



Flash Note

Reason: Company Newsflow

9 November 2017

Reduce

Recommendation unchanged

Share price: EUR 15.89

closing price as of 08/11/2017

Target price: EUR 14.30

Target Price unchanged

Upside/Downside Potential -10.0%

Reuters/Bloomberg

SMHN.DE/SMHN.GY

Market capitalisation (EURm) 304

Current N° of shares (m) 19

Free float 100%

Daily avg. no. trad. sh. 12 mth 109

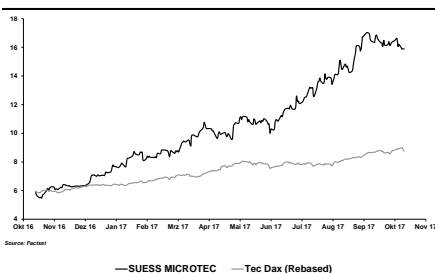
Daily avg. trad. vol. 12 mth (m) 2,412.27

Price high/low 12 months 5.48 / 17.02

Abs Perfs 1/3/12 mths (%) -3.73/20.94/164.62

Key financials (EUR)	12/16	12/17e	12/18e
Sales (m)	178	182	195
EBITDA (m)	15	23	27
EBITDA margin	8.6%	12.8%	13.9%
EBIT (m)	11	19	23
EBIT margin	6.3%	10.5%	11.7%
Net Profit (adj.) (m)	5	12	15
ROCE	5.1%	10.5%	13.4%
Net debt/(cash) (m)	(31)	(32)	(56)
Net Debt/Equity	-0.3	-0.2	-0.4
Net Debt/EBITDA	-2.0	-1.4	-2.1
Int. cover (EBITDA/Fin.int)	24.3	(744.1)	(289.5)
EV/Sales	0.5	1.5	1.3
EV/EBITDA	6.2	11.9	9.3
EV/EBITDA (adj.)	6.2	11.9	9.3
EV/EBIT	8.5	14.4	11.0
P/E (adj.)	24.5	24.4	20.4
P/BV	1.0	2.2	2.0
OpFCF yield	-7.2%	0.3%	7.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.26	0.65	0.78
BVPS	6.51	7.16	7.93
DPS	0.00	0.00	0.00

Shareholders



Analyst(s)

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Q3 figures in-line, FY17 guidance maintained, positive tone on conference call

Süss Microtec (SMHN) reported figures that were above our and consensus estimates with sales at EUR 47m and operating margin at almost 15%. These numbers are 5% and 150bps ahead of our expectations and should help SMHN to achieve the upper end of its FY revenue (EUR 170-180m) and EBIT target (EUR 15-19m). Even excluding the license agreement with a contribution to bottom-line of EUR 2m, operating margin would have improved by 8pp. Since the beginning of the year, SMHN increased its forecast three times due to better business and a lively ordering by its semi customers worldwide. We believe that SMHN shares lack catalysts (3D advanced packaging) to justify estimate changes, and due to the strong share price increase in FY17, it is already trading at elevated P/B, P/EBITDA and P/Sales multiples, based on our estimates.

- ✓ With its excellent order book of EUR 117m at the end of 9M and an already announced order intake of EUR 40-50m for Q4, we feel comfortable that SMHN could reach the upper end of its revenue (EUR 180m) and EBIT guidance (EUR 19m) for FY17, in-line with our forecast and consensus.
- ✓ During the conference call, management stated not to “oversell” expectations on order intake and that leeway exists to move the upper end more towards EUR 50-70m dependent on short notice orders and projects. In the past two years, order intake in 4Q was EUR 60m and EUR 80m for 2016 and 2015, respectively.
- ✓ SMHN still sees a strong order intake in Q4, mainly driven by its core business, which is lithography and bonding equipment. Both segments contributed orders of EUR 23m and EUR 10m during the quarter.
- ✓ Management also stated that the US business will be loss making in FY17 with a negative margin contribution of EUR 9-10m. From FY19 onwards, we believe that its US scanner business (3D Advanced Packaging) could break-even with sales of EUR 40-50m p.a. which was/is the main reason for SMHN’s subdued margin development in 2016/17. Without this impact and better gross margin development, SMHN could reach operating margins in excess of 20% with all segments being profitable by FY20. A small but promising segment is Süss Micro Optics which is microscopic currently in terms of revenue (9M: EUR 9m) but strongly growing with high-end customers in the fibre and data transmission segments as well as mass market applications in the automotive sector.

Süss Microtec - Review Q3 2017

EUR m	Q3 2017a	Q3 2016	yoy	equinet	Delta
Order intake	36.9	32.2	14.6%	40.0	-8%
Revenues	47.1	39.1	20.5%	45.0	5%
EBIT	7.0	1.0	614%	6.0	17%
EBIT Margin	14.9%	2.5%	1235 BP	13.3%	153 BP
EBT	7.0	0.9	645%	5.9	18%
EBT Margin	14.8%	2.4%	1240 BP	13.1%	169 BP
EPS	0.24	-0.01	n.m.	0.18	33%

Source: Süss, Factset, equinet Research

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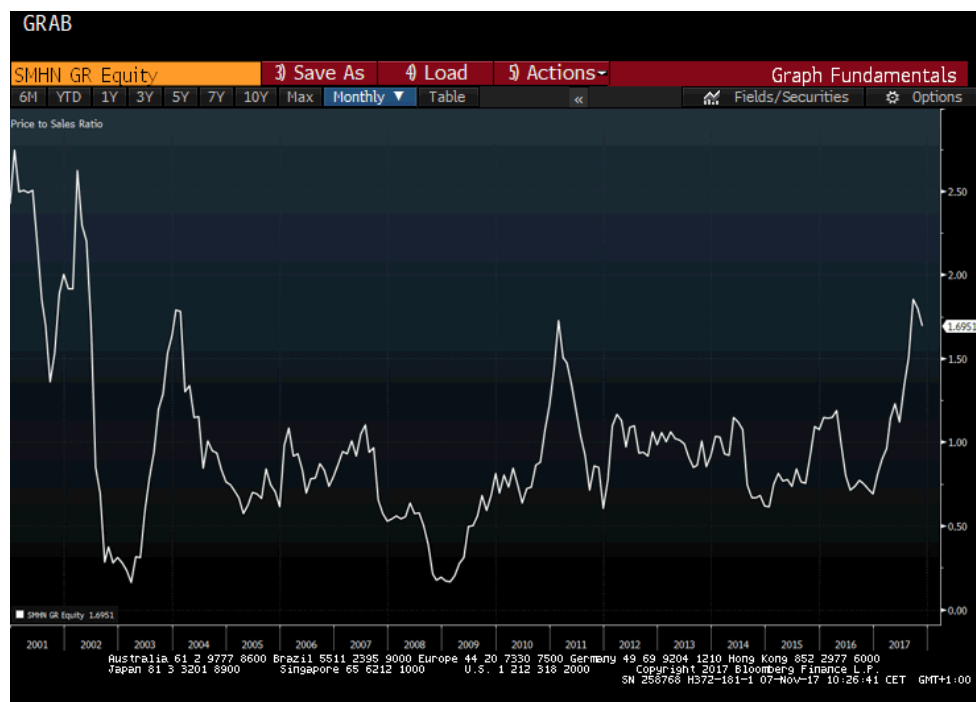


Exhibit 1: P/B valuation at elevated levels (second highest since Internet bubble 2000/01)



Source: Bloomberg, equinet Research

Exhibit 2: P/Sales approaching a high plateau

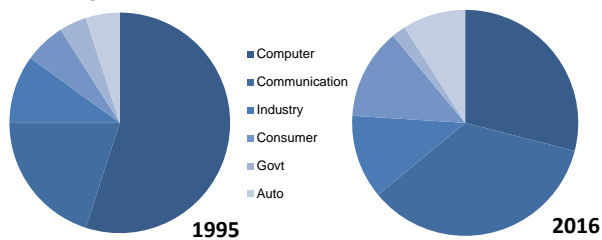


Source: Bloomberg, equinet Research

Investment Case in Charts

Exhibit 3: Communication and other drivers for SMHN...

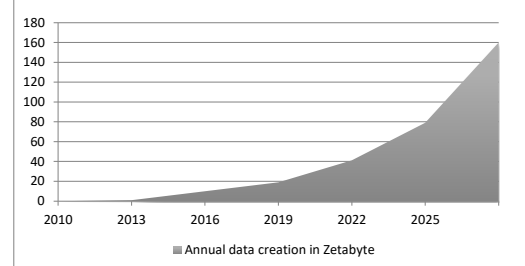
Percentage of semiconductor sales



Source: Siltronic, equinet Research

Exhibit 4: ...such as data creation and increased memory demand drive SMHN business in future: 1ZB equals 8m hours of video content

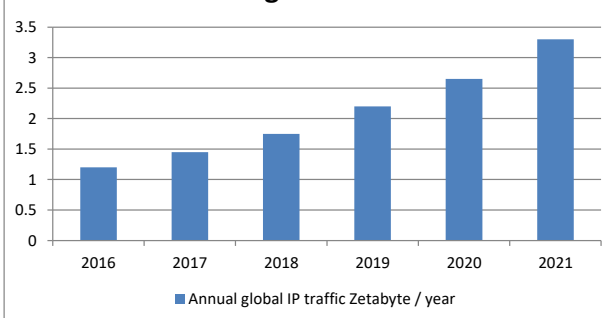
Annual data creation



Source: Siltronic, equinet Research

Exhibit 5: Increased data bandwidth only to realize with high power chips

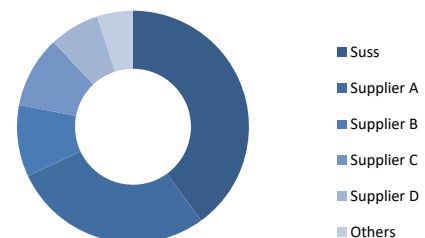
Annual global IP traffic



Source: Siltronic, equinet research

Exhibit 6: 3D Packing market leader

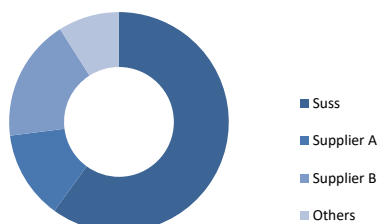
TBDB Auto Tool Market Share 2017 for 2.5D and 3DTSV



Source: Süss Microtec, equinet research

Exhibit 7: Integrated Device Manufacturers (IDMs) increasingly use SMHN tools

TBDB Auto Tool Market Share 2017
Top 3 IDMs - 3D TSV based memory



Source: Süss Microtec, equinet research

Exhibit 8: Multiple growth drivers for enhanced chip content

Data explosion: connected devices, data transport and storage, big data, logic/AI

Power: renewable energy, smart grid, battery chargers

Automotive: ADAS, infotainment, electro mobility

Source: Süss Microtec, equinet research



Süss MicroTec : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Sales	145	149	178	182	195	201
Cost of Sales & Operating Costs	-133	-139	-162	-159	-168	-172
Non Recurrent Expenses/Income	0.3	0.0	0.0	0.0	0.0	0.0
EBITDA	12.6	9.2	15.3	23.3	27.0	28.3
EBITDA (adj.)*	12.3	9.2	15.3	23.3	27.0	28.3
Depreciation	-2.7	-2.9	-2.9	-3.0	-3.1	-3.2
EBITA	9.9	6.2	12.4	20.3	23.9	25.2
EBITA (adj)*	9.6	6.2	12.4	20.3	23.9	25.2
Amortisations and Write Downs	-1.5	-1.2	-1.3	-1.2	-1.1	-1.1
<i>of which PPA amortisation</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>
EBIT	8.4	5.0	11.1	19.1	22.8	24.1
EBIT (adj.)*	8.9	5.8	11.9	19.9	23.6	24.9
Net Financial Interest	-0.2	-0.3	-0.6	0.0	0.1	0.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	8.2	4.7	10.5	19.1	22.9	24.3
Tax	-3.6	-4.5	-5.5	-6.7	-8.0	-8.5
<i>Tax rate</i>	<i>43.7%</i>	<i>95.2%</i>	<i>52.4%</i>	<i>35.0%</i>	<i>35.0%</i>	<i>35.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	4.6	0.2	5.0	12.4	14.9	15.8
Net Profit (adj.)	4.3	0.2	5.0	12.4	14.9	15.8
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	9.7	6.7	11.6	16.6	19.1	20.0
Change in Net Working Capital	-4.6	-2.0	-16.8	-11.2	9.7	-3.4
Cash Flow from Operations	5.1	4.7	-5.2	5.4	28.8	16.6
Capex	-3.0	-3.4	-3.6	-4.5	-4.8	-4.8
Net Financial Investments	-0.8	-0.9	-0.1	0.0	0.0	0.0
Free Cash Flow	1.4	0.4	-8.9	0.8	23.9	11.8
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.9	1.5	0.0	0.0	0.0	0.0
Change in Net Debt	2.3	1.9	-8.9	0.8	23.9	11.8
NOPLAT	5.0	0.3	5.7	12.9	15.3	16.2
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Tangible Assets	20.2	20.3	20.6	21.2	22.0	22.7
Net Intangible Assets (incl. Goodwill)	20.0	20.0	19.4	19.1	18.9	18.8
Net Financial Assets & Other	0.6	0.6	0.7	0.7	0.7	0.7
Total Fixed Assets	40.8	40.9	40.6	41.0	41.6	42.2
Inventories	58.9	68.7	73.8	83.7	89.0	92.9
Trade receivables	13.4	13.1	24.1	24.7	19.5	20.1
Other current assets	6.3	5.1	5.4	5.4	5.4	5.4
Cash (-)	-48.5	-49.3	-35.8	-36.6	-60.6	-72.3
Total Current Assets	127	136	139	150	174	191
Total Assets	168	177	180	191	216	233
Shareholders Equity	116	119	124	137	152	167
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	116	119	124	137	152	167
Long term interest bearing debt	9.1	7.9	3.5	3.5	3.5	3.5
Provisions	8.0	7.5	10.0	10.0	10.0	10.0
Other long term liabilities	23.8	28.2	32.1	31.3	32.8	33.5
Total Long Term Liabilities	40.9	43.7	45.6	44.8	46.3	47.0
Short term interest bearing debt	1.2	1.2	1.0	1.0	1.0	1.0
Trade payables	3.4	8.5	3.4	3.4	11.7	12.0
Other current liabilities	6.3	5.1	5.4	5.4	5.4	5.4
Total Current Liabilities	11.0	14.8	9.7	9.8	18.0	18.4
Total Liabilities and Shareholders' Equity	168	177	180	191	216	233
Net Capital Employed	110	114	135	146	138	143
Net Working Capital	50.9	55.2	72.0	83.1	73.4	76.9
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
<i>Sales growth</i>	<i>8.0%</i>	<i>2.2%</i>	<i>19.6%</i>	<i>2.5%</i>	<i>7.0%</i>	<i>3.0%</i>
EBITDA (adj.)* growth	n.m.	-25.8%	67.1%	52.0%	16.1%	4.9%
EBITA (adj.)* growth	n.m.	-35.4%	100.2%	63.2%	17.9%	5.2%
EBIT (adj.)* growth	n.m.	-35.1%	107.0%	66.6%	18.5%	5.4%

**Süss MicroTec : Summary tables**

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Profit growth	n.m.	-94.8%	2123.1%	148.7%	19.6%	6.0%
EPS adj. growth	n.m.	-94.8%	2123.0%	148.7%	19.6%	6.0%
DPS adj. growth						
EBITDA (adj)* margin	8.5%	6.2%	8.6%	12.8%	13.9%	14.1%
EBITA (adj)* margin	6.6%	4.2%	7.0%	11.2%	12.3%	12.5%
EBIT (adj)* margin	6.1%	3.9%	6.7%	10.9%	12.1%	12.4%
RATIOS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Debt/Equity	-0.3	-0.3	-0.3	-0.2	-0.4	-0.4
Net Debt/EBITDA	-3.0	-4.4	-2.0	-1.4	-2.1	-2.4
Interest cover (EBITDA/Fin.interest)	64.5	34.2	24.3	n.m.	n.m.	n.m.
Capex/D&A	69.6%	81.6%	87.8%	109.8%	115.1%	113.2%
Capex/Sales	2.0%	2.3%	2.1%	2.5%	2.5%	2.4%
NWC/Sales	35.0%	37.1%	40.5%	45.7%	37.7%	38.3%
ROE (average)	3.8%	0.2%	4.1%	9.5%	10.3%	9.9%
ROCE (adj.)	5.5%	0.3%	5.1%	10.5%	13.4%	13.7%
WACC	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
ROCE (adj.)/WACC	0.6	0.0	0.5	1.1	1.4	1.4
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Average diluted number of shares	19.1	19.1	19.1	19.1	19.1	19.1
EPS (reported)	0.24	0.01	0.26	0.65	0.78	0.82
EPS (adj.)	0.23	0.01	0.26	0.65	0.78	0.82
BVPS	6.07	6.21	6.51	7.16	7.93	8.76
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
EV/Sales	0.4	0.8	0.5	1.5	1.3	1.2
EV/EBITDA	4.4	13.5	6.2	11.9	9.3	8.5
EV/EBITDA (adj.)*	4.5	13.5	6.2	11.9	9.3	8.5
EV/EBITA	5.6	19.9	7.7	13.6	10.5	9.5
EV/EBITA (adj.)*	5.8	19.9	7.7	13.6	10.5	9.5
EV/EBIT	6.6	24.9	8.5	14.4	11.0	10.0
EV/EBIT (adj.)*	6.3	21.4	8.0	13.8	10.7	9.7
P/E (adj.)	20.8	n.m.	24.5	24.4	20.4	19.3
P/BV	0.8	1.3	1.0	2.2	2.0	1.8
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	0.6	1.3	0.9	2.2	2.2	2.0
OpFCF yield	2.4%	0.8%	-7.2%	0.3%	7.9%	3.9%
OpFCF/EV	3.8%	1.0%	-9.2%	0.3%	9.5%	4.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Price** (EUR)	4.70	8.35	6.40	15.89	15.89	15.89
Outstanding number of shares for main stock	19.1	19.1	19.1	19.1	19.1	19.1
Total Market Cap	90	160	122	304	304	304
Net Debt	-38	-40	-31	-32	-56	-68
<i>o/w Cash & Marketable Securities (-)</i>	<i>-49</i>	<i>-49</i>	<i>-36</i>	<i>-37</i>	<i>-61</i>	<i>-72</i>
<i>o/w Gross Debt (+)</i>	<i>10</i>	<i>9</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
Other EV components	4	4	4	4	4	4
Enterprise Value (EV adj.)	56	124	95	276	252	240

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Technology Hardware & Equipment/Semiconductors

Company Description: Süss MicroTec is one of the leading semiconductor equipment manufacturers. The Garching based group has concentrated especially on four markets LED, MEMS, Advanced Packaging and 3D-Integration. The equipment produced can be divided into four groups: Mask Aligners and Coaters (Lithography), Substrate Bonders and Mask Cleaning Equipment. Süss manufactures its equipment in Germany, in Switzerland and in the United States. The respective locations are also used for marketing as well as five further Asian locations and subsidiaries in the U.K. and in France. The company employs c. 600 people.



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Remarks

Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

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Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.



Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2G Energy	Rüzgar	22.50	Neutral	2/3/5	OHB SE	Rüzgar	32.00	Neutral	7
4SC	Miemietz	3.50	Buy	7	OVB Holding AG	Häßler	20.00	Accumulate	2/5/7
Aareal Bank	Häßler	38.00	Accumulate		Patrizia	Häßler	20.00	Buy	
adidas	Josefson	211.00	Accumulate		Pfeiffer Vacuum	Sen	162.00	Accumulate	5
Adler Modemaerkte	Josefson	7.50	Buy	7	Procredit Holding	Häßler	15.60	Buy	2
ADLER Real Estate	Häßler	15.20	Accumulate		PSI SOFTWARE AG	Droste	18.00	Accumulate	2/3
Aixtron	Sen	11.60	Accumulate	2/3	Puma	Josefson	430.00	Accumulate	
Allianz	Häßler	194.00	Accumulate		PWO	Schuldt	52.00	Buy	2/3
Axel Springer	Josefson	51.00	Neutral		Rheinmetall	Rüzgar	107.00	Accumulate	
Bayer	Miemietz	118.00	Buy		RIB Software	Droste	16.50	Buy	2/3
BB Biotech	Miemietz	60.00	Buy	7	RTL Group	Josefson	72.00	Accumulate	
Biotest	Miemietz	19.00	Neutral	2/3	SAF-Holland	Schuldt	17.00	Accumulate	7
BMW	Schuldt	98.00	Accumulate		Siegfried Holding AG	Miemietz	295.00	Accumulate	
Brenntag	Mildner	53.00	Buy	2	SLM Solutions	Sen	27.50	Reduce	
Ceconomy	Bruns	9.00	Reduce		SMT Scharf AG	Rüzgar	13.50	Accumulate	2/3
Cenit	Droste	22.50	Buy		Software AG	Droste	30.00	Sell	
comdirect	Häßler	10.60	Neutral		Stabilus	Tanzer	85.00	Accumulate	
Commerzbank	Häßler	11.50	Neutral		Suedzucker	Bruns	15.50	Reduce	
Continental	Schuldt	265.00	Buy		SuessMicroTec	Sen	14.30	Reduce	2/3
CORESTATE Capital Holding S.A.	Mayer	67.00	Buy	2/5	Surteco	Mildner	28.00	Accumulate	2/3
CTS Eventim	Heilmann	40.00	Buy		Symrise	Hinkel	67.00	Neutral	
Daimler AG	Schuldt	76.00	Buy		Syzygy AG	Heilmann	12.00	Accumulate	2/3
Daldrup & Soehne	Becker	10.10	Buy	2/3/5	TAKKT	Bruns	18.70	Neutral	2
Demire	Mayer	4.30	Accumulate	2/5	Talanx Group	Häßler	34.00	Neutral	
Deutsche Bank	Häßler	17.50	Buy		Technotrans	Becker	46.50	Neutral	2/3
Deutsche EuroShop	Mayer	33.00	Neutral		TELECOLUMBUS	Sen	12.00	Buy	
Deutsche Pfandbriefbank	Häßler	12.00	Neutral		Telefonica Deutschland	Sen	3.70	Sell	
Deutsche Telekom	Sen	15.50	Neutral		United Internet	Sen	63.00	Buy	
Drillisch	Sen	66.00	Buy		va-Q-tec	Sen	17.00	Neutral	2/3/5
ErlingKlinger	Schuldt	14.00	Reduce		Viscom	Rüzgar	29.50	Neutral	2/3
elumeo SE	Josefson	9.60	Buy		Volkswagen	Schuldt	166.00	Buy	
Epigenomics AG	Miemietz	4.72	Accumulate	2/3	WCM AG	Mayer	3.25	Neutral	2/3
Euromicron AG	Droste	13.00	Buy	2/3/5	Willex	Miemietz	3.66	Buy	2/3
Ferratum	Häßler	28.00	Buy		windeln.de	Josefson	4.60	Buy	2
Fielmann	Heilmann	81.00	Accumulate		XING	Heilmann	310.00	Buy	
Freenet	Sen	36.00	Buy	2	Zalando	Josefson	48.00	Buy	
FuchsPetrolub	Hinkel	47.00	Neutral						
Gerry Weber	Josefson	10.00	Reduce						
Gesco	Becker	29.60	Accumulate	2/3/5					
GFT Technologies	Droste	15.00	Buy	2/3					
Gigaset	Sen	0.85	Accumulate	2/3					
Grenke	Häßler	83.00	Neutral						
Hannover Re	Häßler	100.00	Neutral						
Heidelberger Druck	Augustin	3.70	Buy						
HELLA	Tanzer								
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	164.00	Buy	7					
INDUS Holding AG	Becker	63.00	Neutral						
K+S	Hinkel	22.00	Accumulate						
KWS	Hinkel	346.00	Neutral						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	174.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3/5					
Manz AG	Rüzgar	37.00	Neutral	2/3					
MAX Automation AG	Becker	9.20	Buy	2/3/5					
Merck	Miemietz	112.00	Buy						
Merkur Bank	Häßler	9.30	Buy	2/7					
Metro	Bruns	29.00	Buy	2					
MLP	Häßler	7.50	Buy	2/3					
MTU Aero Engines	Rüzgar	142.00	Neutral	2					
Munich Re	Häßler	200.00	Accumulate						
Nemet Schek SE	Droste	47.00	Reduce	5					
Nexus AG	Droste	28.00	Buy						
Norma Group	Schuldt	61.00	Neutral						



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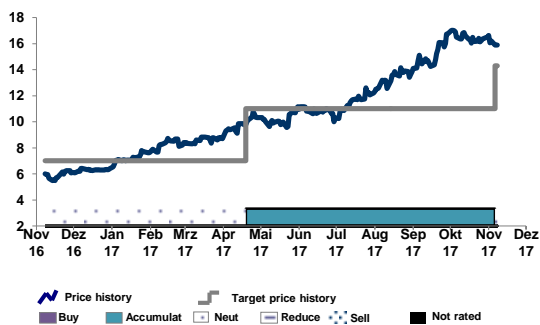


Recommendation history for SUESS MICROTEC

Date	Recommendation	Target price	Price at change date
06. Nov 17	Reduce	14.30	15.88
19. Apr 17	Accumulate	11.00	9.79
09. Aug 16	Neutral	7.00	6.19
12. Feb 16	Accumulate	8.50	8.01
30. Okt 15	Accumulate	7.50	6.90
06. Feb 15	Accumulate	6.00	5.03

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Cengiz Sen (since 30/01/2017)





ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

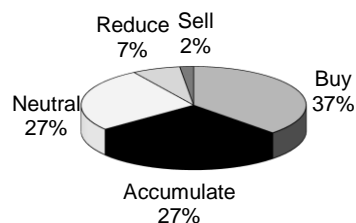
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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