

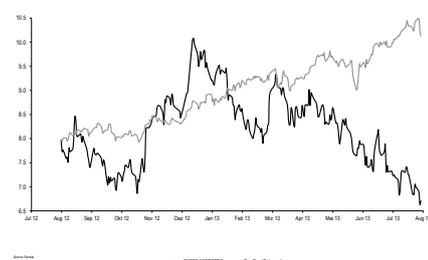

Buy
Recommendation unchanged
Share price: EUR 6.71
closing price as of 28/08/2013
Target price: EUR 11.00
Target Price unchanged

Reuters/Bloomberg

SMHNn.DE/SMH GY

Market capitalisation (EURm)	128
Current N° of shares (m)	19
Free float	100%
Daily avg. no. trad. sh. 12 mth	1,167,810
Daily avg. trad. vol. 12 mth (m)	770
Price high 12 mth (EUR)	10.08
Price low 12 mth (EUR)	6.64
Abs. perf. 1 mth	-8.33%
Abs. perf. 3 mth	-21.02%
Abs. perf. 12 mth	-15.19%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	164	150	196
EBITDA (m)	19	(4)	21
EBITDA margin	11.3%	nm	11.0%
EBIT (m)	12	(11)	16
EBIT margin	7.2%	nm	8.2%
Net Profit (adj.)(m)	7	(11)	11
ROCE	6.0%	-8.9%	8.4%
Net debt/(cash) (m)	(33)	(20)	(18)
Net Debt/Equity	-0.3	-0.2	-0.1
Debt/EBITDA	-1.8	5.3	-0.8
Int. cover(EBITDA/Fin. int)	(516.1)	12.6	(53.3)
EV/Sales	0.8	0.7	0.6
EV/EBITDA	7.1	nm	5.3
EV/EBITDA (adj.)	7.9	nm	5.3
EV/EBIT	11.3	nm	7.1
P/E (adj.)	22.1	nm	12.1
P/BV	1.3	1.1	1.0
OpFCF yield	-3.4%	-3.9%	-1.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.38	(0.58)	0.55
BVPS	6.65	6.08	6.63
DPS	0.00	0.00	0.00


New large shareholder

The facts: On August 21, it was released that the stake of DWS Invest SICAV, Luxembourg, fell below the 3% threshold already on August 19. Yesterday, it became public that DWS Investment GmbH, Frankfurt has sold all shares and touched the threshold of 5% and 3% on August 23. Previously, DWS group held more than 8% of SMHN.

Beyond a release on equity swaps (\$25 WpHG), UBS AG, Switzerland, indicated yesterday to hold 9.98% of voting rights according to §21 WpHG since August 20.

Our analysis: The DWS stake should now be sold off and the respective share overhang should be eliminated. As regards the new shareholder we can only speculate that UBS might not have acquired the stake for its own. Although this might fuel speculations on potential M&A, it is probably too early to talk about respective scenarios. In any case, it is interesting to see that there is obviously significant investor interest at the current share price level, the latter appears very attractive.

We like SMHN as it is well positioned in 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 ODMs. Timing is still the biggest risk and it is hard to say when SMHN will be shipping another bonder cluster tool to an ODM. 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/an 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 2014/15 as well as 4/an overall friendly environment for semi capex following market research forecasts are further points of attraction.

Conclusion & Action: We continue with our 'Buy'/PT EUR 11 rating.

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