


**Buy**

from Hold

**Share price: EUR 8.19**

closing price as of 13/03/2013

**Target price: EUR 10.00**

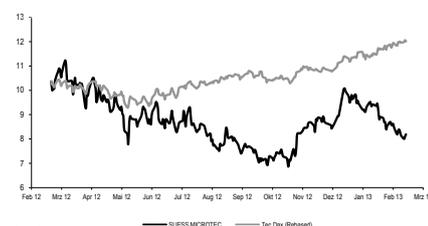
Target Price unchanged

Reuters/Bloomberg

SMHNn.DE/SMH GY

Market capitalisation (EURm)	155
Current N° of shares (m)	19
Free float	100%
Daily avg. no. trad. sh. 12 mth	90,781
Daily avg. trad. vol. 12 mth (m)	1
Price high 12 mth (EUR)	11.23
Price low 12 mth (EUR)	6.86
Abs. perf. 1 mth	-10.58%
Abs. perf. 3 mth	-6.31%
Abs. perf. 12 mth	-14.94%

Key financials (EUR)	12/12p	12/13e	12/14e
Sales (m)	164	155	200
EBITDA (m)	18	10	24
EBITDA margin	11.1%	6.4%	11.8%
EBIT (m)	12	4	18
EBIT margin	7.1%	2.4%	8.9%
Net Profit (adj.)(m)	6	1	12
ROCE	4.3%	0.8%	9.0%
Net debt/(cash) (m)	(42)	(47)	(46)
Net Debt/Equity	-0.3	-0.4	-0.3
Debt/EBITDA	-2.3	-4.8	-2.0
Int. cover(EBITDA/Fin. int)	(94.9)	(32.2)	(48.3)
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.6	11.1	4.7
EV/EBITDA (adj.)	7.3	11.1	4.7
EV/EBIT	10.3	29.8	6.3
P/E (adj.)	28.5	nm	13.1
P/BV	1.3	1.2	1.1
OpFCF yield	-4.4%	8.4%	-1.0%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.30	0.04	0.62
BVPS	6.72	6.76	7.38
DPS	0.00	0.00	0.00



Source: Factset

## Analyst(s):

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## Upgrade to 'Buy' again after share price correction

**The facts:** Please remember that SMHN already reported preliminary figures exactly one month ago. 4Q12 was solid both as regards sales and earnings, but the FY13 outlook was relatively weak: sales of EUR 150m (down 8.5% yoy) and the company projected EBIT to come in at a single-digit level only. For us, this guidance did not come fully surprising as we have pointed in our preview to 2013 being a transition year for the company and a rather unfavourable product mix. **Consensus estimates have now been corrected and the share price has consolidated.** Positive support comes in our opinion from a very solid 4Q12 order intake of EUR 40m (ahead of expectations) and the semi.org outlook for flat semi fab spending in FY13 (USD 31.7bn) while strong growth is projected for FY14 (up 24% to USD 39.3bn) – the year in which a couple of drivers should unfold for SMHN.

### Our analysis:

1Q13 preview: Final figures are due on March 28 and we expect the company to provide an outlook for the first quarter. As was discussed in the 4Q12 conference call, one should expect an EBIT loss (equinet: EUR minus 1.2m). **We forecast both the quarterly top line and the order intake to come in at around EUR 30m.** Overall, 1H13 should be relatively weak and 2H13 hopefully better showing some order intake momentum.

The latter should in particular be the case for SMHN's **Bonder division** for 3D Integration applications, but we should **not expect the segment to break even in FY13.** We believe that SMHN is well positioned in this market as the company is capable of adapting to a good range of different process for temporary bonding on the wafer level. The latter is needed for wafer/chip stacking to achieve dense functionality IC's requested by the market and large OEMs.

Timing is still the biggest risk and it is hard to say when SMHN will be shipping another **bonder cluster tool** to Korea. We have no doubt however about the technology acceptance and that a **new order would trigger further upside** for SMHN's share price. We repeat that the sales potential for this segment could scale up to EUR 100m in the not too far future (at least 25% share of a USD 500m market in a couple of years?) while SMHN generated some EUR 20m in FY12.

**Further drivers for the company could be** 1/improving situation at the acquired Tamarack Scientific. Here, SMHN concentrates on leveraging the product base over its broad distribution network in Asia. Longer Tamarack lead times (9 months) mean however that a significantly growing top line should not be expected before next year. 2/A gradual recovery of LED markets due to general lighting (SMHN generated up to 15% of sales in this segment, but probably much less now) and 3/improved demand for EUV mask cleaners in 2014 as well as 4/an overall friendly environment for semi capex as we have alluded to before.

**We have kept our estimates unchanged** and expect sales of EUR 155m in FY13 (down 5.4% yoy, in line with consensus), but 29% growth in FY14 to sales of EUR 200m (Thomson Reuters consensus: EUR 187m). EBIT should be at c. EUR 4m (5m) in FY13 and c. EUR 18m (in line) in FY14 (9% margin) once our top line forecast materialises.

**Conclusion & Action:** We keep our PT of EUR 10 unchanged and thus, after the share price consolidated, we upgrade the recommendation from 'Hold' to 'Buy' again.