SÜSS MicroTec

(CDAX, Technology)

WARBURG RESEARCH

Buy

EUR 21.00

Price	EUR 14.34
Upside	46.4 %

Value Indicators:	EUR
DCF:	21.00
FCF-Value Potential 20e:	18.00
Peer group 19e:	21.00

Share data:	
Bloomberg:	SMHN GR
Reuters:	SMHNn
ISIN:	DE000A1K0235

Description:

Leading solution provider for niche markets advanced packaging, 3D integration, LED, MEMS

Market Snapshot:	EUR m
Market cap:	273.9
No. of shares (m):	19.1
EV:	243.2
Freefloat MC:	273.9
Ø Trad. Vol. (30d):	393.27 th

Shareholders:	
Freefloat	100.0 %
Universal Investment	*5.2 %*
Henderson Global	*5.1 %*
Kempen Capital Management	*5.0 %*
Dimensional Fund Advisors	*3.4 %*

Risk Profile (WRe):	2018e
Beta:	1.3
Price / Book:	2.0 x
Equity Ratio:	70 %

Buy ahead of Q2 reporting and SÜSS's CMD in September

Expected Figures Q2/2018:

FY End: 31.12. in EUR m	Q2 18e	Q2 17	yoy	6M 18e	6M 17	yoy
Order entry	**40.0**	48.4	-17 %	**78.6**	94.4	-17 %
Sales	**52.7**	43.3	22 %	**95.8**	66.3	44 %
EBIT	**6.3**	6.4	-1 %	**7.1**	1.6	360 %
Margin	*12.0 %*	*14.7 %*		*7.4 %*	*2.3 %*	

Comment on Figures:

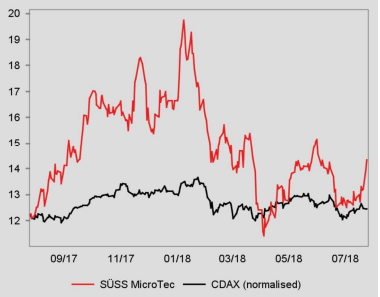
- Although orders are expected to be down yoy in Q2/H1, an expected order intake of just below EUR 79m in H1 would be at the high end of the initial H1 guidance (was EUR 70-80m).
- Sales + EBIT expected to be significantly above H1 2017 level.
- Profitability was positively impacted in Q2 2017. A return to usual gross margins should result in a slight quarterly margin decline.

We expect that a **positive Q2 reporting will dispel doubts about smartphone-related headwinds** and that the **company's CMD in September will underpin our scenario for substantial future earnings growth**, which is not reflected in the current valuation. We thus consider the **current share price level to be an attractive buying opportunity ahead of the upcoming events**.

SÜSS has scheduled to release its **Q2 results** on August 3 next week, with a typical focus on order intake and order forecast. We are expecting orders of EUR 40m in Q2. H1 orders of just below EUR 79m should thus have reached the upper end of the initial half-year guidance. **Q2 orders should again reflect strong demand for photomask cleaning tools**, which benefit from the current EUV ramp. We **expect SÜSS to further increase its rolling two-quarter order guidance**. After a **forecast for orders worth at least EUR 85m in Q2+3 this figure could be raised to EUR 100m or more in H2**, which would correspond to the high level of H2 2017 and **could serve as a positive trigger**. This order strength is expected to be driven by continued high demand for photomask cleaning tools (orders should reach a high level of EUR >35m in the full year), strong orders for substrate bonders for both temporary and permanent bond systems (WRe no major automated tools ordered in H1) and solid demand for lithography tools supported by e.g. investments for the upcoming 5G networks.

SÜSS announced to **host a CMD at its Sternenfels site in mid-September**. We **expect the company to present its growth opportunities for 2020 and beyond**. The main growth drivers remain automated bond tools for temporary and permanent bond applications (which should add EUR >30m in sales by 2020/21) and UV projection scanners (and potentially laser tools) with a sales potential of EUR 30-50m by 2020/21. Additionally, SÜSS might elaborate on new applications (resulting from 2018/19's higher R&D expenses) which could add EUR 10-30m to sales from 2019/20 onwards and which are not yet factored into our model. Further growth opportunities might also exist in the core lithography and micro-optics business. **In a nutshell, we expect a foundation of the WR expectation for EUR ~240m sales in 2020, while a more long-term perspective (e.g. 2025) might provide additional upside.** While a decision regarding the **UV scanners** cannot be expected this early, the **message should be clear**: Either TMSC will order additional tools (expected for Q1/2 2019) or the scanner business will be shut down. **Both events should eliminate today's operating losses of ca. EUR 8-9m by 2020**. **SÜSS is expected to aim for a 15% EBIT margin in the medium term, which is currently not priced in**.

The Buy case remains fully intact and the upcoming CMD could be suited to trigger a reassessment of future prospects and lift the valuation. The **PT of EUR 21 provides 50% valuation upside**.



Rel. Performance vs CDAX:

1 month:	10.9 %
6 months:	-5.0 %
Year to date:	-9.6 %
Trailing 12 months:	11.5 %

Company events:

03.08.18	Q2
07.11.18	Q3

FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
Sales	13.0 %	145.3	148.5	177.6	166.5	205.0	215.0	240.0
Change Sales yoy		8.0 %	2.2 %	19.6 %	-6.2 %	23.1 %	4.9 %	11.6 %
Gross profit margin		*33.6 %*	*33.2 %*	*33.0 %*	*35.7 %*	*36.7 %*	*37.3 %*	*37.6 %*
EBITDA	28.9 %	12.6	9.2	15.3	18.0	24.8	29.9	38.5
Margin		*8.7 %*	*6.2 %*	*8.6 %*	*10.8 %*	*12.1 %*	*13.9 %*	*16.1 %*
EBIT	35.7 %	8.4	5.0	11.1	13.9	21.0	26.1	34.7
Margin		*5.8 %*	*3.3 %*	*6.3 %*	*8.3 %*	*10.2 %*	*12.1 %*	*14.5 %*
Net income	53.3 %	4.6	0.2	5.0	6.7	12.6	18.1	24.1
EPS	53.3 %	0.24	0.01	0.26	0.35	0.66	0.95	1.26
EPS adj.	53.3 %	0.24	0.01	0.38	0.35	0.66	0.95	1.26
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		0.11	0.07	-0.47	0.15	0.13	0.87	0.71
FCF / Market cap		1.7 %	1.1 %	-6.5 %	1.3 %	0.9 %	6.0 %	4.9 %
EV / Sales		0.6 x	0.5 x	0.6 x	1.2 x	1.2 x	1.1 x	0.9 x
EV / EBITDA		7.2 x	8.5 x	7.4 x	11.2 x	9.8 x	7.6 x	5.5 x
EV / EBIT		10.9 x	15.7 x	10.2 x	14.5 x	11.6 x	8.7 x	6.1 x
P / E		27.2 x	590.6 x	28.1 x	34.4 x	21.7 x	15.1 x	11.4 x
P / E adj.		27.2 x	590.6 x	19.2 x	34.4 x	21.7 x	15.1 x	11.4 x
FCF Potential Yield		7.1 %	3.2 %	9.4 %	3.2 %	5.7 %	8.0 %	11.4 %
Net Debt		-33.3	-34.8	-26.3	-28.2	-30.7	-47.2	-60.7
ROCE (NOPAT)		5.9 %	0.3 %	5.8 %	6.9 %	12.1 %	16.5 %	20.8 %
Guidance:		2018: Revenues EUR 195-205m, EBIT 8.5-10%						

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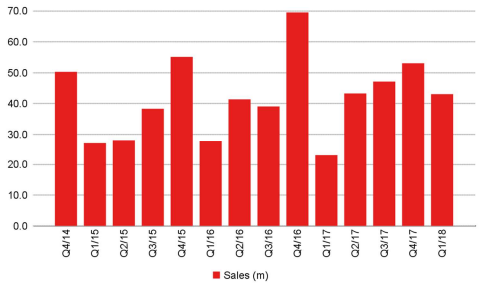
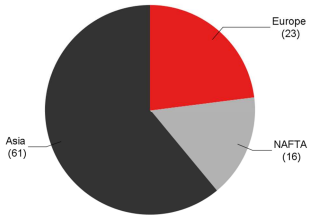
Sales development
in EUR m



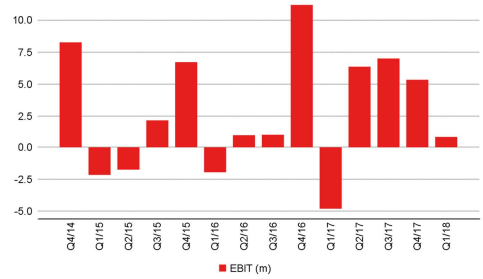
Source: Warburg Research

Sales by regions
2017; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

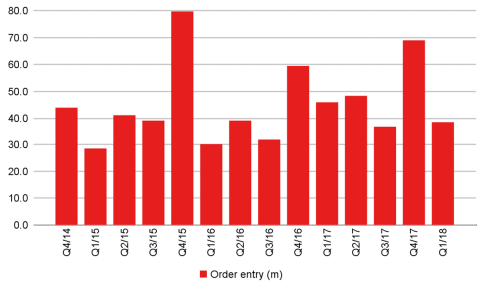
Company Background

- Globally leading manufacturer of systems for the MEMS, advanced packaging, 3D IC and LED niche markets with the product segments lithography (mask aligner,scanner, coater), bonder and equipment to clean photomasks.
- MEMS integrate electronic and mechanical components. Fields of application are e.g. pressure sensors (e.g. in tyre pressure control systems) or position and acceleration sensors (e.g. smartphones, tablet PCs).
- Advanced packaging is a special packaging process used as an alternative to the classic wire bonding ("flip chip") for semiconductors where these are directly bonded to the substrate without wire connections.
- 3D packaging is a solution to the increasingly difficult ongoing structural downsizing of semiconductors. CMOS image sensors are an early field of application. This market offers enormous growth potential for SÜSS.
- The majority of production is located at two sites in Germany (Garching, Sternenfels) which offer ample capacity for anticipated growth. SÜSS has ca. 750 employees.

Competitive Quality

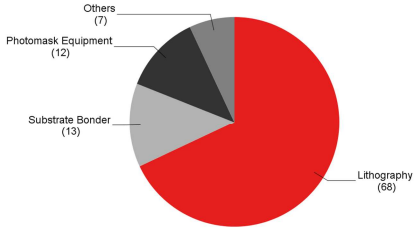
- SÜSS consistently focuses on the core topics (precision, reliability and low total cost of ownership) in all segments and gears the products to the customers' needs.
- The 60-year company history and the consistently high product quality have firmly established SÜSS as a brand-name in the addressed markets.
- This and the global service network make the company a preferred supplier for production equipment in particular.
- As the respective markets have a niche character, SÜSS usually only has to face moderate competition and rarely has to compete with the major suppliers of the sector.
- This combined with the high product complexity poses a major barrier to market entry and secures the company a leading position in the respective markets.

Order development
in EUR m



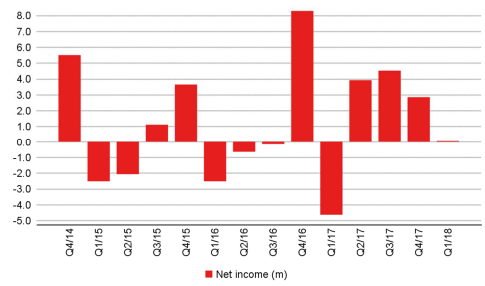
Source: Warburg Research

Sales by segments
2017; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Sales	205.0	215.0	240.0	249.6	259.6	270.0	280.8	292.0	303.7	312.8	322.2	328.6	333.5	
Sales change	*23.1 %*	*4.9 %*	*11.6 %*	*4.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*3.0 %*	*3.0 %*	*2.0 %*	*1.5 %*	*1.5 %*
EBIT	21.0	26.1	34.7	37.4	38.9	40.5	42.1	43.8	45.6	46.9	48.3	49.3	50.0	
EBIT-margin	*10.2 %*	*12.1 %*	*14.5 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	*15.0 %*	
Tax rate (EBT)	*40.0 %*	*30.5 %*	*30.5 %*	*27.0 %*	*27.0 %*	*27.0 %*	*27.0 %*	*27.0 %*	*27.0 %*	*27.0 %*	*28.5 %*	*28.5 %*	*28.5 %*	
NOPAT	12.6	18.1	24.1	27.3	28.4	29.6	30.7	32.0	33.3	34.3	34.6	35.2	35.8	
Depreciation	3.8	3.8	3.8	5.0	5.2	5.4	5.6	5.8	6.1	6.3	6.4	6.6	6.7	
in % of Sales	*1.9 %*	*1.8 %*	*1.6 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	10.4	1.9	10.9	-0.8	1.1	1.0	3.8	3.9	4.1	3.2	3.3	2.3	1.7	
- Capex	3.5	3.5	3.5	5.1	5.3	5.5	5.8	6.0	6.2	6.4	6.6	6.7	6.8	
Capex in % of Sales	*1.7 %*	*1.6 %*	*1.5 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	*2.1 %*	
Other	0.0	0.0	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 (WACC Model)	2.5	16.5	13.5	28.1	27.2	28.4	26.8	27.9	29.0	30.9	31.1	32.8	33.9	34
PV of FCF	2.5	15.1	11.4	21.8	19.5	18.7	16.3	15.6	15.0	14.7	13.6	13.2	12.6	182
share of PVs	7.79 %			43.32 %										48.89 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	2.00 %	Financial Strength	1.10
Cost of debt (after tax)	2.9 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.60
Risk free rate	1.50 %	Transparency	1.10
		Others	1.40
WACC	**8.53 %**	**Beta**	**1.30**

Valuation (m)

Present values 2030e	190		
Terminal Value	182		
Financial liabilities	4		
Pension liabilities	5		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	36	No. of shares (m)	19.1
Equity Value	**400**	**Value per share (EUR)**	**20.94**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.49	9.5 %	17.70	17.90	18.11	18.33	18.57	18.83	19.10
1.39	9.0 %	18.79	19.02	19.28	19.55	19.84	20.15	20.48
1.35	8.8 %	19.38	19.64	19.92	20.22	20.54	20.88	21.24
1.30	8.5 %	20.02	20.31	20.61	**20.94**	21.29	21.67	22.07
1.25	8.3 %	20.70	21.02	21.35	21.71	22.10	22.52	22.97
1.21	8.0 %	21.43	21.78	22.15	22.55	22.98	23.44	23.95
1.11	7.5 %	23.05	23.47	23.93	24.42	24.96	25.54	26.18

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.49	9.5 %	16.38	17.03	17.68	18.33	18.98	19.63	20.28
1.39	9.0 %	17.47	18.16	18.85	19.55	20.24	20.93	21.63
1.35	8.8 %	18.07	18.78	19.50	20.22	20.94	21.65	22.37
1.30	8.5 %	18.71	19.45	20.20	**20.94**	21.68	22.42	23.17
1.25	8.3 %	19.40	20.17	20.94	21.71	22.48	23.25	24.02
1.21	8.0 %	20.15	20.95	21.75	22.55	23.35	24.15	24.94
1.11	7.5 %	21.82	22.69	23.56	24.42	25.29	26.16	27.02

- Growth in segment bonder and of Tamarack should boost the revenues to EUR 200 - 250m in 2-3 years
- Sustainable EBIT margin of 15% anticipated…
- …after operating margins reached 14% in the core business (excl. Tamarack) in 2016

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net Income before minorities	4.6	0.2	5.0	6.7	12.6	18.1	24.1
+ Depreciation + Amortisation	4.2	4.2	4.2	4.1	3.8	3.8	3.8
- Net Interest Income	-0.2	-0.3	-0.6	-0.2	0.0	0.0	0.0
- Maintenance Capex	2.2	2.2	2.2	2.4	2.5	2.7	2.7
+ Other	-0.4	0.0	3.1	-2.0	0.0	-1.0	-1.0
= Free Cash Flow Potential	**6.5**	**2.5**	**10.7**	**6.5**	**13.9**	**18.2**	**24.2**
FCF Potential Yield (on market EV)	7.1 %	3.2 %	9.4 %	3.2 %	5.7 %	8.0 %	11.4 %
WACC	8.53 %	8.53 %	8.53 %	8.53 %	8.53 %	8.53 %	8.53 %
= Enterprise Value (EV)	**91.6**	**78.1**	**113.2**	**202.1**	**243.4**	**226.9**	**213.4**
= Fair Enterprise Value	**75.7**	**29.0**	**125.2**	**76.5**	**162.8**	**213.7**	**284.1**
- Net Debt (Cash)	-33.0	-33.0	-33.0	-33.0	-35.4	-52.0	-65.5
- Pension Liabilities	4.7	4.7	4.7	4.7	4.7	4.7	4.7
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**103.9**	**57.2**	**153.4**	**104.7**	**193.5**	**260.9**	**344.8**
Aktienanzahl (Mio.)	19.1	19.1	19.1	19.1	19.1	19.1	19.1
= Fair value per share (EUR)	**5.43**	**2.99**	**8.02**	**5.48**	**10.12**	**13.65**	**18.04**
premium (-) / discount (+) in %					-29.4 %	-4.8 %	25.8 %

Sensitivity Fair value per Share (EUR)

WACC	2014	2015	2016	2017	2018e	2019e	2020e
11.53 %	4.41	2.60	6.33	4.44	7.91	10.75	14.18
10.53 %	4.69	2.71	6.79	4.72	8.51	11.54	15.23
9.53 %	5.02	2.84	7.34	5.06	9.23	12.49	16.49
8.53 %	**5.44**	**3.00**	**8.03**	**5.48**	**10.13**	**13.66**	**18.05**
7.53 %	5.96	3.20	8.90	6.01	11.26	15.14	20.03
6.53 %	6.65	3.46	10.04	6.71	12.74	17.08	22.60
5.53 %	7.59	3.82	11.58	7.65	14.75	19.72	26.12

- Increasing sales (Tamarack + bonder) and margins result in higher value indications in coming years

Valuation

	2014	2015	2016	2017	2018e	2019e	2020e
Price / Book	1.1 x	1.0 x	1.1 x	1.8 x	2.0 x	1.7 x	1.5 x
Book value per share ex intangibles	5.02	5.16	5.49	5.69	6.37	7.35	8.64
EV / Sales	0.6 x	0.5 x	0.6 x	1.2 x	1.2 x	1.1 x	0.9 x
EV / EBITDA	7.2 x	8.5 x	7.4 x	11.2 x	9.8 x	7.6 x	5.5 x
EV / EBIT	10.9 x	15.7 x	10.2 x	14.5 x	11.6 x	8.7 x	6.1 x
EV / EBIT adj.*	11.5 x	15.7 x	7.9 x	14.5 x	11.6 x	8.7 x	6.1 x
P / FCF	58.7 x	89.7 x	n.a.	79.6 x	111.0 x	16.6 x	20.3 x
P / E	27.2 x	590.6 x	28.1 x	34.4 x	21.7 x	15.1 x	11.4 x
P / E adj.*	27.2 x	590.6 x	19.2 x	34.4 x	21.7 x	15.1 x	11.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	7.1 %	3.2 %	9.4 %	3.2 %	5.7 %	8.0 %	11.4 %

*Adjustments made for: -

Company Specific Items

	2014	2015	2016	2017	2018e	2019e	2020e
Order entry	134.2	188.6	161.0	200.3	183.6	0.0	0.0
Order backlog	75.6	117.6	101.0	133.0	0.0	0.0	0.0

Consolidated profit and loss

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	**145.3**	**148.5**	**177.6**	**166.5**	**205.0**	**215.0**	**240.0**
Change Sales yoy	8.0 %	2.2 %	19.6 %	-6.2 %	23.1 %	4.9 %	11.6 %
COGS	96.5	99.2	119.0	107.0	129.8	134.8	149.8
Gross profit	**48.8**	**49.4**	**58.6**	**59.5**	**75.2**	**80.2**	**90.2**
Gross margin	*33.6 %*	*33.2 %*	*33.0 %*	*35.7 %*	*36.7 %*	*37.3 %*	*37.6 %*
Research and development	10.5	12.8	14.1	15.2	19.0	19.0	19.0
Sales and marketing	17.5	18.8	20.5	19.6	20.5	21.2	22.0
Administration expenses	14.2	13.3	13.6	13.4	14.4	14.7	15.3
Other operating expenses	2.7	4.4	3.5	3.8	0.3	0.2	0.2
Other operating income	4.5	4.9	4.3	6.3	0.0	1.0	1.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**12.6**	**9.2**	**15.3**	**18.0**	**24.8**	**29.9**	**38.5**
Margin	*8.7 %*	*6.2 %*	*8.6 %*	*10.8 %*	*12.1 %*	*13.9 %*	*16.1 %*
Depreciation of fixed assets	2.7	2.9	2.9	2.8	2.8	2.8	2.8
EBITA	**9.9**	**6.2**	**12.4**	**15.1**	**22.0**	**27.1**	**35.7**
Amortisation of intangible assets	1.5	1.2	1.3	1.2	1.0	1.0	1.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**8.4**	**5.0**	**11.1**	**13.9**	**21.0**	**26.1**	**34.7**
Margin	*5.8 %*	*3.3 %*	*6.3 %*	*8.3 %*	*10.2 %*	*12.1 %*	*14.5 %*
EBIT adj.	**8.0**	**5.0**	**14.2**	**13.9**	**21.0**	**26.1**	**34.7**
Interest income	0.3	0.3	0.1	0.1	0.2	0.2	0.2
Interest expenses	0.5	0.5	0.7	0.2	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**8.2**	**4.7**	**10.5**	**13.8**	**21.0**	**26.1**	**34.7**
Margin	*5.6 %*	*3.2 %*	*5.9 %*	*8.3 %*	*10.2 %*	*12.1 %*	*14.5 %*
Total taxes	3.6	4.5	5.5	7.0	8.4	8.0	10.6
Net income from continuing operations	**4.6**	**0.2**	**5.0**	**6.7**	**12.6**	**18.1**	**24.1**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**4.6**	**0.2**	**5.0**	**6.7**	**12.6**	**18.1**	**24.1**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**4.6**	**0.2**	**5.0**	**6.7**	**12.6**	**18.1**	**24.1**
Margin	*3.2 %*	*0.2 %*	*2.8 %*	*4.0 %*	*6.1 %*	*8.4 %*	*10.1 %*
Number of shares, average	19.1	19.1	19.1	19.1	19.1	19.1	19.1
EPS	**0.24**	**0.01**	**0.26**	**0.35**	**0.66**	**0.95**	**1.26**
EPS adj.	0.24	0.01	0.38	0.35	0.66	0.95	1.26

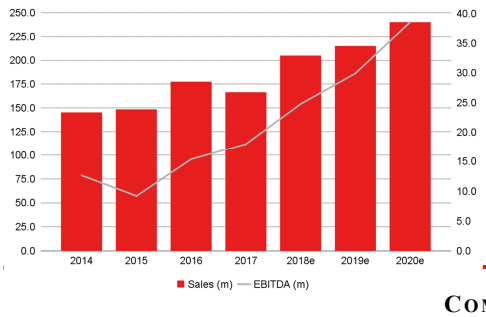
*Adjustments made for:

Guidance: 2018: Revenues EUR 195-205m, EBIT 8.5-10%

Financial Ratios

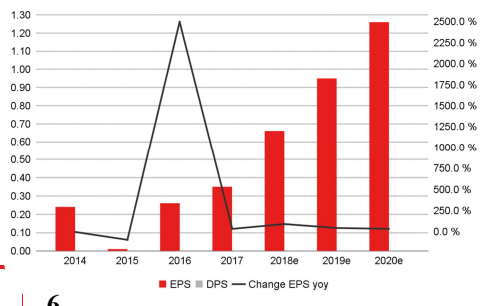
	2014	2015	2016	2017	2018e	2019e	2020e
Total Operating Costs / Sales	27.8 %	29.9 %	26.7 %	27.4 %	26.5 %	25.2 %	23.1 %
Operating Leverage	n.a.	-18.6 x	6.3 x	-4.0 x	2.2 x	5.0 x	2.8 x
EBITDA / Interest expenses	23.2 x	17.4 x	21.2 x	86.8 x	123.9 x	149.5 x	192.7 x
Tax rate (EBT)	43.7 %	95.2 %	52.4 %	51.2 %	40.0 %	30.5 %	30.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	221,879	212,774	249,063	254,235	312,977	328,244	366,412

Sales, EBITDA
in EUR m



Source: Warburg Research

Performance per Share



Source: Warburg Research

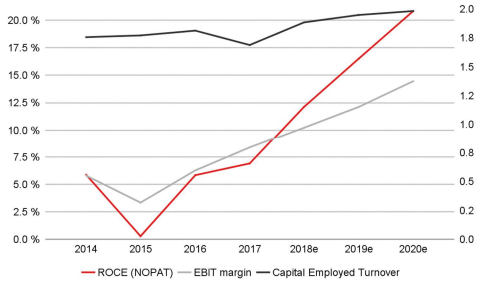
Consolidated balance sheet

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Assets							
Goodwill and other intangible assets	20.0	20.0	19.4	18.2	17.7	17.2	16.7
thereof other intangible assets	4.1	4.0	3.3	2.5	2.0	1.5	1.0
thereof Goodwill	15.5	15.8	15.8	15.6	15.6	15.6	15.6
Property, plant and equipment	20.2	20.3	20.6	23.3	23.5	23.7	23.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**40.2**	**40.3**	**39.9**	**41.5**	**41.2**	**40.9**	**40.6**
Inventories	58.9	68.7	73.8	97.9	89.1	91.5	102.1
Accounts receivable	13.4	13.1	24.1	19.6	20.8	21.8	24.3
Liquid assets	48.3	49.1	35.6	36.5	40.7	57.3	70.8
Other short-term assets	7.1	6.0	6.2	6.4	6.4	6.4	6.4
Current assets	**127.7**	**136.9**	**139.7**	**160.5**	**157.1**	**177.0**	**203.6**
Total Assets	**168.0**	**177.2**	**179.6**	**202.0**	**198.2**	**217.9**	**244.2**
Liabilities and shareholders' equity							
Subscribed capital	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Capital reserve	98.6	98.8	103.8	110.3	110.3	110.3	110.3
Retained earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity components	-1.6	0.8	1.4	-2.4	10.1	28.3	52.5
Shareholders' equity	116.1	118.7	124.4	127.0	139.5	157.7	181.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**116.1**	**118.7**	**124.4**	**127.0**	**139.5**	**157.7**	**181.9**
Provisions	8.0	7.5	10.0	7.4	7.4	7.4	7.4
thereof provisions for pensions and similar obligations	4.8	5.1	4.8	4.7	4.7	4.7	4.7
Financial liabilities (total)	10.3	9.1	4.5	3.5	5.3	5.3	5.3
thereof short-term financial liabilities	1.2	1.2	1.0	1.0	1.0	1.0	1.0
Accounts payable	3.4	8.5	3.4	7.3	9.5	10.0	11.2
Other liabilities	30.2	33.4	37.4	56.8	36.5	37.5	38.5
Liabilities	**51.9**	**58.5**	**55.3**	**75.0**	**58.7**	**60.2**	**62.4**
Total liabilities and shareholders' equity	**168.0**	**177.2**	**179.6**	**202.0**	**198.2**	**217.9**	**244.2**

Financial Ratios

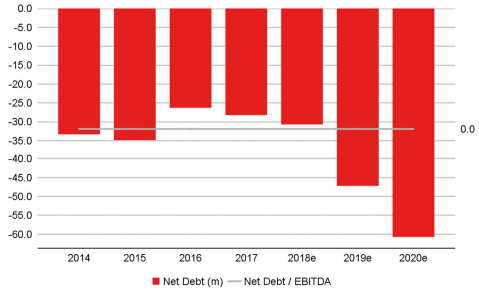
	2014	2015	2016	2017	2018e	2019e	2020e
Efficiency of Capital Employment							
Operating Assets Turnover	2.0 x	2.0 x	1.9 x	1.8 x	2.0 x	2.0 x	2.0 x
Capital Employed Turnover	1.8 x	1.8 x	1.8 x	1.7 x	1.9 x	1.9 x	2.0 x
ROA	11.5 %	0.6 %	12.5 %	16.2 %	30.6 %	44.4 %	59.4 %
Return on Capital							
ROCE (NOPAT)	5.9 %	0.3 %	5.8 %	6.9 %	12.1 %	16.5 %	20.8 %
ROE	4.1 %	0.2 %	4.1 %	5.3 %	9.5 %	12.2 %	14.2 %
Adj. ROE	4.1 %	0.2 %	5.9 %	5.3 %	9.5 %	12.2 %	14.2 %
Balance sheet quality							
Net Debt	-33.3	-34.8	-26.3	-28.2	-30.7	-47.2	-60.7
Net Financial Debt	-38.0	-40.0	-31.1	-33.0	-35.4	-52.0	-65.5
Net Gearing	-28.7 %	-29.3 %	-21.1 %	-22.2 %	-22.0 %	-29.9 %	-33.4 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	6.1	6.2	6.5	6.6	7.3	8.3	9.5
Book value per share ex intangibles	5.0	5.2	5.5	5.7	6.4	7.4	8.6

ROCE Development



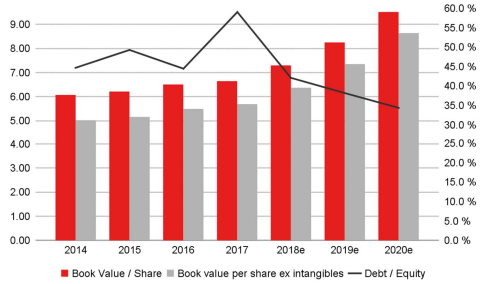
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

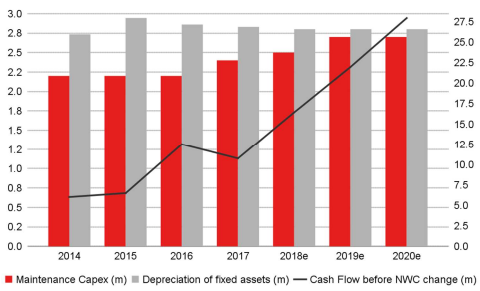
Consolidated cash flow statement

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	4.6	0.2	5.0	6.7	12.6	18.1	24.1
Depreciation of fixed assets	2.7	2.9	2.9	2.8	2.8	2.8	2.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.5	1.2	1.3	1.2	1.0	1.0	1.0
Increase/decrease in long-term provisions	0.5	0.4	-0.4	0.3	0.0	0.0	0.0
Other non-cash income and expenses	-3.3	1.7	3.8	-0.4	0.0	0.0	0.0
Cash Flow before NWC change	**6.0**	**6.5**	**12.5**	**10.7**	**16.4**	**21.9**	**27.9**
Increase / decrease in inventory	14.0	-7.7	-6.1	-28.2	8.8	-2.4	-10.6
Increase / decrease in accounts receivable	0.4	1.3	-10.7	2.9	-1.2	-1.0	-2.5
Increase / decrease in accounts payable	-15.3	4.7	-1.1	23.9	-18.1	1.5	2.2
Increase / decrease in other working capital positions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.9	-1.8	-17.9	-1.3	-10.4	-1.9	-10.9
Net cash provided by operating activities [1]	**5.1**	**4.7**	**-5.4**	**9.4**	**6.0**	**20.0**	**17.0**
Investments in intangible assets	1.2	0.8	0.5	0.5	0.5	0.5	0.5
Investments in property, plant and equipment	1.8	2.6	3.2	6.0	3.0	3.0	3.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-3.0**	**-3.4**	**-3.6**	**-6.5**	**-3.5**	**-3.5**	**-3.5**
Change in financial liabilities	-1.2	-1.2	-4.6	-1.0	1.8	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	**-1.2**	**-1.2**	**-4.6**	**-1.0**	**1.8**	**0.0**	**0.0**
Change in liquid funds [1]+[2]+[3]	**0.9**	**0.1**	**-13.6**	**1.9**	**4.3**	**16.5**	**13.5**
Effects of exchange-rate changes on cash	0.3	0.7	0.2	-1.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	**46.3**	**48.1**	**35.7**	**36.5**	**40.7**	**57.3**	**70.8**

Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Cash Flow							
FCF	2.1	1.3	-9.0	2.9	2.5	16.5	13.5
Free Cash Flow / Sales	1.5 %	0.8 %	-5.1 %	1.7 %	1.2 %	7.7 %	5.6 %
Free Cash Flow Potential	6.5	2.5	10.7	6.5	13.9	18.2	24.2
Free Cash Flow / Net Profit	46.1 %	559.1 %	-180.3 %	43.1 %	19.6 %	91.2 %	55.9 %
Interest Received / Avg. Cash	0.7 %	0.5 %	0.2 %	0.2 %	0.5 %	0.4 %	0.3 %
Interest Paid / Avg. Debt	5.0 %	5.4 %	10.6 %	5.2 %	4.5 %	3.8 %	3.8 %
Management of Funds							
Investment ratio	2.0 %	2.3 %	2.1 %	3.9 %	1.7 %	1.6 %	1.5 %
Maint. Capex / Sales	1.5 %	1.5 %	1.2 %	1.4 %	1.2 %	1.3 %	1.1 %
Capex / Dep	69.6 %	81.6 %	87.8 %	159.2 %	92.1 %	92.1 %	93.3 %
Avg. Working Capital / Sales	33.4 %	35.8 %	35.8 %	42.6 %	36.7 %	37.8 %	36.6 %
Trade Debtors / Trade Creditors	388.6 %	154.5 %	717.2 %	269.4 %	218.9 %	218.0 %	217.0 %
Inventory Turnover	1.6 x	1.4 x	1.6 x	1.1 x	1.5 x	1.5 x	1.5 x
Receivables collection period (days)	34	32	50	43	37	37	37
Payables payment period (days)	13	31	10	25	27	27	27
Cash conversion cycle (Days)	163	177	178	211	193	189	193

CAPEX and Cash Flow
in EUR m



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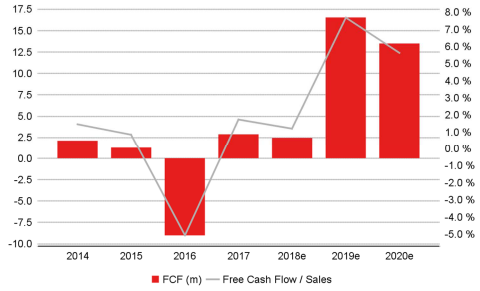
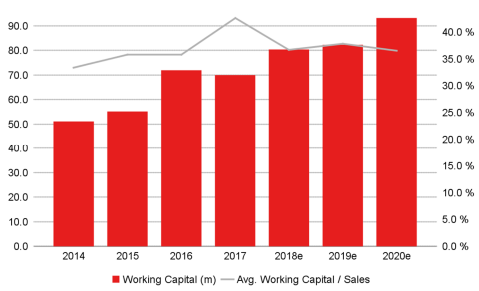
Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
SÜSS MicroTec	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1K0235.htm

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	112	55
Hold	88	43
Sell	4	2
Rating suspended	0	0
Total	**204**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	33	72
Hold	13	28
Sell	0	0
Rating suspended	0	0
Total	**46**	**100**

PRICE AND RATING HISTORY SÜSS MICROTEC AS OF 25.07.2018

Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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