SÜSS MicroTec

(CDAX, Technology)

WARBURG RESEARCH

Buy	
EUR 12.00	
Price	EUR 9.21
Upside	30.4 %

Value Indicators:	EUR
DCF:	12.10
FCF-Value Potential 17e:	10.70

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:	175.8
No. of shares (m):	19.1
EV:	142.5
Freefloat MC:	175.8
Ø Trad. Vol. (30d):	1.21 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:	1.5 x
Equity Ratio:	67 %

Preview: FY targets should be confirmed

Wednesday, March 30: Final results FY 2015

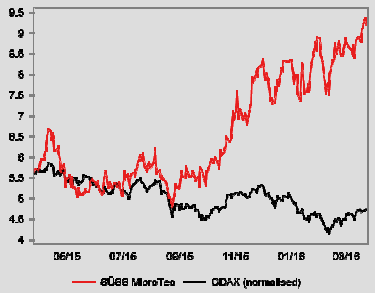
Expected Figures Q4/2015:

FY End: 31.12. in EUR m	Q4 15e	Q4 14	yoy	15e	14	yoy
Order entry	**79.7**	44.0	81 %	**188.6**	134.2	41 %
Sales	**55.1**	50.3	10 %	**148.5**	145.3	2 %
EBIT	**6.7**	8.3	-19 %	**5.0**	8.4	-41 %
Margin	*12.2 %*	*16.4 %*		*3.4 %*	*5.8 %*	
EPS	**0.36**	0.29	24 %	**0.18**	0.24	-25 %

Comment on Figures:

- Order entry reached record level in Q4
- Q4 EPS should have benefitted from low quarterly tax rate (full-year tax rate assumed at ~30%)

- SÜSS has scheduled to release its annual report next week, on Wednesday, March 30. Preliminary figures were released mid-February. The final report is not expected to provide for major additional news-flow.
- SÜSS is expected to reiterate its full-year guidance (sales EUR 170 – 180m, EBIT EUR 9 – 13m) as well as the expectation of an order intake of EUR 25 – 35m in Q1 2016 (was EUR 28.5m in Q1 2015).
- We continue to expect order activity to pick up later in the year, driven by the ramp-up of "new technologies" (fan out WLP, copper pillar bumping), the cooperation with NuFlare and a rising market share in substrate bonders.
- The high order backlog of EUR 118m provides solid visibility regarding the full-year targets.



Rel. Performance vs CDAX:	
1 month:	0.1 %
6 months:	55.8 %
Year to date:	16.9 %
Trailing 12 months:	78.6 %

Company events:	
30.03.16	FY 2015
04.05.16	Q1
17.05.16	RS CGN/DUS
15.06.16	AGM

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	148.5	177.0	185.0
Change Sales yoy		26.1 %	-6.6 %	-17.9 %	8.0 %	2.2 %	19.2 %	4.5 %
Gross profit margin		*37.8 %*	*35.0 %*	*16.2 %*	*33.6 %*	*33.0 %*	*33.1 %*	*35.0 %*
EBITDA	18.0 %	24.9	18.6	-13.4	12.6	9.0	16.1	20.8
Margin		*14.2 %*	*11.3 %*	*-10.0 %*	*8.7 %*	*6.1 %*	*9.1 %*	*11.2 %*
EBIT	27.1 %	18.6	11.7	-19.4	8.4	5.0	12.5	17.3
Margin		*10.6 %*	*7.2 %*	*-14.4 %*	*5.8 %*	*3.4 %*	*7.0 %*	*9.3 %*
Net income	37.5 %	13.5	9.1	-16.0	4.6	3.5	8.7	12.0
EPS	37.9 %	0.72	0.48	-0.84	0.24	0.18	0.45	0.63
EPS adj.	37.9 %	0.72	0.40	-0.27	0.24	0.18	0.45	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	0.07	-0.07	0.55
FCF / Market cap		1.4 %	-2.9 %	2.7 %	1.7 %	0.7 %	-0.7 %	6.0 %
EV / Sales		0.8 x	0.8 x	0.9 x	0.6 x	1.0 x	0.8 x	0.7 x
EV / EBITDA		5.4 x	7.2 x	n.a.	7.2 x	15.7 x	8.9 x	6.4 x
EV / EBIT		7.3 x	11.5 x	n.a.	10.9 x	28.3 x	11.4 x	7.7 x
P / E		12.8 x	17.9 x	n.a.	27.2 x	51.1 x	20.5 x	14.6 x
P / E adj.		12.8 x	21.4 x	n.a.	27.2 x	51.1 x	20.5 x	14.6 x
FCF Yield Potential		13.7 %	9.0 %	1.0 %	7.1 %	3.7 %	7.1 %	10.1 %
Net Debt		-39.1	-29.4	-31.8	-33.3	-34.6	-33.3	-43.9
ROCE (NOPAT)		17.0 %	8.4 %	n.a.	5.9 %	4.1 %	9.6 %	12.5 %
Guidance:	2016: Revenues EUR 170 - 180m, EBIT EUR 9-13m							

Analyst

Malte Schaumann

mschaumann@warburg-research.com

+49 40 309537-170

LEGAL DISCLAIMER

This research report was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It contains selected information and does not purport to be complete. The report is based on publicly available information and data ("the information") believed to be accurate and complete. Warburg Research GmbH neither does examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these analyses concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this research report, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this document. Provided a research report is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This research report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this report are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §34B (1) OF THE GERMAN SECURITIES TRADING ACT (WHPG) AND THE ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS (FINANV)

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Potential, Peer Group Comparison or Sum of the Parts Model. The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

In accordance with § 5 (4) of the Ordinance on the Analysis of Financial Instruments (FinAnV) Warburg Research GmbH has implemented additional internal and organisational arrangements to prevent or to deal with conflicts of interest. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg Group.

All prices of financial instruments given in this financial analysis are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin.

SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.

2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934.

3. Any recipient of the Report should effect transactions in the securities discussed in the Report only through J.P.P. Euro-Securities, Inc., Delaware.

4. J.P.P. Euro-Securities, Inc. does not accept or receive any compensation of any kind for the dissemination of the research reports from Warburg.

Reference in accordance with section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV) regarding possible conflicts of interest with the analysed company:

-1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.

-2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the financial analysis.

-3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the financial analysis, in a market based on the provision of buy or sell contracts

-4- Warburg Research, or an affiliated company, were in the last twelve months bound by a service agreement with the issuers, who are themselves or their financial instruments are, subject of the financial analysis, in connection with **investment banking business** for which a service or a promise of a service emanated.

-5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the financial analysis** with the analysed company.

-6- Companies affiliated with Warburg Research **regularly trade** financial instruments of the analysed company or derivatives of these.

-7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

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

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 – RESEARCH UNIVERSE BY RATING

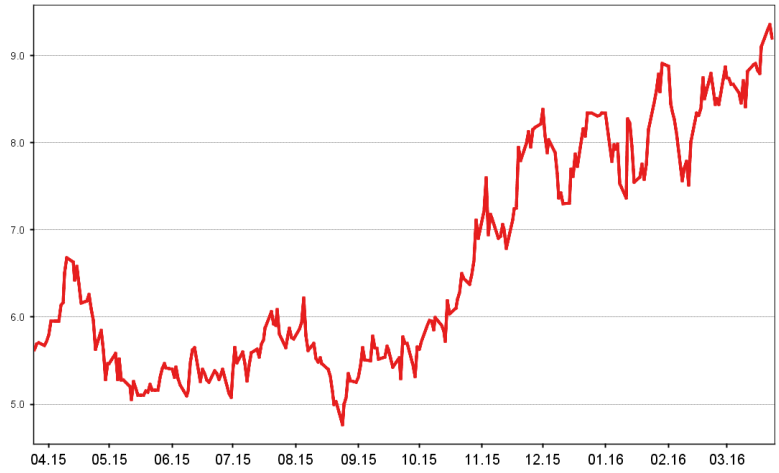
Rating	Number of stocks	% of Universe
Buy	121	64
Hold	59	31
Sell	6	3
Rating suspended	4	2
Total	**190**	**100**

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	23	77
Hold	5	17
Sell	1	3
Rating suspended	1	3
Total	**30**	**100**

PRICE AND RATING HISTORY SÜSS MICROTEC AS OF 24.03.2016



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.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschmeier +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Harald Hof +49 40 309537-125
Medtech hhof@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Malte Räther +49 40 309537-185
Telco, Internet, Media mraether@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Björn Voss +49 40 309537-254
Steel, Car Suppliers bvoss@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Dontenwill +49 40 3282-2666
USA pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Marie-Therese Grübner +49 40 3282-2630
France, Switzerland mgruebner@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Fabian Roggemann +49 40 3282-2667
USA froggemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merckel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3262-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3262-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Matthias Thiel +49 40 3282-2401
Macro Research mthiel@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research	research.mmwarburg.com/en/index.html	Thomson	www.thomson.com
Bloomberg	MMWA GO	Reuters	www.knowledge.reuters.com
FactSet	www.factset.com	Capital IQ	www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com