.4
Provisions	3.1	3.1	3.1	3.2	3.4	3.4
Other long term liabilities	13.1	7.5	6.7	7.5	7.8	8.1
Total Long Term Liabilities	72.0	65.3	75.2	89.2	88.7	86.9
Short term interest bearing debt	9.0	10.0	11.0	12.0	13.0	14.0
Trade payables	44.2	48.4	45.9	49.0	51.0	51.7
Other current liabilities	51.8	50.1	30.1	23.4	24.1	25.1
Total Current Liabilities	105	108	87.0	84.4	88.1	90.8
Total Liabilities and Shareholders' Equity	287	271	245	252	254	257
Net Capital Employed	176	162	162	175	175	175
Net Working Capital	70.6	63.0	41.4	44.0	42.5	40.8
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
<i>Sales growth</i>	<i>5.2%</i>	<i>-0.4%</i>	<i>-5.7%</i>	<i>2.3%</i>	<i>4.2%</i>	<i>5.2%</i>
EBITDA (adj.)* growth	84.7%	-14.5%	-34.5%	2.7%	14.0%	7.5%
<i>EBITA (adj.)* growth</i>	<i>108.0%</i>	<i>-60.7%</i>	<i>0.0%</i>	<i>13.3%</i>	<i>29.5%</i>	<i>12.9%</i>
<i>EBIT (adj)* growth</i>	<i>108.0%</i>	<i>-60.7%</i>	<i>0.0%</i>	<i>13.3%</i>	<i>29.5%</i>	<i>12.9%</i>

euromicron AG : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Profit growth	n.m.	n.m.	n.m.	n.m.	n.m.	108.8%
EPS adj. growth	n.m.	n.m.	n.m.	n.m.	n.m.	108.8%
DPS adj. growth						
EBITDA (adj)* margin	6.8%	5.8%	4.0%	4.1%	4.4%	4.5%
EBITA (adj)* margin	3.3%	1.3%	1.4%	1.5%	1.9%	2.0%
EBIT (adj)* margin	3.3%	1.3%	1.4%	1.5%	1.9%	2.0%
RATIOS	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Net Debt/Equity	0.4	0.6	0.8	1.1	1.1	1.1
Net Debt/EBITDA	2.1	7.8	9.5	9.0	7.3	5.1
Interest cover (EBITDA/Fin.interest)	6.4	1.7	1.4	2.0	2.5	3.9
Capex/D&A	52.6%	41.6%	75.0%	128.3%	125.0%	125.3%
Capex/Sales	1.8%	1.9%	2.2%	3.2%	3.2%	3.1%
NWC/Sales	20.4%	18.3%	12.7%	13.2%	12.2%	11.2%
ROE (average)	2.2%	-3.9%	-8.9%	-1.2%	1.3%	2.8%
ROCE (adj.)	3.7%	1.5%	1.7%	1.9%	2.4%	2.7%
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
ROCE (adj.)/WACC	0.4	0.2	0.2	0.2	0.3	0.3
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Average diluted number of shares	7.2	7.2	7.2	7.2	7.2	7.2
EPS (reported)	0.36	-1.85	-1.76	-0.53	-0.20	0.30
EPS (adj.)	0.36	-0.57	-1.10	-0.13	0.14	0.30
BVPS	15.33	13.46	11.41	10.86	10.66	10.96
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
EV/Sales	0.4	0.3	0.4	0.4	0.4	0.4
EV/EBITDA	5.7	16.0	15.5	15.4	11.3	8.0
EV/EBITDA (adj.)*	5.7	5.5	8.7	10.8	8.7	8.0
EV/EBITA	11.6	-12.8	-89.2	134.3	43.2	17.7
EV/EBITA (adj.)*	11.6	24.6	25.4	28.7	20.3	17.7
EV/EBIT	11.6	n.m.	n.m.	n.m.	43.2	17.7
EV/EBIT (adj.)*	11.6	24.6	25.4	28.7	20.3	17.7
P/E (adj.)	31.7	n.m.	n.m.	n.m.	43.0	20.6
P/BV	0.7	0.6	0.5	0.7	0.6	0.6
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	0.6	0.5	0.6	0.8	0.7	0.7
OpFCF yield	-10.1%	-3.6%	-34.1%	-21.3%	-2.1%	6.4%
OpFCF/EV	-6.2%	-1.8%	-12.5%	-8.4%	-0.7%	2.2%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017	12/2018e	12/2019e
Price** (EUR)	11.39	7.57	5.85	8.09	6.20	6.20
Outstanding number of shares for main stock	7.2	7.2	7.2	7.2	7.2	7.2
Total Market Cap	82	54	42	58	44	44
Net Debt	49	54	70	86	87	85
<i>o/w Cash & Marketable Securities (-)</i>	<i>-16</i>	<i>-11</i>	<i>-7</i>	<i>-5</i>	<i>-3</i>	<i>-5</i>
<i>o/w Gross Debt (+)</i>	<i>65</i>	<i>65</i>	<i>77</i>	<i>91</i>	<i>90</i>	<i>89</i>
Other EV components	2	2	3	3	3	3
Enterprise Value (EV adj.)	133	111	114	146	134	132

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: euromicron went public in 1998 and is organized as a strategic management holding, while the operating business is done by currently 16 operating companies. The group operates in the target markets of Digital Buildings, Smart Industry and Critical Infrastructures. 2017 the group generates sales of EUR 333m with some 1,800 employees. Currently the group is in a transformation process and from 2019 onwards wants to enter the "innovation & growth" phase.

Recommendation and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
1&1DRILLISCHAG	Sen	66.00	Buy		Logwin	Mildner	165.00	Accumulate	2/3
2GEnergy	Rüzgar	23.50	Accumulate	2/3/5	Manz AG	Rüzgar	37.00	Neutral	2/3
Aareal Bank	Häfler	41.00	Buy		MAXAutomation SE	Becker	6.70	Buy	2/3
adidas	Josefson	228.00	Accumulate		Merck	Berzhanin	112.00	Buy	
Adler Modemaerkte	Josefson	6.35	Buy	7	Merkur Bank	Häfler	10.00	Buy	2/7
ADLER Real Estate	Mayer	20.00	Buy		Metro AG	Bruns	17.00	Buy	2
Aixtron	Sen	14.00	Buy	2/3	MLP	Häfler	7.50	Buy	2/3
Allianz	Häfler	220.00	Buy		MTU Aero Engines	Rüzgar	148.00	Reduce	2
Axel Springer	Josefson	67.00	Accumulate		Munich Re	Häfler	210.00	Accumulate	
Bayer	Berzhanin	96.00	Buy		Nemet schek SE	Mildner	47.00	Reduce	5
Baywa	Bruns	33.00	Buy	2/7	Norma Group	Schuldt	54.00	Neutral	
BB Biotech	Berzhanin	73.00	Buy	7	OHB SE	Rüzgar	40.00	Buy	7
Biotest	Berzhanin	24.10	Neutral	2/3	OVB Holding AG	Häfler	20.00	Buy	2/5/7
BMW	Schuldt	91.00	Buy		Patrizia	Mayer	20.00	Accumulate	
Brenntag	Hinkel	59.80	Buy	2	Pfeiffer Vacuum	Sen	162.00	Buy	5
Ceconomy AG	Bruns	8.00	Neutral		Procredit Holding	Häfler	15.00	Buy	2/3/5
comdirect	Häfler	13.50	Buy	7	PSISOFTWAREAG	Mildner	20.00	Buy	2/3
Commerzbank	Häfler	9.20	Neutral		Puma	Josefson	565.00	Buy	
Continental	Schuldt	230.00	Buy		PWO	Schuldt	50.00	Buy	2/3
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	Rheinmetall	Rüzgar	103.00	Neutral	
CTS Eventim	Heilmann	37.50	Reduce		RIB Software	Mildner	25.00	Buy	2/3
Daimler AG	Schuldt	71.00	Buy		RTL Group	Josefson	72.00	Accumulate	
Daldrup & Soehne	Becker	13.50	Buy	2/3/5	S&TAG	Sen	27.00	Buy	2/3
Demire	Mayer	4.80	Accumulate	2/5	SAF-Holland	Schuldt	17.00	Neutral	
Deutsche Bank	Häfler	14.00	Buy		Schaeffler	Tanzer	14.30	Buy	
Deutsche EuroShop	Mayer	30.00	Neutral		Schaltbau Holding AG	Becker	32.70	Buy	2/7
Deutsche Pfandbriefbank	Häfler	14.50	Accumulate		SCOUT24	Heilmann	44.00	Neutral	2
Deutsche Telekom	Sen	13.30	Neutral		Siegfried Holding AG	Berzhanin	399.00	Neutral	7
Duerr	Augustin	43.00	Accumulate		Siemens Healthineers AG	Rüzgar	39.00	Neutral	2
DWS	Häfler	34.00	Buy		SLM Solutions	Sen	15.00	Sell	
Ernst & Young	Schuldt	7.00	Sell		SMT Scharf AG	Rüzgar	18.00	Neutral	2/3
elumeo SE	Josefson	10.90	Accumulate		Software AG	Mildner	30.00	Sell	
Epigenomics AG	Berzhanin	3.70	Buy	2/3	Stabilus	Tanzer	91.00	Buy	
Euromicron AG	Becker	11.40	Buy	2/3/5	Suedzucker	Bruns	11.70	Reduce	
Evonik	Hinkel	41.00	Buy		SuessMicroTec	Sen	13.80	Accumulate	2/3
Eyemaxx Real Estate	Mayer	18.00	Buy	2/5/7	Surteco Group	Mildner	26.50	Buy	2/3
Ferratum	Häfler	23.00	Buy		Symrise AG	Hinkel	67.00	Neutral	
Fielmann	Heilmann	55.00	Neutral		Syzygy AG	Heilmann	11.50	Accumulate	2/3
First Sensor AG	Becker	27.40	Buy	7	TAKKTAG	Bruns	18.50	Neutral	2
Freenet	Sen	36.00	Buy	2	Talanx Group	Häfler	39.00	Buy	
FuchsPetrolub	Hinkel	48.00	Neutral		Technotrans	Becker	43.00	Accumulate	2/3
Gea Group	Augustin	33.00	Neutral		TELECOLUMBUS	Sen	4.80	Buy	
Gerresheimer AG	Rüzgar	69.00	Neutral		Telefonica Deutschland	Sen	3.40	Sell	
Gerry Weber	Josefson	3.80	Reduce		United Internet	Sen	63.00	Buy	
Gesco	Becker	35.60	Buy	2/3	Vapiano	Bruns	20.00	Buy	2/7
GFT Technologies	Mildner	15.50	Buy	2/3	va-Q-tec	Sen	12.00	Buy	2/3
Gigaset	Sen	0.85	Accumulate	2/3	Viscom	Rüzgar	28.00	Buy	2/3
Grenke	Häfler	90.00	Neutral		Volkswagen	Schuldt	154.00	Neutral	
Hannover Re	Häfler	110.00	Neutral		Wacker Neuson SE	Becker	24.10	Neutral	
Heidelberg Pharma	Berzhanin	3.50	Accumulate	2/3	windeln.de	Josefson	3.10	Buy	2
Heidelberger Druck	Augustin	3.60	Buy		XINGSE	Heilmann	305.00	Accumulate	
HELLA GmbH & Co. KGaA	Tanzer	55.00	Accumulate		Zalando	Josefson	44.50	Neutral	
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	81.00	Buy						
Hypoport AG	Häfler	190.00	Neutral	2/7					
INDUS Holding AG	Becker	55.70	Neutral						
Intershop Communications AG	Mildner	1.85	Accumulate	2/7					
K+S AG	Hinkel	22.00	Neutral						
Koenig & Bauer	Augustin	73.00	Accumulate						
Krones AG	Augustin	118.00	Accumulate						
KWS SAAT	Hinkel	348.00	Buy						
Lanxess	Hinkel	83.00	Buy						
LEG Immobilien AG	Mayer	104.00	Accumulate						
Leoni	Schuldt	41.00	Neutral						
Linde	Hinkel	176.00	Neutral						

* = Coverage suspended

Source: equinet Recommendations

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Remarks

Recommendation System

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

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

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-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main



Recommendation history for EUROMICRON AG

Date	Recommendation	Target price	Price at change date
02. Jul 18	Buy	11.40	6.60
06. Nov 15	Buy	13.00	8.81

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: Winfried Becker (since 30/01/2018)



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 (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

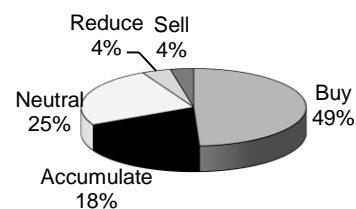
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- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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