SÜSS MicroTec

(CDAX, Technology)

WARBURG RESEARCH

Buy	
EUR 12.00	
Price	EUR 7.79
Upside	54.1 %

Value Indicators:	EUR
DCF:	12.00
FCF-Value Potential 17e:	10.60

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:	148.7
No. of shares (m):	19.1
EV:	118.5
Freefloat MC:	148.7
Ø Trad. Vol. (30d):	1.59 m

Shareholders:	
Freefloat	100.0 %
Universal Investment	*4.9 %*
Henderson Global	*4.4 %*
Sycomore	*3.1 %*
INKA	*3.1 %*

Risk Profile (WRe):	2015e
Beta:	1.3
Price / Book:	1.3 x
Equity Ratio:	68 %

First Glance: Q4 better than expected, outlook broadly in line

SÜSS MicroTec released preliminary results FY 2015, ahead of the expectation and a FY guidance broadly in line:

SÜSS MicroTec - Q4 2015

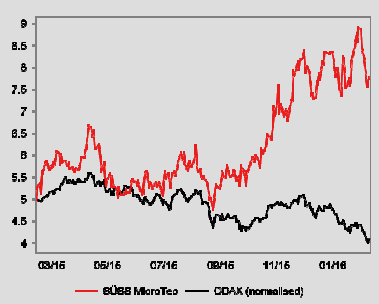
Figures in EUR m	Q4/15	Q4/15e	Q4/14	yoy	2015	2014	yoy
Order entry	79.7	80.5	44.0	81.1%	188.6	134.2	40.5%
Sales	55.1	44.8	50.3	9.6%	148.5	145.3	2.2%
EBIT	6.7	3.7	8.3	-18.9%	5.0	8.4	-40.4%
margin	*12.2%*	*8.3%*	*16.4%*		*3.4%*	*5.8%*	

Q4 sales and EBIT came in considerably stronger than expected. FY sales of EUR 148.5m even surpassed the upper end of the guidance range (EUR 135 – 145m). The FY margin decline can be explained by a very strong product registered in Q4 2014. The free cash flow of EUR 1.3m developed marginally better than assumed (WRe EUR -0.3m), owing to the stronger profitability.

The strong order intake of EUR 80m in Q4 was already announced in January. Full year order intake reached EUR ~189m, up 40% yoy. This was mostly driven by initial major orders for Tamarack's projection scanners as well as a very sound demand from advanced packaging customers in Q4. Consequently, the order backlog increased to a record level of EUR 118m at year., which is slightly below the WR assumption of EUR 125m due to the higher sales base in the last quarter. The **Q1 order intake guidance of EUR 25 – 35m is in line with the estimate** (WRe EUR 30m) and slightly better than previously indicated by the CFO during an interview (EUR 25 – 30m).

The full year sales guidance of EUR 170 – 180 is broadly in line with expectations (WRe EUR 181m; consensus EUR 169m). The EBIT should reach EUR 9 – 13m. The WR estimates represent the upper end of this range. There is a slight uncertainty if long-lead-time orders (photomask systems) will be registered as sales in Q4 this year or slip into the next FY. But the low end of the range still represents a 15% sales and disproportionately high earnings increase. Profitability is somewhat subdued in FY 2016, as initial deliveries of the projection scanners carry lower margins before learning curve effects set in and the improved (at COGS level) generation of coaters will only be introduced this year. Hence, there expectation remains unchanged, that SÜSS will reach another significant rise in profitability in FY 2017.

Conclusion: SÜSS is well on track to achieve a clear improvement in operating development in 2016 after the three lacklustre years 2013 – 2015. The slower start in Q1 was already anticipated, owing to the strong Q4 numbers and usually low activity in Q1. This year's uptake reflects the successful establishment of Tamarack's scanner as a suitable alternative to the higher-priced stepper systems (e.g. TSMC is expected to incorporate SÜSS scanners in the production of Apple's upcoming A10 chip), the renewal of the coater product line and generally healthy demand for advanced packaging equipment. Additional growth drivers should emerge in the course of the year in the form of rising orders for permanent bonders and NuFlare-related orders for photomask systems. SÜSS should also announce its entry into new niche markets, based on existing products. We expect the company to be on track to reach EUR 200m in sales and return to a 10% EBIT margin in 2-3 years.



Rel. Performance vs CDAX:	
1 month:	13.9 %
6 months:	60.2 %
Year to date:	9.0 %
Trailing 12 months:	81.0 %

Company events:	
30.03.16	FY 2015
04.05.16	Q1
15.06.16	AGM
05.08.16	Q2

FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
Sales	8.4 %	175.4	163.8	134.5	145.3	138.2	181.0	185.0
Change Sales yoy		26.1 %	-6.6 %	-17.9 %	8.0 %	-4.9 %	31.0 %	2.2 %
Gross profit margin		*37.8 %*	*35.0 %*	*16.2 %*	*33.6 %*	*33.3 %*	*33.2 %*	*35.0 %*
EBITDA	18.0 %	24.9	18.6	-13.4	12.6	6.0	18.0	20.8
Margin		*14.2 %*	*11.3 %*	*-10.0 %*	*8.7 %*	*4.3 %*	*10.0 %*	*11.2 %*
EBIT	27.1 %	18.6	11.7	-19.4	8.4	2.0	14.4	17.3
Margin		*10.6 %*	*7.2 %*	*-14.4 %*	*5.8 %*	*1.4 %*	*8.0 %*	*9.3 %*
Net income	37.5 %	13.5	9.1	-16.0	4.6	1.4	10.0	12.0
EPS	37.9 %	0.72	0.48	-0.84	0.24	0.07	0.53	0.63
EPS adj.	37.9 %	0.72	0.40	-0.27	0.24	0.07	0.53	0.63
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		0.13	-0.25	0.21	0.11	-0.01	-0.15	0.66
FCF / Market cap		1.4 %	-2.9 %	2.7 %	1.7 %	-0.2 %	-1.9 %	8.4 %
EV / Sales		0.8 x	0.8 x	0.9 x	0.6 x	0.8 x	0.7 x	0.6 x
EV / EBITDA		5.4 x	7.2 x	n.a.	7.2 x	19.4 x	6.6 x	5.1 x
EV / EBIT		7.3 x	11.5 x	n.a.	10.9 x	58.4 x	8.2 x	6.2 x
P / E		12.8 x	17.9 x	n.a.	27.2 x	111.2 x	14.7 x	12.4 x
P / E adj.		12.8 x	21.4 x	n.a.	27.2 x	111.2 x	14.7 x	12.4 x
FCF Yield Potential		13.7 %	9.0 %	1.0 %	7.1 %	2.7 %	9.6 %	12.5 %
Net Debt		-39.1	-29.4	-31.8	-33.3	-33.0	-30.2	-42.7
ROCE (NOPAT)		17.0 %	8.4 %	n.a.	5.9 %	1.6 %	11.1 %	12.4 %
Guidance:	2015: Revenues EUR 135 - 145m, slightly positive EBIT							

Analyst

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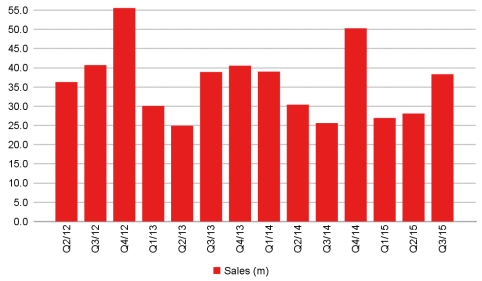
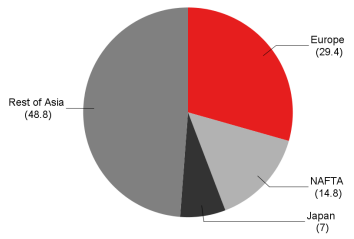
Sales development
in EUR m



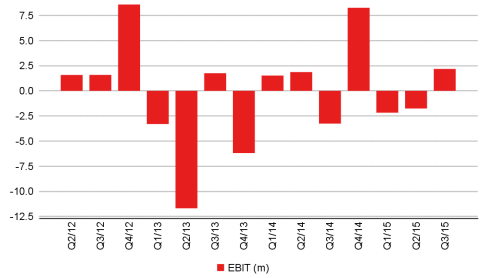
Source: Warburg Research

Sales by regions
2014; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

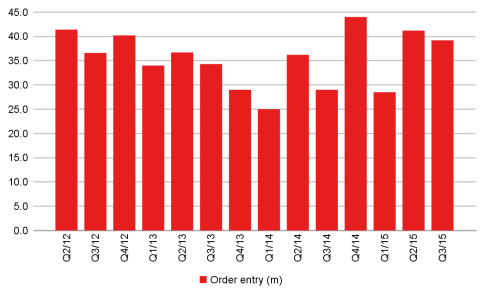
Company Background

- Globally leading manufacturer of systems for the MEMS, advanced packaging, 3D integration and LED niche markets with the product segments lithography (mask aligner, 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. 690 employees.

Competitive Quality

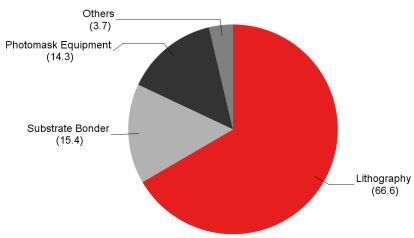
- SÜSS consistently focuses on the core topics (precision, reliability and low total cost of ownership) in all segments and gears the products to the customers' needs.
- The 60-year company history and the consistently high product quality have firmly established SÜSS as a brand-name in the addressed 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



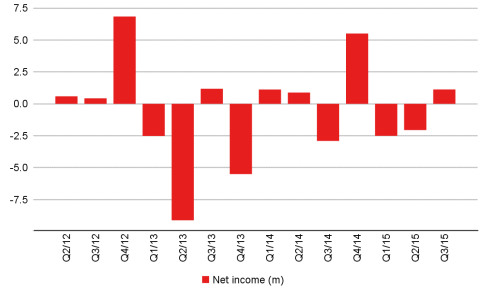
Source: Warburg Research

Sales by segments
2014; 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	**2015e**	**2016e**	**2017e**	**2018e**	**2019e**	**2020e**	**2021e**	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	
Sales	138.2	181.0	185.0	199.8	209.8	220.3	229.1	238.3	247.8	257.7	265.4	270.7	274.8	
Sales change	*-4.9 %*	*31.0 %*	*2.2 %*	*8.0 %*	*5.0 %*	*5.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*4.0 %*	*3.0 %*	*2.0 %*	*1.5 %*	*1.5 %*
EBIT	2.0	14.4	17.3	20.0	21.0	22.0	22.9	23.8	24.8	25.8	26.5	27.1	27.5	
EBIT-margin	*1.4 %*	*8.0 %*	*9.3 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	
Tax rate (EBT)	*6.0 %*	*23.3 %*	*25.3 %*	*25.0 %*	*25.0 %*	*25.0 %*	*25.0 %*	*25.0 %*	*25.0 %*	*25.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	
NOPAT	1.9	11.1	12.9	15.0	15.7	16.5	17.2	17.9	18.6	19.3	18.6	19.0	19.2	
Depreciation	4.0	3.6	3.5	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.3	5.4	5.5	
in % of Sales	*2.9 %*	*2.0 %*	*1.9 %*	*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	2.8	14.2	0.5	1.3	3.5	3.7	0.8	1.9	2.0	3.3	2.6	1.8	1.3	
- Capex	3.4	3.4	3.4	4.1	4.3	4.5	4.7	4.9	5.1	5.3	5.4	5.6	5.6	
Capex in % of Sales	*2.4 %*	*1.9 %*	*1.8 %*	*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)	-0.3	-2.9	12.5	13.6	12.1	12.7	16.3	15.8	16.5	15.9	15.9	17.1	17.8	18
PV of FCF	-0.3	-2.7	10.8	10.7	8.9	8.6	10.2	9.1	8.8	7.8	7.2	7.1	6.9	103
share of PVs	**4.00 %**			**43.61 %**										**52.39 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	6.00 %	Financial Strength	1.10
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.10
		Others	1.50
WACC	**8.30 %**	**Beta**	**1.30**

Valuation (m)

Present values 2027e	93		
Terminal Value	103		
Financial liabilities	10		
Pension liabilities	5		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	48	No. of shares (m)	19.1
Equity Value	**229**	**Value per share (EUR)**	**11.99**

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	9.3 %	10.16	10.27	10.40	10.53	10.67	10.81	10.97
1.40	8.8 %	10.77	10.90	11.05	11.21	11.37	11.56	11.75
1.35	8.5 %	11.10	11.25	11.41	11.58	11.77	11.97	12.18
1.30	8.3 %	11.46	11.62	11.80	**11.99**	12.19	12.41	12.65
1.25	8.0 %	11.84	12.02	12.21	12.42	12.65	12.90	13.17
1.20	7.8 %	12.25	12.45	12.66	12.90	13.15	13.42	13.72
1.11	7.3 %	13.16	13.40	13.67	13.96	14.28	14.63	15.01

		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	9.3 %	8.82	9.39	9.96	10.53	11.10	11.66	12.23
1.40	8.8 %	9.39	10.00	10.60	11.21	11.81	12.42	13.02
1.35	8.5 %	9.71	10.33	10.96	11.58	12.21	12.84	13.46
1.30	8.3 %	10.04	10.69	11.34	**11.99**	12.64	13.29	13.93
1.25	8.0 %	10.41	11.08	11.75	12.42	13.10	13.77	14.44
1.20	7.8 %	10.80	11.50	12.20	12.90	13.59	14.29	14.99
1.11	7.3 %	11.69	12.45	13.21	13.96	14.72	15.48	16.23

- Growth in segment bonder and of Tamarack should boost the revenues to > EUR 200m in the mid term
- Sustainable EBIT margin of 8% anticipated

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	2011	2012	2013	2014	2015e	2016e	2017e
Net Income before minorities	13.8	9.1	-16.0	4.6	1.4	10.0	12.0
+ Depreciation + Amortisation	6.4	6.8	6.0	4.2	4.0	3.6	3.5
- Net Interest Income	1.0	0.0	-0.1	-0.2	0.0	0.0	0.0
- Maintenance Capex	2.0	2.0	2.2	2.2	2.2	2.2	2.2
+ Other	1.4	-1.8	13.2	-0.4	0.0	0.0	0.0
= Free Cash Flow Potential	**18.5**	**12.1**	**1.2**	**6.5**	**3.2**	**11.4**	**13.3**
Free Cash Flow Yield Potential	13.7 %	9.0 %	1.0 %	7.1 %	2.7 %	9.6 %	12.5 %
WACC	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %	8.30 %
= Enterprise Value (EV)	**135.6**	**134.4**	**117.7**	**91.6**	**115.8**	**118.6**	**106.1**
= Fair Enterprise Value	**223.4**	**146.2**	**14.3**	**77.8**	**38.3**	**137.8**	**160.1**
- Net Debt (Cash)	-38.0	-38.0	-38.0	-38.0	-37.8	-34.9	-47.5
- Pension Liabilities	4.8	4.8	4.8	4.8	4.8	4.8	4.8
- 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	**256.7**	**179.5**	**47.6**	**111.1**	**71.3**	**168.0**	**202.8**
No. of shares (total) (m)	19.1	19.1	19.1	19.1	19.1	19.1	19.1
= Fair value per share (EUR)	**13.44**	**9.40**	**2.49**	**5.82**	**3.73**	**8.79**	**10.62**
premium (-) / discount (+) in %					-52.0 %	13.0 %	36.4 %

Sensitivity Fair value per Share (EUR)

	11.30 %	10.33	7.36	2.29	4.74	3.20	6.88	8.39
	10.30 %	11.17	7.91	2.34	5.03	3.35	7.39	8.99
	9.30 %	12.18	8.57	2.41	5.38	3.52	8.02	9.72
WACC	**8.30 %**	**13.44**	**9.40**	**2.49**	**5.82**	**3.73**	**8.79**	**10.62**
	7.30 %	15.04	10.44	2.59	6.38	4.01	9.78	11.77
	6.30 %	17.15	11.83	2.73	7.11	4.37	11.08	13.28
	5.30 %	20.06	13.73	2.91	8.12	4.87	12.88	15.37

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

Valuation

	2011	2012	2013	2014	2015e	2016e	2017e
Price / Book	1.5 x	1.3 x	1.4 x	1.1 x	1.3 x	1.2 x	1.1 x
Book value per share ex intangibles	5.16	5.50	4.69	5.02	5.15	5.70	6.35
EV / Sales	0.8 x	0.8 x	0.9 x	0.6 x	0.8 x	0.7 x	0.6 x
EV / EBITDA	5.4 x	7.2 x	n.a.	7.2 x	19.4 x	6.6 x	5.1 x
EV / EBIT	7.3 x	11.5 x	n.a.	10.9 x	58.4 x	8.2 x	6.2 x
EV / EBIT adj.*	6.8 x	13.0 x	n.a.	11.5 x	58.4 x	8.2 x	6.2 x
P / FCF	69.5 x	n.a.	36.5 x	58.7 x	n.a.	n.a.	11.9 x
P / E	12.8 x	17.9 x	n.a.	27.2 x	111.2 x	14.7 x	12.4 x
P / E adj.*	12.8 x	21.4 x	n.a.	27.2 x	111.2 x	14.7 x	12.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free Cash Flow Yield Potential	13.7 %	9.0 %	1.0 %	7.1 %	2.7 %	9.6 %	12.5 %

*Adjustments made for: -

Company Specific Items

	2011	2012	2013	2014	2015e	2016e	2017e
Order entry	143.0	157.2	134.0	134.2	188.7	0.0	0.0
Order backlog	83.7	86.5	85.7	75.6	127.3	0.0	0.0

Consolidated profit and loss

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Sales	**175.4**	**163.8**	**134.5**	**145.3**	**138.2**	**181.0**	**185.0**
Change Sales yoy	26.1 %	-6.6 %	-17.9 %	8.0 %	-4.9 %	31.0 %	2.2 %
COGS	109.1	106.4	112.7	96.5	92.2	120.9	120.3
Gross profit	**66.4**	**57.4**	**21.8**	**48.8**	**46.0**	**60.1**	**64.8**
Gross margin	*37.8 %*	*35.0 %*	*16.2 %*	*33.6 %*	*33.3 %*	*33.2 %*	*35.0 %*
Research and development	12.9	9.7	10.2	10.5	13.0	13.0	13.0
Sales and marketing	19.0	20.7	17.5	17.5	17.5	18.0	19.0
Administration expenses	15.7	17.0	15.0	14.2	13.4	14.3	15.2
Other operating expenses	4.9	4.4	4.1	2.7	1.1	0.4	0.3
Other operating income	4.8	6.1	5.5	4.5	1.0	0.0	0.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**24.9**	**18.6**	**-13.4**	**12.6**	**6.0**	**18.0**	**20.8**
Margin	*14.2 %*	*11.3 %*	*-10.0 %*	*8.7 %*	*4.3 %*	*10.0 %*	*11.2 %*
Depreciation of fixed assets	2.1	2.2	2.6	2.7	2.7	2.7	2.7
EBITA	**22.8**	**16.4**	**-16.0**	**9.9**	**3.3**	**15.3**	**18.1**
Amortisation of intangible fixed assets	4.2	4.7	3.5	1.5	1.3	0.9	0.8
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**18.6**	**11.7**	**-19.4**	**8.4**	**2.0**	**14.4**	**17.3**
Margin	*10.6 %*	*7.2 %*	*-14.4 %*	*5.8 %*	*1.4 %*	*8.0 %*	*9.3 %*
EBIT adj.	**20.0**	**10.3**	**-6.2**	**8.0**	**2.0**	**14.4**	**17.3**
Interest income	1.2	0.9	0.5	0.3	0.2	0.2	0.2
Interest expenses	1.0	0.9	0.6	0.5	0.2	0.2	0.2
Other financial income (loss)	0.8	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**19.6**	**11.7**	**-19.6**	**8.2**	**2.0**	**14.4**	**17.3**
Margin	*11.2 %*	*7.2 %*	*-14.5 %*	*5.6 %*	*1.4 %*	*8.0 %*	*9.3 %*
Total taxes	5.8	4.1	-3.6	3.6	0.6	4.4	5.3
Net income from continuing operations	**13.8**	**7.6**	**-16.0**	**4.6**	**1.4**	**10.0**	**12.0**
Income from discontinued operations (net of tax)	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**13.8**	**9.1**	**-16.0**	**4.6**	**1.4**	**10.0**	**12.0**
Minority interest	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**13.5**	**9.1**	**-16.0**	**4.6**	**1.4**	**10.0**	**12.0**
Margin	*7.7 %*	*5.6 %*	*-11.9 %*	*3.2 %*	*1.0 %*	*5.5 %*	*6.5 %*
Number of shares, average	18.9	19.1	19.1	19.1	19.1	19.1	19.1
EPS	**0.72**	**0.48**	**-0.84**	**0.24**	**0.07**	**0.53**	**0.63**
EPS adj.	0.72	0.40	-0.27	0.24	0.07	0.53	0.63

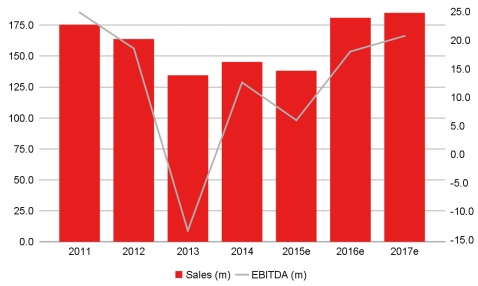
*Adjustments made for:

Guidance: 2015: Revenues EUR 135 - 145m, slightly positive EBIT

Financial Ratios

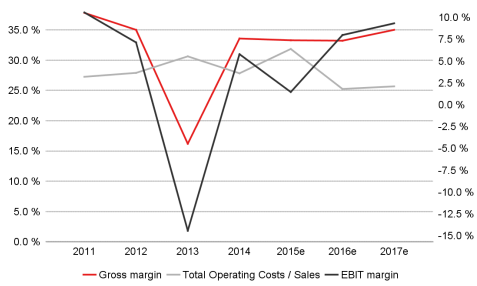
	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	27.2 %	27.9 %	30.6 %	27.8 %	31.8 %	25.2 %	25.7 %
Operating Leverage	1.1 x	5.6 x	n.a.	n.a.	15.6 x	20.3 x	8.8 x
EBITDA / Interest expenses	25.0 x	20.0 x	n.m.	23.2 x	29.9 x	90.2 x	103.8 x
Tax rate (EBT)	29.5 %	35.2 %	18.3 %	43.7 %	30.5 %	30.5 %	30.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	278,014	235,683	205,356	221,879	210,992	276,336	282,443

Sales, EBITDA
in EUR m



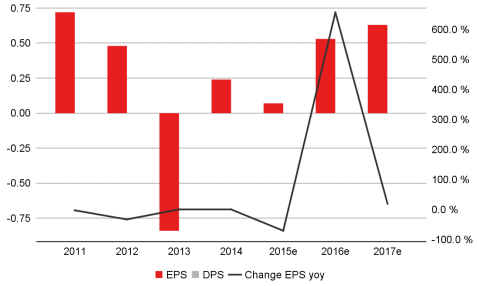
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

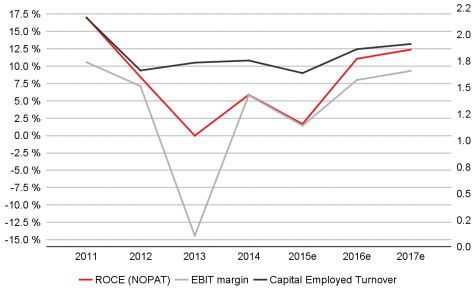
Consolidated balance sheet

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Assets							
Goodwill and other intangible assets	22.2	22.9	19.8	20.0	19.1	18.5	18.1
thereof other intangible assets	3.1	4.5	3.7	4.1	3.3	2.8	2.3
thereof Goodwill	13.6	15.4	15.3	15.5	15.5	15.5	15.5
Property, plant and equipment	9.5	12.1	20.9	20.2	20.5	20.8	21.1
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	**31.6**	**35.0**	**40.7**	**40.2**	**39.6**	**39.3**	**39.2**
Inventories	71.6	82.2	71.1	58.9	60.1	78.7	80.4
Accounts receivable	17.8	21.8	11.1	13.4	18.2	23.8	24.3
Liquid assets	56.4	36.6	47.1	48.3	48.1	45.2	57.7
Other short-term assets	10.3	4.6	9.8	7.1	6.7	5.6	4.7
Current assets	**156.1**	**145.1**	**139.1**	**127.7**	**133.0**	**153.3**	**167.2**
Total Assets	**187.7**	**180.1**	**179.9**	**168.0**	**172.6**	**192.6**	**206.3**
Liabilities and shareholders' equity							
Subscribed capital	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Capital reserve	101.6	109.9	94.0	98.6	98.6	98.6	98.6
Retained earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other equity components	-1.0	-1.0	-3.7	-1.6	-0.3	9.7	21.8
Shareholders' equity	119.7	128.1	109.4	116.1	117.4	127.4	139.5
Minority interest	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**120.4**	**128.1**	**109.4**	**116.1**	**117.4**	**127.4**	**139.5**
Provisions	6.5	6.8	9.8	8.0	8.0	8.0	8.0
thereof provisions for pensions and similar obligations	2.9	2.9	3.8	4.8	4.8	4.8	4.8
Financial liabilities (total)	14.4	4.3	11.5	10.3	10.3	10.3	10.3
thereof short-term financial liabilities	10.1	0.3	1.2	1.2	1.2	1.2	1.2
Accounts payable	7.6	6.9	5.6	3.4	6.4	8.4	8.6
Other liabilities	38.8	34.1	43.6	30.2	30.5	38.5	40.0
Liabilities	**67.4**	**52.0**	**70.4**	**51.9**	**55.2**	**65.2**	**66.9**
Total liabilities and shareholders' equity	**187.7**	**180.1**	**179.9**	**168.0**	**172.6**	**192.6**	**206.3**

Financial Ratios

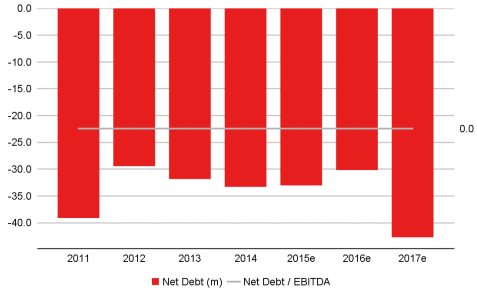
	2011	2012	2013	2014	2015e	2016e	2017e
Efficiency of Capital Employment							
Operating Assets Turnover	2.4 x	1.8 x	2.0 x	2.0 x	1.9 x	2.0 x	2.1 x
Capital Employed Turnover	2.2 x	1.7 x	1.7 x	1.8 x	1.6 x	1.9 x	1.9 x
ROA	42.8 %	26.0 %	-39.2 %	11.5 %	3.5 %	25.5 %	30.6 %
Return on Capital							
ROCE (NOPAT)	17.0 %	8.4 %	n.a.	5.9 %	1.6 %	11.1 %	12.4 %
ROE	12.0 %	7.3 %	-13.4 %	4.1 %	1.2 %	8.2 %	9.0 %
Adj. ROE	12.0 %	6.1 %	-4.4 %	4.1 %	1.2 %	8.2 %	9.0 %
Balance sheet quality							
Net Debt	-39.1	-29.4	-31.8	-33.3	-33.0	-30.2	-42.7
Net Financial Debt	-42.0	-32.3	-35.7	-38.0	-37.8	-34.9	-47.5
Net Gearing	-32.5 %	-23.0 %	-29.1 %	-28.7 %	-28.1 %	-23.7 %	-30.6 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	6.3	6.7	5.7	6.1	6.1	6.7	7.3
Book value per share ex intangibles	5.2	5.5	4.7	5.0	5.1	5.7	6.4

ROCE Development



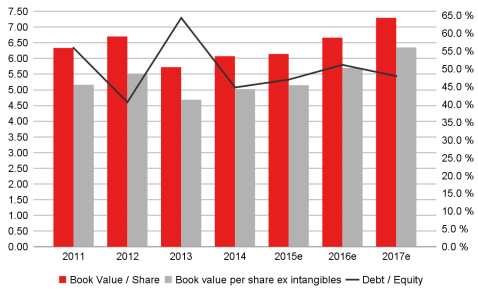
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

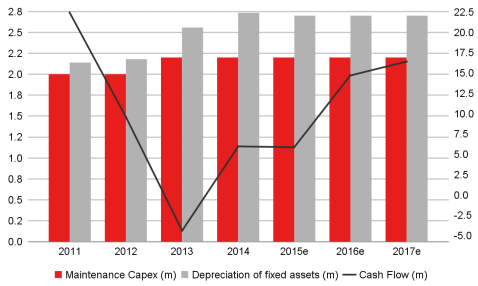
Consolidated cash flow statement

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	13.8	9.1	-16.0	4.6	1.4	10.0	12.0
Depreciation of fixed assets	2.1	2.2	2.6	2.7	2.7	2.7	2.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.2	4.7	3.5	1.5	1.3	0.9	0.8
Increase/decrease in long-term provisions	0.0	-0.5	-0.4	0.5	0.0	0.0	0.0
Other non-cash income and expenses	2.4	-5.9	5.9	-3.3	0.5	1.0	0.9
Cash Flow	**22.5**	**9.6**	**-4.4**	**6.0**	**5.9**	**14.7**	**16.4**
Increase / decrease in inventory	-7.7	-4.7	-0.1	14.0	-1.2	-18.6	-1.7
Increase / decrease in accounts receivable	-1.3	-3.9	8.2	0.4	-4.8	-5.6	-0.5
Increase / decrease in accounts payable	-7.3	-1.5	12.7	-15.3	3.3	10.0	1.7
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-16.3	-10.1	20.7	-0.9	-2.8	-14.2	-0.5
Net cash provided by operating activities	**6.2**	**-0.6**	**16.3**	**5.1**	**3.1**	**0.5**	**15.9**
Investments in intangible assets	0.9	0.8	0.6	1.2	0.4	0.4	0.4
Investments in property, plant and equipment	2.8	3.4	11.6	1.8	3.0	3.0	3.0
Payments for acquisitions	0.0	-6.3	0.0	0.0	0.0	0.0	0.0
Financial investments	3.3	8.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities	**0.4**	**-2.5**	**-12.2**	**-3.0**	**-3.4**	**-3.4**	**-3.4**
Change in financial liabilities	-1.1	-10.1	7.2	-1.2	0.0	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	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	**-0.6**	**-8.6**	**7.2**	**-1.2**	**0.0**	**0.0**	**0.0**
Change in liquid funds	6.0	-11.7	11.3	0.9	-0.3	-2.9	12.5
Effects of exchange-rate changes on cash	0.2	-0.1	-0.5	0.3	0.0	0.0	0.0
Cash and cash equivalent at end of period	**42.7**	**25.2**	**36.0**	**46.3**	**47.1**	**44.2**	**56.7**

Financial Ratios

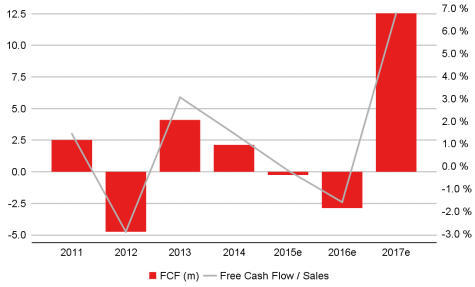
	2011	2012	2013	2014	2015e	2016e	2017e
Cash Flow							
FCF	2.5	-4.7	4.1	2.1	-0.3	-2.9	12.5
Free Cash Flow / Sales	1.4 %	-2.9 %	3.0 %	1.5 %	-0.2 %	-1.6 %	6.8 %
Free Cash Flow Potential	18.5	12.1	1.2	6.5	3.2	11.4	13.3
Free Cash Flow / Net Profit	18.6 %	-52.2 %	-25.7 %	46.1 %	-18.5 %	-28.6 %	104.6 %
Interest Received / Avg. Cash	2.2 %	2.0 %	1.1 %	0.7 %	0.4 %	0.4 %	0.4 %
Interest Paid / Avg. Debt	6.7 %	9.9 %	7.6 %	5.0 %	1.9 %	1.9 %	1.9 %
Management of Funds							
Investment ratio	2.1 %	2.6 %	9.1 %	2.0 %	2.4 %	1.9 %	1.8 %
Maint. Capex / Sales	1.1 %	1.2 %	1.6 %	1.5 %	1.6 %	1.2 %	1.2 %
Capex / Dep	57.4 %	61.1 %	202.7 %	69.6 %	83.8 %	93.1 %	95.7 %
Avg. Working Capital / Sales	31.4 %	43.6 %	46.6 %	33.4 %	38.0 %	33.7 %	36.9 %
Trade Debtors / Trade Creditors	234.6 %	317.1 %	199.0 %	388.6 %	284.4 %	283.3 %	282.6 %
Inventory Turnover	1.5 x	1.3 x	1.6 x	1.6 x	1.5 x	1.5 x	1.5 x
Receivables collection period (days)	37	48	30	34	48	48	48
Payables payment period (days)	25	24	18	13	25	25	26
Cash conversion cycle (Days)	177	235	132	163	173	165	167

CAPEX and Cash Flow
in EUR m



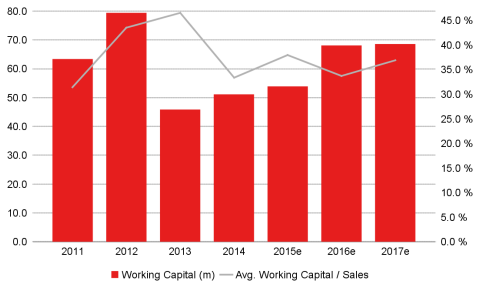
Source: Warburg Research

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, 6	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A1K0235.htm

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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 – RESEARCH UNIVERSE BY RATING

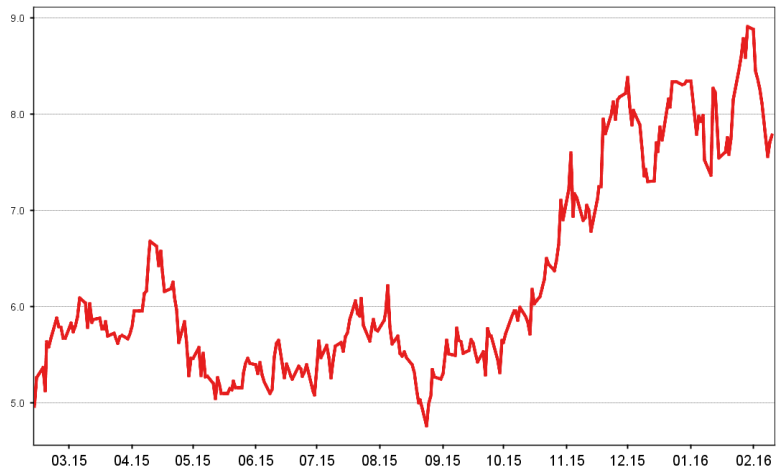
Rating	Number of stocks	% of Universe
Buy	119	63
Hold	62	33
Sell	4	2
Rating suspended	4	2
Total	**189**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

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

Rating	Number of stocks	% of Universe
Buy	24	77
Hold	5	16
Sell	1	3
Rating suspended	1	3
Total	**31**	**100**

PRICE AND RATING HISTORY SÜSS MICROTEC AS OF 11.02.2016



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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