

# ULTRASONIC AG

June 23, 2014



## Information Analysis

### Analysts

Dr. Roger Becker, CEFA  
David Szabadvari, CIAA  
+49 69 71 91 838-46, -48  
roger.becker@bankm.de, david.szabadvari@bankm.de

### Evaluation Result

**BUY**

(prev.: BUY)

### Fair Value

**€22.23**

(prev.: €21.53)

## Urban Footwear leading again

In the first quarter of 2014, Ultrasonic has posted a revenue growth of ca. 5% which was slightly below our own expectations. Gross profit margin remained stable at ca. 31%, increased marketing expenses in the context of the promotion of the online retail channel reduced the operating margin to 26.7% and net income margin to 20.1%. Accordingly, EBIT and net income only slightly improved to €9.5m and €7.1m, respectively. As cash flow from operations remained at a high level and investment activities took a break, liquid assets rose to €124.9m. For the assessment of the following quarters, the production start of the new children footwear line will be pivotal. Management expects that the production and selling activities via Walmart stores is going to commence in June.

With a growth rate of ca. 32% yoy, the urban footwear segment again showed a strong momentum. The Ultrasonic-branded products (+50% yoy) dominated the segment sales growth which was achieved by increasing both the volume and the average selling price. The online retail channel, which was not in place in 1Q13, added ca. €1.2m (ca. 16 pts.). In contrast, the sales figures of the low price segments i.e. shoe soles and sandals and slippers, came down significantly by ca. 11% each. The very strong fourth quarter of the last year, which apparently saw some inventory build-up of Ultrasonic's costumers, and an intensified competitive arena were the main causes for this development. In addition, the Company avoided making concessions regarding the pricing of its products to keep the margins at a healthy level, even at the expense of volume. This strategy has to be seen in the context of the rising employee wage rates which makes additional output to increase capacity utilization rate together with lower selling prices rather unattractive.

We have adjusted our previous forecast and considering the 1Q14 results. The change of the fair value results from the higher liquid assets which directly affect the peer group value and thereby over-compensate the negative exchange rate effects. Our model returns a fair value of €22.23 per share. We re-iterate our BUY rating.

### Key data / Earnings

Year	Sales (€ m)	EBITDA (€ m)	EBIT (€ m)	EBT (€ m)	Net Profit (€ m)	EPS (€)	PDS* up to (€)	EBIT- Margin	Net- Margin
2013a	163.8	48.9	47.4	47.5	35.0	2.82	0.53	29.0%	21.4%
2014e	172.9	47.4	45.2	45.6	34.2	2.71	n.n.	26.1%	19.8%
2015e	196.6	52.2	49.8	50.4	37.8	3.00	n.n.	25.4%	19.2%
2016e	213.0	59.1	55.6	56.3	42.2	3.35	n.n.	26.1%	19.8%
2017e	229.5	63.1	59.1	59.9	44.9	3.56	n.n.	25.8%	19.6%

\* Profit distribution / shr.

Source: Ultrasonic AG, BankM Research

<b>Sector</b>	Clothing and Footwear
<b>WKN</b>	A1KREX
<b>ISIN</b>	DE000A1KREX3
<b>Bloomberg/Reuters</b>	US5 GY/US5G.DE
<b>Accounting standard</b>	IFRS
<b>Financial year</b>	Dec 31
<b>Financial reporting 2Q14</b>	Aug. 26, 2014
<b>Market segment</b>	Regulated Market
<b>Transparency standard</b>	Prime Standard

Financial ratios	2014e	2015e	2016e
EV/Sales	neg.	neg.	neg.
EV/EBITDA	neg.	neg.	neg.
EV/EBIT	neg.	neg.	neg.
P/E adj.	2.9	2.7	2.4
Price/Bookvalue	0.5	0.4	0.4
Price/FCF	3.6	4.4	3.1
ROE (in %)	19.3	17.7	16.7
Dividend yield (in %)	n.a.	n.a.	n.a.

**Number of shares outs.** (in '000) 12,596

**MarketCap / EV** (in € m) 100.44 / neg.

**Free float** (in %) 12.4

**Ø daily trading vol.** (3M, in €) 19,096

**12M high/low** (in €; XETRA-close) 10.71 / 6.70

**Price May 20, 2014** (in €; XETRA-close) 7.70

Performance	1M	6M	12M
absolute (in %)	4.2	-5.4	-12.6
relative (in %)	3.7	0.9	-18.1

**Benchmark index** DAXSubsector Clothing and Footwear



ULTRASONIC AG (red/grey), 1 year performance vs. DAXsubsector Clothing and Footwear (black)

Source: Bloomberg

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

This document has been prepared due to a service agreement with the respective issuer. BankM – Repräsentanz der biw AG was Sole Bookrunner and Sole Lead Manager for the IPO, was Sole Lead Manager for the most recent capital increase and is the designated sponsor of the company's stock and in its function as a designated sponsor regularly holds a trading stock or long or short positions in the company's stock. Equity investments generally involve high risks. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Investors may lose some or all of the money invested. Investors make their decisions at their own risk. biw Bank für Investments und Wertpapiere AG, Willich, is responsible for the preparation of this document.

## Outlook

According to management, competition especially in the domestic shoe sole segment has further increased in the last months. Low quality products have to be sold at high discounts or have to be scrapped at all. Also, the aforementioned rise of the wage rates puts significant pressure on the gross profit margins. Ultrasonic tries to meet the challenges by investing in new machinery to increase the capacity (to raise economies of scale) and quality of its products. The modern machines lift the production efficiency and thereby reduce the demand for additional employees for this segment.

## ULTRASONIC´s Stock

Since beginning of the year, the stock has come down by 4.23%. Based on daily stock price returns since beginning of the year, the annualized volatility is at 37.91% with a mean daily trading volume of ca. 2,370 pieces.

With total liquid assets of €124.9m and bank loans of ca. €3.3m, the Company's current market capitalization equals ca. 0.8 x net cash.

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

## Tables

### Profit & Loss Account

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR 2013 - 2017
in € '000							
<b>Total Sales</b>	<b>149,011</b>	<b>163,798</b>	<b>172,915</b>	<b>196,579</b>	<b>213,031</b>	<b>229,469</b>	
<i>Growth Rate (in %)</i>	24.8	9.9	5.6	13.7	8.4	7.7	8.8
Cost of Sales	102,917	112,286	119,778	137,735	147,917	160,431	
<b>Gross Profit</b>	<b>46,094</b>	<b>51,512</b>	<b>53,137</b>	<b>58,844</b>	<b>65,114</b>	<b>69,038</b>	
<i>Growth Rate (in %)</i>	25.0	11.8	3.2	10.7	10.7	6.0	7.6
Selling and Distribution Expenses	1,552	2,605	4,592	5,504	5,965	6,425	
Administration Expenses	2,771	2,834	3,387	3,500	3,500	3,500	
Net Other Income	7	1,365	0	0	0	0	
<b>EBIT</b>	<b>41,778</b>	<b>47,438</b>	<b>45,158</b>	<b>49,840</b>	<b>55,649</b>	<b>59,113</b>	
<i>Growth Rate (in %)</i>	25.6	13.5	-4.8	10.4	11.7	6.2	5.7
Interest Income	360	330	434	536	626	755	
Interest Expense	307	227	7	7	7	7	
<b>EBT</b>	<b>41,831</b>	<b>47,541</b>	<b>45,585</b>	<b>50,369</b>	<b>56,269</b>	<b>59,861</b>	
<i>Growth Rate (in %)</i>	25.8	13.7	-4.1	10.5	11.7	6.4	5.9
Taxes on Income (Exp.+/Inc.-)	11,022	12,529	11,396	12,592	14,067	14,965	
<b>Net profit</b>	<b>30,809</b>	<b>35,012</b>	<b>34,189</b>	<b>37,777</b>	<b>42,202</b>	<b>44,896</b>	
<i>Growth Rate (in %)</i>	23.6	13.6	-2.4	10.5	11.7	6.4	6.4
<i>For information purposes</i>							
Depreciation and amortization	1,375	1,415	2,279	2,409	3,462	4,022	
<i>in % of total sales</i>	0.9	0.9	1.3	1.2	1.6	1.8	
<b>EBITDA</b>	<b>43,153</b>	<b>48,853</b>	<b>47,437</b>	<b>52,249</b>	<b>59,112</b>	<b>63,135</b>	
<i>Growth Rate (in %)</i>	24.9	13.2	-2.9	10.1	13.1	6.8	6.6
No. of shares (Ø outstanding)	11,475	12,432	12,596	12,596	12,596	12,596	
<b>Net profit / share (EPS)</b>	<b>2.68</b>	<b>2.82</b>	<b>2.71</b>	<b>3.00</b>	<b>3.35</b>	<b>3.56</b>	
Adj. net profit / share (adj. EPS)	2.48	2.82	2.71	3.00	3.35	3.56	

Source: Ultrasonic AG, BankM Research

### P&L Margins

in %	2012a	2013a	2014e	2015e	2016e	2017e
Gross Profit Margin	30.9	31.4	30.7	29.9	30.6	30.1
EBITDA Margin	29.0	29.8	27.4	26.6	27.7	27.5
EBIT Margin	28.0	29.0	26.1	25.4	26.1	25.8
EBT Margin	28.1	29.0	26.4	25.6	26.4	26.1
Net Profit Margin	20.7	21.4	19.8	19.2	19.8	19.6

Source: Ultrasonic AG, BankM Research

## Cash Flow Statement

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e	4y - CAGR
in € '000							
<b>EBT</b>	<b>41,831</b>	<b>47,541</b>	<b>45,585</b>	<b>50,369</b>	<b>56,269</b>	<b>59,861</b>	
+ Depreciation and Amortization	1,375	1,415	2,279	2,409	3,462	4,022	
- Taxes paid	10,360	11,414	12,072	12,293	13,698	14,740	
<b>= Cash Earnings</b>	<b>32,846</b>	<b>37,542</b>	<b>35,792</b>	<b>40,484</b>	<b>46,033</b>	<b>49,143</b>	
<i>Growth Rate (in %)</i>	26.2	14.3	-4.7	13.1	13.7	6.8	7.0
+ Other non-cash Items	-7	-1,252	0	0	0	0	
- Change in net Working Capital	14,211	-807	-5,509	5,940	3,589	3,826	
<b>= Operating Cash Flow</b>	<b>18,628</b>	<b>37,097</b>	<b>41,301</b>	<b>34,544</b>	<b>42,444</b>	<b>45,317</b>	
<i>Growth Rate (in %)</i>	-36.5	99.1	11.3	-16.4	22.9	6.8	5.1
- Capex (net)	19,702	3,935	13,113	11,949	10,300	1,900	
<b>= Free Cash Flow</b>	<b>-1,074</b>	<b>33,162</b>	<b>28,188</b>	<b>22,595</b>	<b>32,144</b>	<b>43,417</b>	
<i>Growth Rate (in %)</i>	-103.7	-3,187.7	-15.0	-19.8	42.3	35.1	7.0
+ Net other Items	-6	-300	0	0	0	0	
+ Increase in Share Capital	495	5,999	0	0	0	0	
- Outflow from Share Buyback	381	938	0	0	0	0	
+ Proceeds from Sale of Shares	187	283	0	0	0	0	
+/- Bank Loans	-713	-2,567	-2,710	0	0	0	
<b>= Incr. in Cash (+)/Decr. in Cash (-)</b>	<b>-1,492</b>	<b>35,639</b>	<b>25,478</b>	<b>22,595</b>	<b>32,144</b>	<b>43,417</b>	

Source: Ultrasonic AG, BankM Research

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

# ULTRASONIC AG

June 23, 2014

Tables - 5/9 -

## Balance Sheet

Fiscal Year 31.12 (IFRS)	2012a	2013a	2014e	2015e	2016e	2017e
in € '000						
<b>Assets</b>						
Tangible Assets	15,489	16,735	27,617	36,446	43,381	41,357
Intangible Assets incl. Land Use Rights	2,119	2,541	2,438	3,118	2,999	2,879
Deferred Tax & other fixed Assets	316	216	228	259	281	303
<b>Total Fixed Assets</b>	<b>17,924</b>	<b>19,493</b>	<b>30,283</b>	<b>39,823</b>	<b>46,661</b>	<b>44,538</b>
Inventories	748	1,435	3,204	5,061	5,812	6,801
Accounts Receivable	49,406	47,525	50,170	57,036	61,810	66,579
Total liquid Funds	74,525	108,482	133,960	156,555	188,699	232,116
Other current (financial) assets	6,964	8,851	0	0	0	0
<b>Total Current Assets</b>	<b>131,643</b>	<b>166,293</b>	<b>187,334</b>	<b>218,652</b>	<b>256,320</b>	<b>305,496</b>
<b>Balance Sheet Total</b>	<b>149,567</b>	<b>185,786</b>	<b>217,617</b>	<b>258,476</b>	<b>302,981</b>	<b>350,035</b>
<b>Shareholder's Equity / Liabilities</b>						
Subscribed Capital	11,475	12,698	12,698	12,698	12,698	12,698
Treasury Stock	-27	-102	-102	-102	-102	-102
Share Premium	4,456	8,817	8,817	8,817	8,817	8,817
Retained Earnings & other Reserves	106,417	138,707	172,896	210,673	252,874	297,770
<b>Shareholders Equity</b>	<b>122,321</b>	<b>160,120</b>	<b>194,309</b>	<b>232,085</b>	<b>274,287</b>	<b>319,183</b>
<b>Long term Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Short term Liabilities &lt; 1 Year</b>	<b>27,246</b>	<b>25,666</b>	<b>23,308</b>	<b>26,390</b>	<b>28,694</b>	<b>30,852</b>
<i>t/o Accounts Payable &amp; pre-Payments</i>	<i>18,762</i>	<i>19,264</i>	<i>20,336</i>	<i>23,119</i>	<i>25,054</i>	<i>26,987</i>
<i>t/o Tax Payable</i>	<i>2,948</i>	<i>3,525</i>	<i>2,849</i>	<i>3,148</i>	<i>3,517</i>	<i>3,741</i>
<i>t/o Bank Loans</i>	<i>5,410</i>	<i>2,833</i>	<i>123</i>	<i>123</i>	<i>123</i>	<i>123</i>
<i>t/o Other current Liabilities</i>	<i>126</i>	<i>44</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total Liabilities</b>	<b>27,246</b>	<b>25,666</b>	<b>23,308</b>	<b>26,390</b>	<b>28,694</b>	<b>30,852</b>
<b>Balance Sheet Total</b>	<b>149,567</b>	<b>185,786</b>	<b>217,617</b>	<b>258,476</b>	<b>302,981</b>	<b>350,035</b>

Source: Ultrasonic AG, BankM Research

## Balance Sheet Ratios

in % of Total Assets	2012a	2013a	2014e	2015e	2016e	2017e
Total Fixed Assets	12.0	10.5	13.9	15.4	15.4	12.7
Total Current Assets	88.0	89.5	86.1	84.6	84.6	87.3
Inventories	0.5	0.8	1.5	2.0	1.9	1.9
Trade receivables	33.0	25.6	23.1	22.1	20.4	19.0
Total liquid funds	49.8	58.4	61.6	60.6	62.3	66.3
Shareholders Equity	81.8	86.2	89.3	89.8	90.5	91.2
Long Term Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short Term Liabilities	18.2	13.8	10.7	10.2	9.5	8.8
Total Liabilities	18.2	13.8	10.7	10.2	9.5	8.8

Source: Ultrasonic AG, BankM Research

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

## Key Ratios

	2012a	2013a	2014e	2015e	2016e	2017e
Return on Assets (in %)	23.0	20.9	17.0	15.9	15.0	13.8
Return on Equity (in %)	28.5	24.8	19.3	17.7	16.7	15.1
Gross Profit Margin (in %)	30.9	31.4	30.7	29.9	30.6	30.1
EBIT Margin (in %)	28.0	29.0	26.1	25.4	26.1	25.8
Net Profit Margin (in %)	20.7	21.4	19.8	19.2	19.8	19.6
Current Ratio	4.83	6.48	8.04	8.29	8.93	9.90
Quick Ratio	4.55	6.08	7.90	8.09	8.73	9.68
Leverage	0.18	0.14	0.11	0.10	0.09	0.09
Gearing	0.22	0.16	0.12	0.11	0.10	0.10
Interest Coverage Ratio	136.08	208.98	n.a.	n.a.	n.a.	n.a.
Earnings per Share	2.68	2.82	2.71	3.00	3.35	3.56
Dividends per Share	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend Payout Ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF per Share	-0.09	2.67	2.24	1.79	2.55	3.45
Book Value per Share	10.66	12.88	15.43	18.43	21.78	25.34
Days Sales Outstanding	101.03	108.00	103.11	99.53	101.81	102.11
Days in Inventory	2.42	3.55	7.07	10.95	13.42	14.35
Days in Payables	63.86	61.80	60.34	57.58	59.44	59.20
Cash Conversion Cycle	39.59	49.74	49.84	52.90	55.79	57.26
Total Asset Turnover	1.11	0.98	0.86	0.83	0.76	0.70
Working Capital to Sales	0.38	0.35	0.31	0.32	0.32	0.32
CAPEX to Sales	0.13	0.02	0.08	0.06	0.05	0.01
Depreciation/Sales	0.01	0.01	0.01	0.01	0.02	0.02
Tax Rate (in %)	26.3	26.4	25.0	25.0	25.0	25.0
Number of Employees	1,432	1,415	1,600	1,800	2,000	2,150
Sales/Employee in € '000	104.06	115.76	108.07	109.21	106.52	106.73
Net Profit/Employee in € '000	21.51	24.74	21.37	20.99	21.10	20.88

Source: Ultrasonic AG, BankM Research

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!

## Important information, disclosures and disclaimer

### A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

### B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV):

I. Information about author, company held accountable, regulatory authority:

**Responsible for the content of this document: biw Bank für Investments und Wertpapiere AG, Willich, Germany.**

**Authors: Dr. Roger Becker, CEFA and David Szabadvari, CIIA, Analysts**

Regulatory authority for biw Bank für Investments und Wertpapiere AG is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analysed instruments is ULTRASONIC AG.

**Notice according to sec. 4 §. 4 No 4 FinAnV (previous publications regarding the issuer within the last 12 months):**

Analysts	Date	Evaluation result	Fair value
Dr. Roger Becker, David Szabadvari	February 20, 2013	Buy	€23.44
Dr. Roger Becker, David Szabadvari	April 30, 2013	Buy	€21.55
Dr. Roger Becker, David Szabadvari	June 18, 2013	Buy	€21.52
Dr. Roger Becker, David Szabadvari	September 5, 2013	Buy	€20.84
Dr. Roger Becker, David Szabadvari	December 11, 2013	Buy	€20.20
Dr. Roger Becker, David Szabadvari	May 16, 2014	Buy	€21.53

### II. Additional Information:

#### 1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no textual changes.

#### 2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

**BUY:** The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

**NEUTRAL:** The calculated fair value of the company's stock lies between -15% and +15 % of the current market price at the time of the compilation of this document.

**SELL:** The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

#### 3. Date of first publication of this document:

June 23, 2014

#### 4. Date and time of prices of the instruments quoted in this document:

Closing prices of June 20, 2014

## 5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG to decide on a potential update of this document.

### III. Disclosures about potential conflicts of interest:

1. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG's business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer's stock. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG was Sole Bookrunner and Sole Lead Manager for the IPO of the issuer and, in this connection, was party to an agreement on the provision of investment banking services with the issuer and receives services or a promise to perform under the terms of such an agreement.

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG (incl. subsidiaries and affiliates) as well as tied agents of biw Bank für Investments und Wertpapiere AG in connection with the activities of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG, the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:

- do not have a major shareholding (shareholding exceeding 5%) of the share capital of the issuer,
- have not, within the past twelve months, participated in leading a consortium for the issue via public offer of the financial instruments that are, or whose issuers are, the subject of this document
- have, within the past twelve months, been party to an agreement on the provision of investment banking services with the issuer that is, or whose financial instruments are, the subject of this document, and have received services or a promise to perform under the terms of such an agreement during the same period,
- have no other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this analysis.

2. In the function as a designated sponsor, BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG manages the financial instruments that are, or whose issuers are, the subject of the financial analysis on a market by placing buy or sell orders and will regularly hold a trading stock or long or short positions in the issuer's stock.

3. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG's internal organisation is aligned with the prevention of conflict of interests in producing and distributing research reports. Possible conflicts of interests will be treated adequately. In particular, physical and non-physical boundaries were installed to keep analysts from gaining access to information that possibly could constitute a conflict of interest for the bank. biw Bank für Investments und Wertpapiere AG keeps insider registers according to sec. 15 WpHG for employees and assignees that normally have access to inside information. These registers will be transmitted to BaFin on request. Insiders' dealings according to sec. 14 WpHG categorically are prohibited. Staff members that fill a specific position and have access to inside information categorically have to disclose all dealings in financial instruments to the internal compliance department. The compliance of legal requirements and supervisory regulations is subject to continuous supervision and control of the compliance department of biw Bank für Investments und Wertpapiere AG. In this regard, the right to restrict employees' dealings in financial instruments is reserved.

4. The remuneration of the analysts mentioned above is not dependent on any investment banking transactions of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG or its affiliates. The analysts that compiled this document did not receive or acquire shares in the issuer that is, or whose financial instruments are, the subject of this document at any time. The analysts mentioned above hereby certify that all of the views expressed accurately reflect his or her personal views about the issuer and that no part of his or her compensation was, is or will be, directly or indirectly, related to the specific evaluation result or views expressed by the analyst in this document.

5. Updated information according to sec. 5 para. 4 No. 3 FinAnV is available at: [http://www.bankm.de/webdyn/138\\_cs\\_Gesetzliche+Angaben.html](http://www.bankm.de/webdyn/138_cs_Gesetzliche+Angaben.html).

## C. Disclaimer:

This document was compiled by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG solely for informational purposes and for the personal use by persons in Germany that are interested in the company and who purchase or sell transferable securities for their own account or the account of others in the context of their trade, profession or occupation. This document neither constitutes a contract nor any kind of obligation.

This document and its content, in whole or in part, may not be reproduced, distributed, published or passed on to any other person without the prior written consent of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG.

This publication is for distribution in or from the United Kingdom only with the prior written consent of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG and only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the order) respectively in the version as amended from time to time and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof.

The distribution of this document in other jurisdictions may be restricted by law, and persons who are in possession of this document have to inform themselves about any such restrictions and observe any such restrictions.

This document is not intended to be an offer, or the solicitation of any offer, or any advice or recommendation to buy or sell the securities referred to herein. This document is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Potential investors should seek professional and individual advice before making their investment decisions. Investment decisions must not be based on this document. For the public offering, a prospectus has been prepared as the only offering document. This prospectus can be downloaded at [www.ULTRASONIC-ag.de](http://www.ULTRASONIC-ag.de). Potential investors are strongly recommended to read the prospectus before buying shares of the company.

The information within this document has been obtained from sources believed by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG to be reliable, but BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG does not examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Although due care has been taken in compiling this document, it cannot be excluded that the information given is incomplete or the document contains errors. The liability of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG shall be restricted to gross negligence and wilful misconduct. All opinions expressed in this document are those of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG respectively the authors and subject to change without notice.

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!



# ULTRASONIC AG

June 23, 2014

Important information, disclosures and disclaimer - 9/9 -

Possible errors or incompleteness of this document may be corrected by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG and do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. Only in case of failure in essential tasks, BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG is liable for simple negligence. In addition BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG does not accept any liability or responsibility for any loss arising from any use of this publication or its contents or otherwise arising in connection herewith. In any case, the liability of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG is limited to typical, foreseeable damages and the liability for any indirect damages is excluded.

By accepting this document, the reader/user of this document agrees to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user agrees not to distribute this document to unauthorized persons. The user of this document shall indemnify BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG for any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

Should certain specifications of this disclaimer not be legally binding or become legally non-binding, this will have no impact on the legally binding character of this disclaimer and its other legal specifications.

**This document is not intended for use by persons resident in any jurisdiction that regulates access to such documents by applicable laws. Investment decisions must not be based on any statement in this document. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In case of uncertainty persons should not access and/or consider the content of this document in any decisions. This document is not intended for use by persons that are classified as US-persons under the United States Securities Act.**

© 2014 BankM - Repräsentanz der biw Bank für Investments und Wertpapiere AG, Mainzer Landstraße 61, D-60329 Frankfurt.

biw Bank für Investments und Wertpapiere AG, Hausbroicher-Straße 222, D-47877 Willich. All rights reserved.

PLEASE CONSIDER IMPORTANT INFORMATION, DISCLOSURES AND THE DISCLAIMER AT THE END OF THIS DOCUMENT!